

**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

For the fiscal year ended March 31, 2023

OR

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

For the transition period from _____ to _____

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

For the transition period from _____ to _____

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)

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People's Republic of China

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People's Republic of China

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|--|----------------|--|
| American depositary shares (one American depositary share representing 30 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 depositary shares.

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

None

(Title of Class)

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

None

(Title of Class)

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

1,370,016,554 Class A ordinary shares (excluding the 1,511,242 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), 40,809,861 Class B ordinary shares and 1,151,221,338 senior preferred convertible shares, par value US\$0.0001 per share, as of March 31, 2023.

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

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.

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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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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:

- we changed our fiscal year end from December 31 to March 31 in April 2020 and filed a transition report on Form 20-F covering the three-month period from January 1, 2020 through March 31, 2020, or the Transition Period. Prior to such transition report on Form 20-F, we filed an annual report on Form 20-F covering the fiscal year ended December 31, 2019. Unless otherwise noted, all references to years are to the calendar year from January 1 to December 31 and references to our fiscal year or years are to the fiscal year or years which, prior to the Transition Period, ended December 31, and from and after the Transition Period, ended March 31. For the avoidance of doubt, “fiscal year of 2021” refer to the year ended March 31, 2021, “fiscal year of 2022” refer to the year ended March 31, 2022, and “fiscal year of 2023” refer to the year ended March 31, 2023;
- “ADSs” refer to the American depositary shares, each of which represents 30 Class A ordinary shares, par value US\$0.0001 each;
- “former VIEs” refer to the former variable interest entities that have become our wholly owned subsidiaries after the Restructuring, which are Youxin Internet (Beijing) Information Technology Co., Ltd., and Youxin Yishouche (Beijing) Information Technology Co., Ltd.;
- “GMV” refer to gross merchandise value of used cars as measured by gross selling price of used cars, excluding service fees and interests (if any) charged;
- “Jiancebao ()” refer to our proprietary car inspection system;
- “NPS” refer to net percentages of promoters for our products and services (those who are willing to keep buying and refer us to others) against detractors (those who are not satisfied with and complain about our offerings);
- “ordinary shares” refer to our Class A and Class B ordinary shares, par value US\$0.0001 per share;
- “senior convertible preferred shares” refer to our senior convertible preferred shares, which can be convertible into our Class A ordinary shares at the currently applicable conversion price, par value US\$0.0001. For the avoidance of doubt, the calculations of ownership and voting power in this annual report are made assuming that all the senior convertible preferred shares are converted into Class A ordinary shares at the currently applicable conversion price;
- “RMB” and “Renminbi” refer to the legal currency of China, which is our reporting currency;
- “shares” refer to our ordinary shares and, where applicable, our senior convertible preferred shares, par value US\$0.0001 per share;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” refer to the legal currency of the United States;
- “Uxin” or “our platform” refer to our platform primarily for buying and selling used cars, which primarily consists of vehicle sales businesses under our inventory-owning model for the fiscal year of 2021 and afterwards;
- “Our WFOEs” refer to our wholly-owned subsidiaries in China;
- “Restructuring” refers to a series of restructuring transactions in March 2022 to terminate the historical contractual arrangements with the former VIEs, which have become our wholly-owned subsidiaries; and
- “we,” “us,” “our company” and “our” refer to Uxin Limited, our Cayman Islands holding company, and its subsidiaries.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.8676 to US\$1.00, the exchange rate on as of March 31, 2023 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.

FORWARD-LOOKING INFORMATION

This annual 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;
- our ability to provide customers with high-quality used cars and other related products;
- 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.” 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 annual report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

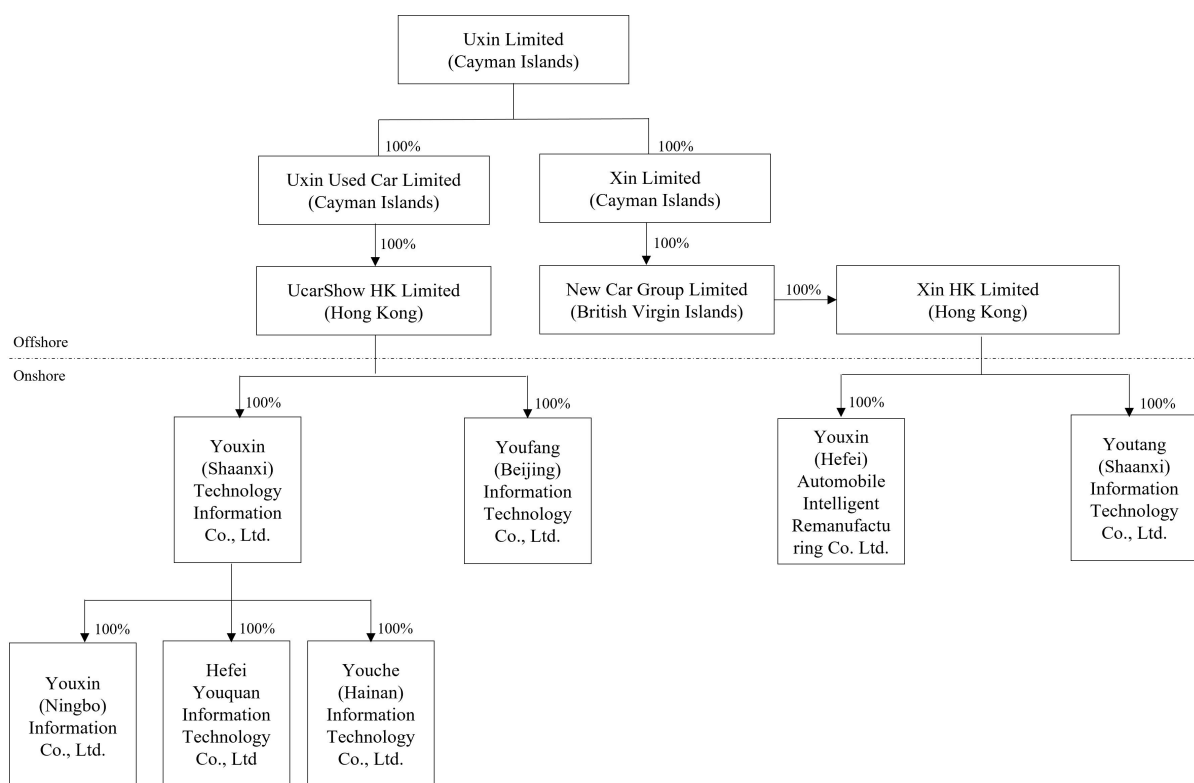
Not applicable.

Item 3. Key Information

Our Holding Company Structure and Historical Contractual Arrangements with the Former VIEs

Uxin Limited is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted by its PRC subsidiaries and, historically, through contractual arrangements with the former VIEs in China. PRC laws and regulations restrict and impose conditions on foreign investment in value-added telecommunication services. In order to comply with PRC regulatory requirements, in the past we primarily operated these businesses in China through Youxin Internet (Beijing) Information Technology Co., Ltd. or Youxin Hulian, and Youxin Yishouche (Beijing) Information Technology Co., Ltd., or Yishouche, which we refer to as the former VIEs in this annual report. There were historical contractual arrangements among our PRC subsidiaries, the former VIEs and their shareholders, which were effectively terminated on March 31, 2022. As a result of the contractual arrangements, we were able to direct the activities of and derive economic benefits from the former VIEs and were considered the primary beneficiary of the former VIEs for accounting purposes. Accordingly, we have consolidated the financial results of the former VIEs in our consolidated financial statements in accordance with U.S. GAAP. Neither Uxin Limited nor its investors has had an equity ownership in, direct foreign investment in, or control, other than as defined under U.S. GAAP, through contractual arrangements with, the former VIEs. The contractual arrangements were not equivalent to an equity ownership in the business of the former VIEs and their subsidiaries in China. As used in this annual report, “we,” “us,” “our company,” or “our” refers to Uxin Limited and its subsidiaries.

The following diagram illustrates our corporate structure, including our principal subsidiaries as of the date of this annual report on Form 20-F:



Historically, we, through Yougu and Youxinpai, were subject to a series of contractual arrangements with the former VIEs and the shareholders of the former VIEs until March 31, 2022. These historical contractual arrangements had enabled us to: (i) direct the activities of the former VIEs and their subsidiaries; (ii) receive substantially all of the economic benefits of the former VIEs; and (iii) have exclusive options to purchase all or part of the equity interests in the former VIEs when and to the extent permitted by PRC law.

These historical contractual agreements included equity interest pledge agreements, powers of attorney, exclusive business cooperation agreements, exclusive option agreements. We had evaluated the guidance in FASB ASC 810 and concluded that we were the primary beneficiary of the former VIEs because of these historical contractual arrangements. Accordingly, under U.S. GAAP, the financial statements of the former VIEs were consolidated as part of our financial statements for the fiscal years ended March 31, 2021 and 2022 in this annual report. However, we consider revenues contributed by the former VIEs to be immaterial to our financial performance during the historical periods. Revenues contributed by the former VIEs accounted for 0.9% and 0.1% of our total revenues for the fiscal years ended March 31, 2021 and 2022, respectively. We recorded net loss contributed by the former VIEs of 0.2% and 2.9% for the fiscal years ended March 31, 2021 and 2022, respectively. Our business is primarily conducted through our subsidiaries.

In order to streamline our corporate structure and considering the changing regulatory environment, we have completed the Restructuring to terminate the contractual arrangements with both of the former VIEs which have become wholly owned subsidiaries of our Company. Pursuant to the Restructuring, our wholly owned subsidiaries that have contractual arrangements with the former VIEs and their respective shareholders have purchased all equity interests held by such shareholders in the former VIEs. Accordingly, all contractual arrangements that enabled such shareholders to direct the activities of the former VIEs, receive substantially all of the economic benefits of the former VIEs and have exclusive options to purchase all or part of the equity interests in the former VIEs, were effectively terminated. As a result of the Restructuring, the former VIEs have become our wholly owned subsidiaries and we currently operate our business in China directly through our subsidiaries, rather than through any variable interest entity. See “Item 4. Information on the Company—C. Organizational Structure—Historical Contractual Agreements with the Former VIEs and Their Respective Shareholders and the Related Termination Agreements.” However, prior to the Restructuring, our historical contractual arrangements may not be as effective

as direct ownership in providing us with control over the former VIEs and the termination of these agreements may incur additional costs. There were and may also be substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our Cayman Islands holding company with respect to our historical contractual arrangements with the former VIEs and their shareholders. It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or if adopted, what they would provide. If we or any of the former VIEs is found to be or had been in violation of any existing or future PRC laws or regulations, or fail or had failed to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government determines that the historical contractual arrangements with the former VIEs structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former consolidated affiliated entities.”

Our corporate structure has been subject to unique risks associated with our holding company structure, including the historical contractual arrangements with the former VIEs. If the PRC government deems that our historical contractual arrangements with the former VIEs did not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties. The PRC regulatory authorities could disallow our holding company structure which could lead to a material change in our operations and/or a material change in the value of our ADSs, and could cause the value of our ADSs to significantly decline or become worthless. Our holding company, our PRC subsidiaries, and investors of our Company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the historical contractual arrangements with the former VIEs and, consequently, may affect the historical financial performance of the former VIEs and our Company as a whole. For a detailed description of the risks associated with our corporate structure, please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government determines that the historical contractual arrangements with the former VIEs structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.”

We face various legal and operational risks and uncertainties related to doing business in China. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. The PRC government has recently issued statements and regulatory actions relating to areas such as approvals on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy. For example, On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and relevant five supporting guidelines, together as the New Overseas Listing Rules, which became effective on March 31, 2023. According to the New Overseas Listing Rules, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to complete the filing procedure with the CSRC and report relevant information. In addition, an overseas-listed company must also submit the filing with respect to its follow-on offerings, issuance of convertible corporate bonds and exchangeable bonds, and other equivalent offering activities, within the time frame specified by the Overseas Listing Trial Measures. We have been closely monitoring regulatory developments in China regarding any necessary approvals, filings or reports from the CSRC, and we will take any and all actions necessary to complete the filing with the CSRC if required. Please refer to “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval and/or other requirements of the CSRC, the CAC, or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or delay in obtaining such approval for this offering, or a rescission of obtained approval, would subject us to sanctions imposed by the CSRC or other PRC government authorities.” In addition, if future regulatory updates mandate clearance of cybersecurity review or other specific actions to be completed by China-based companies listed on foreign stock exchanges, such as us, we face uncertainties as to whether such clearance can be timely obtained, or at all. Please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on our business and prospects.” Furthermore, the PRC anti-monopoly and competition laws and regulations are evolving, and there remains uncertainties as to how the anti-monopoly laws, regulations and guidelines will impact our business and results of operations. Please refer to “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business generates and processes a large amount of data, and we are required to comply with PRC and other

applicable laws relating to privacy and cybersecurity” and “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Risks Related to Doing Business in China—PRC rules on mergers and acquisitions may make it more difficult for us to pursue growth through acquisitions.” PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in certain value-added telecommunication services, such as internet content provision services and online data processing and transaction processing businesses (operating e-commerce business). In order to comply with PRC regulatory requirements, in the past we primarily operated these businesses in China through the former VIEs. We currently operate such businesses through our PRC subsidiaries, Yougu and Youhan, established in the Shanghai Pilot Free Trade Zone, which are not subject to restrictions on foreign investors maximum shareholding percentage, according to the Notice of the Ministry of Industry and Information Technology on Removing the Restrictions on Foreign-owned Shareholding Percentage in Online Data Processing and Transaction Processing (operating commerce) Business in China (Shanghai) Pilot Free Trade Zone. Please refer to “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government determines that the historical contractual arrangements with the former VIEs structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.” These statements and regulatory actions may impact our ability to conduct certain businesses, accept foreign investments, or list on a United States or other foreign exchange. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or become worthless. For a detailed description of risks related to doing business in China, please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline or be of little or no value. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.”

Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us.”

As of the date of this annual report, laws and regulations in Hong Kong, including regulatory actions related to data security or anti-monopoly concerns in Hong Kong, do not have a material impact on our ability to conduct business, accept foreign investment, or continue to list on a United States stock exchange.

Permissions Required from the PRC Authorities

We conduct our business in China primarily through our subsidiaries and historically, through former VIEs in China with which we had maintained contractual arrangements. Our operations in China are governed by PRC laws and regulations. As advised by Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, our PRC subsidiaries have obtained all requisite permissions and approvals from the PRC government authorities that are required for the business operations of our PRC subsidiaries, namely (i) the Electronic Data Interchange license, or the EDI license, (ii) Registrations for Used Car Dealers, and (iii) Registrations for Vehicle Maintenance and Repairs, with the details of all these licenses and permissions held by our PRC subsidiaries set forth below:

| License/Permission | Holding Entity | Issuing Authority |
|---|---|---|
| Electronic Data Interchange license (EDI license) | Youxin (Shaanxi) Technology Information Co., Ltd. | Ministry of Industry and Information Technology of the People’s Republic of China |
| Registrations for Used Car Dealers | Hefei Youquan Information Technology Co., Ltd. | The Administrative Department of Commerce of Anhui Province of the People’s Republic of China |

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| | | |
|--|---|---|
| Registrations for Used Car Dealers | Hefei Youxi Used Car Market Management Co., Ltd. | The Administrative Department of Commerce of Anhui Province of the People's Republic of China |
| Registrations for Used Car Dealers | Youxin (Ningbo) Information Technology Co., Ltd. | The Administrative Department of Commerce of Anhui Province of the People's Republic of China |
| Registrations for Used Car Dealers | Youxin (Hefei) Automobile Intelligent Remanufacturing Co., Ltd. | The Administrative Department of Commerce of Anhui Province of the People's Republic of China |
| Registrations for Used Car Dealers | Hefei Youxin Used Car Trading Co., Ltd. | The Administrative Department of Commerce of Anhui Province of the People's Republic of China |
| Registrations for Used Car Dealers | Youche (Hainan) Information Technology Co., Ltd. | The Administrative Department of Commerce of Hainan Province of the People's Republic of China |
| Registrations for Used Car Dealers | Youtang (Shaanxi) Technology Information Co., Ltd. | The Administrative Department of Commerce of Shaanxi Province of the People's Republic of China |
| Registrations for Used Car Dealers | Xi'an Yousheng Automobile Sales Service Co., Ltd. | The Administrative Department of Commerce of Shaanxi Province of the People's Republic of China |
| Registrations for Used Car Dealers | Youxin (Shaanxi) Technology Information Co., Ltd. | The Administrative Department of Commerce of Shaanxi Province of the People's Republic of China |
| Registrations for Vehicle Maintenance and Repair | Xi'an Youcheng Vehicle Maintenance Co., Ltd. | Bureau of City Manage and Road Transport of Fengdongxincheng of the People's Republic of China |
| Registrations for Vehicle Maintenance and Repair | Hefei Youzhi Automobile Maintenance Co., Ltd. | Bureau of Road Transport of Hefei of the People's Republic of China |

Except for the permissions or approvals listed above that we have obtained, we, our PRC subsidiaries and the former VIEs, have not been required to apply for or obtain any other permission or approval from any PRC government authority with respect to the operation of our business, nor have we been denied for or dismissed by any government authority of any application of permissions or approvals that are necessary to the operations of our business. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. If we and our PRC subsidiaries (i) do not receive or maintain any necessary permissions or approvals from PRC authorities to operate business or offer securities, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of the required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors, and cause the value of such securities to significantly decline or be worthless. For more detailed information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Failure to obtain certain filings, approvals, licenses, permits and certificates required for our business operations may materially and adversely affect our business, financial condition and results of operations."

Furthermore, in connection with our previous issuance of securities to foreign investors, under the PRC laws, regulations and regulatory rules currently in effect, as of the date of this annual report, (i) as advised by Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, we, our PRC subsidiaries and the former VIEs, are not required to obtain permissions from the China Securities Regulatory Commission, or the CSRC, or go through cybersecurity review by the Cyberspace Administration of China, or the CAC, or obtain other permission or approval from the PRC government authorities

and (ii) we, our PRC subsidiaries and the former VIEs, have not received or were denied such permissions or approvals by the CSRC, the CAC or other PRC government authorities.

However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and relevant five supporting guidelines, together as the New Overseas Listing Rules, which became effective on March 31, 2023. According to the New Overseas Listing Rules, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to complete the filing procedure with the CSRC and report relevant information. In addition, an overseas-listed company must also submit the filing with respect to its follow-on offerings, issuance of convertible corporate bonds and exchangeable bonds, and other equivalent offering activities, within the time frame specified by the Overseas Listing Trial Measures. The New Overseas Listing Rules laid out the regulatory filing requirements for both direct and indirect overseas listings and clarify the determination criteria for indirect overseas listing in overseas markets. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval and/or other requirements of the CSRC, the CAC, or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or delay in obtaining such approval for this offering, or a rescission of obtained approval, would subject us to sanctions imposed by the CSRC or other PRC government authorities.” As advised by Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, pursuant to the Overseas Listing Trial Measures, and relevant five supporting guidelines which became effective on March 31, 2023 together as the New Overseas Listing Rules: (i) in connection with our previous issuance of securities to foreign investors, neither we, our PRC subsidiaries nor the former VIEs are required to obtain any permissions or approvals from the CSRC, and (ii) should we decide to issue additional equity or equity-linked securities for listing overseas in the future, we are not required to obtain any permissions or approvals from any PRC government authorities, except for the requisite filing with the CSRC in connection with such issuance. Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, has also advised us that if we issue long-term debt securities in the future, we are not required to obtain any permissions or approvals from the PRC government authorities, except that such issuance is subject to the quota requirement of the National Development and Reform Commission, or the NDRC.

Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, has advised us that we are not required to obtain permissions from or complete filings with the CSRC in connection with any previous offering of securities to foreign investors as of the date of this annual report. Furthermore, as advised by Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, we are not required to file an application for the cybersecurity review by CAC for our previous issuance of securities to foreign investors as of the date of this annual report because (i) the relevant regulations do not require network platform operators holding personal information of over one million users to file a supplementary application of cybersecurity review for their previous issuance of securities to foreign investors that occurred before the effective date of such regulations; and (ii) our securities have already been listed on the Nasdaq Global Select Market before such regulations became effective. Thus, Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, does not expect that, as of the date of this annual report, we are required to file an application for the cybersecurity review by CAC for our previous issuance of securities to foreign investors.

The Holding Foreign Companies Accountable Act

The Holding Foreign Companies Accountable Act, or the HFCAA, was enacted on December 18, 2020. The HFCAA, which was further amended by the Consolidated Appropriations Act, 2023 signed into law on December 29, 2022, states that if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the Public Company Accounting Oversight Board (the “PCAOB”) for two consecutive years, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. Trading in our securities on U.S. markets, including Nasdaq Global Select Market, will be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years. On December 16, 2021, the PCAOB issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong (the “2021 Determinations”), including our auditor. On August 29, 2022, the SEC conclusively listed Uxin Limited as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended March 31, 2023. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong

in 2022. Accordingly, the PCAOB vacated its previous 2021 Determinations. As a result, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA for the fiscal year ended March 31, 2023 after we file our annual report on Form 20-F for such fiscal year. However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations regarding registered accounting firms headquartered in mainland China and Hong Kong in the future and states that it has already made plans to resume regular inspections in early 2023 and beyond. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely registered accounting firms based in the mainland China and Hong Kong. The possibility of being a Commission-Identified Issuer and risk of delisting could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to completely inspect and investigate registered accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB, in prior years, was unable to completely inspect and investigate registered independent accounting firms in mainland China and Hong Kong, which includes our auditor. The inability of the PCAOB to conduct inspections over our auditor has deprived our investors of the benefits of such inspections in prior years and may continue to deprive investors of such benefits in the future should the PCAOB not continue to have the ability to completely inspect and investigate registered accounting firms in China" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs will be prohibited from trading in the United States under the HFCAA if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment."

Cash and Asset Flows through Our Organization

Uxin Limited is a holding company with no operations of its own. We conduct our operations in China primarily through our PRC subsidiaries and, historically, through contractual arrangements with the former VIEs in China. Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains. In addition, upon payments of dividends to our shareholders, no Cayman Islands withholding tax will be imposed.

Under PRC law, Uxin Limited may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the former VIEs only through loans, subject to the satisfaction of applicable government registration and approval requirements. Loans by Uxin Limited to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to approval by the Ministry of Commerce or its local counterparts. For more details, please refer to "Item 4. Information on the Company—B. Business Overview—Regulation— 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." For the fiscal years ended March 31, 2021, 2022 and 2023, Uxin Limited and its subsidiaries incorporated in the Cayman Islands, British Virgin Islands and Hong Kong did not make any capital contribution or loans to our PRC subsidiaries or the former VIEs except that Xin HK Limited made capital contribution to Youxin (Hefei) Automobile Intelligent Remanufacturing Co., Ltd. in the fiscal year ended March 31, 2022 and 2023 and to Yutang (Shaanxi) Technology Information Co., Ltd. in the fiscal year ended March 31, 2023. See "Item 3. Key Information—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" for details.

Our PRC subsidiaries received RMB12.0 million and RMB50.2 million from the former VIEs for the fiscal years ended March 31, 2021 and 2022, respectively, which include cash advances made by the former VIEs to our PRC subsidiaries for the purchase of cars and/or services from third parties for daily operations. The former VIEs received RMB35.5 million and RMB66.8 million from our PRC subsidiaries for the fiscal years ended March 31, 2021 and 2022, respectively, which include the repayment of aforementioned cash advances for daily operations. See "Item 4.A. History and Development of the Company—Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses." We believe the amount of the cash flows between the former VIEs and our PRC subsidiaries were immaterial to our company for each of the fiscal years ended March 31, 2021 and 2022. For risks relating to our corporate structure, see "Item 3. Key Information—D. Risk Factors—Summary of Risk Factors— Risks Related to Our Corporate Structure—If the PRC government determines that the historical contractual

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arrangements with the former VIEs structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.”

There were no other transfer of assets, dividends or distributions made between Uxin Limited, the former VIEs and our PRC subsidiaries and no transfer of cash or other assets, dividends or distributions made to U.S. investors for the fiscal years ended March 31, 2021 and 2022. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.”

Furthermore, cash transfers from our PRC subsidiaries to entities outside of mainland China are subject to PRC government controls on currency conversion. As a result, cash in mainland China may not be available to fund operations or for other use outside of the PRC due to interventions in or the imposition of restrictions and limitations on our PRC subsidiaries’ ability to transfer cash. Shortages in the availability of foreign currency may temporarily delay the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. There is no assurance the PRC government will not intervene in or impose restrictions on us and our subsidiaries to transfer cash. In view of the foregoing, to the extent cash in our business is held in mainland China or by a mainland China entity, such cash may not be available to fund operations or for other use outside of mainland China. As of the date of this annual report, there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our Hong Kong entities. However, if certain restrictions or limitations were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities may not be available to fund operations or for other use outside of Hong Kong. For risks relating to the fund flows of our operations in China, see “Item 3. Key Information—D. Risk Factors—Summary of Risk Factors—Risks Related to Doing Business in China—Cash transfers from our PRC subsidiaries to entities outside of mainland China are subject to PRC government controls on currency conversion. As a result, cash in mainland China may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations on our PRC subsidiaries’ ability to transfer cash. There is no assurance the PRC government will not intervene in or impose restrictions on us and our subsidiaries to transfer cash. Although currently there are not equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our Hong Kong entities, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities, likewise, may not be available to fund operations or for other use outside of Hong Kong” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental control of currency conversion may affect the value of your investment” for details.

Our Mainland China and Hong Kong subsidiaries and the former VIEs have incurred cumulative losses since inception. We have no current intention to pay dividends to shareholders. Additionally, we have no intention to distribute earnings and our PRC subsidiaries have settled amounts with the former VIEs under the historical VIE agreements.

Our company has established a centralized cash management policy to direct how funds are transferred between Uxin Limited and our subsidiaries to improve the efficiency and ensure the security of cash management. Our company’s cash management program is centralized within our funds and payment center. Funds are deployed to each operating entity based on the budget and operating conditions of each operating entity. The funds and payment center is responsible for the centralized management of cash inflows and outflows of our operating entities. Each cash requirement, after raised by an operating entity, is required to go through a review process by our funds and payment center. We will allocate the cash to the operating entity after the application for cash requirement is approved by the funds and payment center.

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid in Mainland China and Hong Kong, assuming that: (i) we have taxable earnings, and (ii) we determine to pay a dividend in the future:

| | Tax calculation⁽¹⁾ |
|---|--------------------------------------|
| Hypothetical pre-tax earnings ⁽²⁾ | 100.0% |
| Tax on earnings at statutory rate of 25% ⁽³⁾ | (25.0)% |
| Net earnings available for distribution | 75.0% |
| Withholding tax at standard rate of 10% ⁽⁴⁾ | (7.5)% |
| Net distribution to Parent/Shareholders | 67.5% |

Notes:

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- (1) For purposes of this example, the tax calculation has been simplified.
- (2) The hypothetical pre-tax earnings are assumed to equal taxable income in China, without considering timing differences.
- (3) One of our subsidiaries in Mainland China qualifies for a 15% preferential income tax rate for the year ended December 31, 2022. However, such rate is subject to qualification, is temporary in nature, and may not be available in a future period when distributions are paid. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.
- (4) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China. A lower withholding income tax rate of 5% is applied if the foreign-invested enterprise's immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

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 WFOEs are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the former 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, our subsidiaries and the former VIEs may allocate a portion of their after-tax profits based on PRC accounting standards to discretionary surplus funds at their 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. Some of our PRC subsidiaries will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds. For restrictions and limitations on our ability to distribute earnings from our businesses, including subsidiaries and the former VIEs, to our Company and investors as well as the ability to settle amounts owed under historical VIE agreements, see “Item 3. Key Information—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.”

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

Investing in the ADSs involves significant risks. You should carefully consider all of the information in this annual report before making an investment in the ADSs. Below please find a summary of the principal risks we face, organized under relevant headings.

Risks Related to Our Business and Industry

Risks and uncertainties related to our business and industry include, but are not limited to, the following:

- If we fail to provide a differentiated and superior customer experience, the size of our customer base and the number of transactions on our platform could decline, and our business would be materially and adversely affected;
- Failure to maintain or enhance customer trust in us could damage our reputation, reduce or slowdown the growth of our customer base, which could harm our business, financial condition and results of operations;

- We face intense competition, which may lead to loss of market share, reduced service fees and revenue, increased expenses, departures of qualified employees, and disputes with competitors;
- We are not profitable and have negative cash flows from operations, which may continue in the future;
- Our business, operating results and financial condition have been and may continue to be adversely affected by the COVID-19 pandemic;
- Failure to acquire attractive inventory, whether due to supply, competition, or other factors, may have a material adverse effect on our business, sales, and results of operations;
- Failure to expeditiously sell our inventory could have a material adverse effect on our business, sales, and results of operations;
- If we are unable to effectively manage our growth or implement our business strategies, our business, results of operations and financial condition may be materially and adversely affected;
- We rely, in part, on our marketing efforts for customer acquisition and achieving higher level of brand recognition. If we fail to conduct our marketing activities effectively and efficiently, our business could be harmed; and
- Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on our business and prospects.
- We work with third-party service providers and business partners. Actions of third parties are outside of our control and could materially and adversely affect our reputation, business, financial condition and results of operations;

Risks Related to Our Corporate Structure

Risks and uncertainties related to our corporate structure include, but are not limited to, the following:

- If the PRC government determines that the historical contractual arrangements with the former VIE structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs that conducted all or substantially all of our operations.

Risks Related to Doing Business in China

Risks and uncertainties related to doing business in China include, but are not limited to, the following:

- Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations;
- The approval and/or other requirements of the CSRC, the CAC, or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or delay in obtaining such approval for this offering, or a rescission of obtained approval, would subject us to sanctions imposed by the CSRC or other PRC government authorities. As of the date of this annual report, we have not received any inquiry or notice or any objection in connection with our previous issuance of securities to foreign investors from the CSRC, the CAC or any other PRC governmental authorities that have jurisdiction over our operations. However, given the current regulatory environment in the PRC, there remains uncertainty regarding the interpretation and enforcement of PRC laws, which can change quickly and subject to any future actions within the discretion of PRC authorities;

- The PRC government has significant oversight over our business operations, and may intervene or influence our operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and/or the value of our securities. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless. See “Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—The PRC government’s oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs” for details;
- We face risks arising from the uncertainties with respect to the PRC legal system. Certain rules and regulations can change quickly, and there may be risks and uncertainties regarding the interpretation and enforcement of PRC laws and regulations. These risks and uncertainties may make it difficult for us to meet or comply with requirements under the applicable laws and regulations. See “Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us” for details;
- Our business is susceptible to changes in government policies, including policies on automobile purchases, ownership, taxation, vehicle title transfers, and used car transactions across regions and provinces. Failure to adequately respond to such changes could adversely affect our business;
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and management named in the annual report based on foreign laws;
- Cash transfers from our PRC subsidiaries to entities outside of mainland China are subject to PRC government controls on currency conversion. As a result, cash in mainland China may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations on our PRC subsidiaries’ ability to transfer cash. There is no assurance the PRC government will not intervene in or impose restrictions on us and our subsidiaries to transfer cash. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our Hong Kong entities, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities, likewise, may not be available to fund operations or for other use outside of Hong Kong. See “Item 3. Key Information—Cash and Asset Flows through Our Organization” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental control of currency conversion may affect the value of your investment” for details;
- The PCAOB, in prior years, was unable to completely inspect and investigate registered independent accounting firms in mainland China and Hong Kong, which includes our auditor. The inability of the PCAOB to conduct inspections over our auditor has deprived our investors of the benefits of such inspections in prior years and may continue to deprive investors of such benefits in the future should the PCAOB not continue to have the ability to completely inspect and investigate registered accounting firms in China; and
- Our ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Risks Related to Our ADSs

Risks and uncertainties related to our ADSs include, but are not limited to, the following:

- The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors;
- Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial;

- The dual-class structure of our ordinary shares may adversely affect the trading market for our ADSs;
- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline; and
- The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Risks Related to Our Business and Industry

If we fail to provide a differentiated and superior customer experience, the size of our customer base and the number of transactions on our platform could decline, and our business would be materially and adversely affected.

Providing a differentiated and superior online used car transaction experience for our customers, including both consumers and businesses, is critical to our business. Our ability to provide a high-quality customer experience depends on a number of factors, including:

- our ability to provide customers with high-quality used cars and other related products;
- our ability to improve our existing service offerings and upgrade our platform;
- our ability to meet the diverse needs of our customers with ongoing innovation and new service offerings;
- our ability to maintain and improve operating efficiency, customer experience of online transactions and service quality of our offline networks and personnel;
- our ability to leverage technology and data to improve our services;
- our ability to adequately train and manage our employees; and
- our ability to effectively ensure the quality of services provided by our third-party service providers on our platform.

We cannot guarantee that we can provide a differentiated and superior experience to our customers as our business continues to evolve. Our failure to do so would materially and adversely affect our business, financial condition and results of operations.

Failure to maintain or enhance customer trust in us could damage our reputation, reduce or slowdown the growth of our customer base, which could harm our business, financial condition and results of operations.

Our reputation as a trusted leading e-commerce platform for buying and selling used cars in China is critical to our success. If we fail to maintain a high level of customer trust in our goods and services, our business, financial condition and results of operations could be materially and adversely affected.

We work with third-party service providers to serve customers and fulfill the transactions made on our platform, such as car delivery, title transfer and warranty services, which are the key to earn customer trust. If we fail to maintain a high level of customer satisfaction or fail to properly manage these services, our business, financial condition and results of the operations would be adversely affected. We provide trainings to our third-party service providers and require them to act in line with our operating and customer servicing standards. However, if these third-party service providers fail to maintain a high level of performance consistent with our requirements, the level of customer satisfaction and trust we enjoy may be harmed, and our business, financial condition and results of the operations may be adversely affected.

We have received in the past, and we may continue to receive in the future, communications or complaints alleging that cars listed on our platform or sold by us are defective or inconsistent with the information provided on our platform, or the services provided by our third-party service providers are unsatisfactory to our customers. The information we include in our car listings is collected and maintained by us, which may not be accurate or complete due to human error, technological issues or misconduct.

We face intense competition, which may lead to loss of market share, reduced service fees and revenue, increased expenses, departures of qualified employees, and disputes with competitors.

We face intense competition in the used car industry both online and offline. Our competitors may have significantly more resources than we do, including financial, technological, marketing and others and may be able to devote greater resources to the development and promotion of their platforms and services. As a result, they may have deeper relationships with auto financing partners and other third-party service providers than we do. This could allow them to develop new services, adapt more quickly to changes in technology and to undertake more extensive marketing campaigns, which may render our platform less attractive to customers and businesses and cause us to lose market share. Moreover, intense competition in the markets we operate in may reduce our gross profit margin for vehicle sales, lower our service fees, increase our operating expenses and capital expenditures, and lead to departures of our qualified employees. We may also be harmed by negative publicity instigated by our competitors, regardless of its validity. We encountered and may in the future continue to encounter various disputes with our competitors, including lawsuits involving claims asserted under intellectual property laws, unfair competition laws and defamation which may adversely affect our business and reputation. Failure to compete with current and potential competitors could materially harm our business, financial condition and our results of operations.

We are not profitable and have negative cash flows from operations, which may continue in the future.

We have not been profitable since our inception in 2011. We incurred net losses from continuing operations of RMB717.0 million, RMB143.2 million and RMB137.2 million (US\$20.0 million) in the fiscal years ended March 31, 2021, 2022 and 2023, respectively. In addition, we had negative cash flow from operating activities of RMB1,122.3 million, RMB845.0 million and RMB251.1 million (US\$36.6 million) in the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Our ability to continue as a going concern is heavily dependent on our ability to successfully execute our business plans in order to decrease operating cash outflows, including increasing retail sales volume, and continuing to control and optimize operating costs and expenses, which primarily include vehicle acquisition costs, customer acquisition costs and labor costs. To execute these business plans, we will continue to gain reputation among customers and brand recognition through offering high-quality and value-for-money used cars and pre-and-after sales services, which may also boost our market share in both offline and online used car markets. Meanwhile, we will continue to optimize our cost and expense structure to improve the capital and operating efficiency of our business. In order to boost our gross margin, greater proportion of cars will be acquired directly from individual car owners, since such acquisition channel is the most cost-effective. For the purpose of raising sales conversion rate, we will apply precision marketing, and continually strive for stronger brand image, consolidating our reputability through the most cost-effective marketing methods. In addition, we will enhance supply chain automation, and further invest in and improve our digitalized systems backed by big data such as pricing system, vehicle selection system and vehicle deployment system. We believe these measures will greatly facilitate our operational efficiency, thus effectively controlling and reducing operating costs. We will also will further preserve liquidity and manage cash flows by reducing discretionary expenditure such as general and administrative expenses.

We have been taking a number of actions to improve our liquidity and cash position. We expect to improve our gross margin on automobile sales and optimize our cost structure to reduce expenses, and to reduce cash outflows including those related to future lease payments through ongoing negotiations with the lessor of the new IRC in Hefei. In March 2023, we obtained an aggregated facility amount of RMB250 million (equivalent to approximately US\$36.4 million) from two reputable banks in the PRC, enabling us to utilize inventories as collateral for financing our future purchases of used car inventories. Furthermore, we obtained a working capital facility of RMB50 million from China Merchants Bank (“CMB”) on November 7, 2022, and as of the date of this report, RMB20 million had been drawn down. The remaining RMB30 million can be utilized upon our request within one year from the date of the facility agreement. We plan to seek renewal of this facility when it becomes due in November 2023. In April 2023, we and NIO Capital entered into additional agreements, pursuant to which the outstanding purchase price of US\$81.6 million was partially offset by the cancellation and discharge by NIO Capital of our obligations under the 2024 Notes totaling US\$61.6 million. The remaining US\$18.4 million obligations are due to be received from NIO Capital by December 31, 2023. Pursuant to the assignment and amendment agreement dated June 30, 2023, Alpha acquired from NIO Capital and Joy Capital the warrants which provide the right to purchase up to 261,810,806 senior convertible preferred shares of the Company at a modified exercise price of US\$0.0457 per share (equivalent to US\$1.37 per ADS). Joy Capital only assigned a portion of its warrants under this amended agreement. Alpha and Joy Capital (either together or separately) are entitled, at their discretion, to exercise the respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that are not exercised by September 30, 2023, the amendment agreement may be terminated,

and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS). However, our plan includes significant, subjective assumptions that are subject to uncertainty. These assumptions include increasing demand for used cars over the next twelve months, renewing the inventory-pledging and working capital loan facilities and achieving the planned profit improvement, as well as our ability to satisfactorily negotiate final lease terms (relating to Hefei IRC) that help facilitate our intention to reduce costs and reduce cash outflows from operations. In addition, financing from the exercise of warrants that is not already contractually committed may not be available at terms that are favorable to us, or in amounts that are not sufficient to meet our needs over the next twelve months. Due to these uncertainties, and the related potential unfavorable financial impact to us, as discussed in Note 1 to our consolidated financial statements included elsewhere in this annual report, management of the Company has concluded that there is substantial doubt as to our ability to continue as a going concern.

However, we may need to continue to invest heavily in various aspects of our operations, such as labor, infrastructure, sales and marketing, to facilitate the expansion of the offline regional markets in the future. These investments may not lead to revenue increase or generate positive cash flow in time, or at all. In addition, we may not be able to execute the aforementioned plans to improve the liquidity status noted above.

We may incur additional losses and negative cash flow in the future for a number of reasons, including decreasing demand or slower than expected increase in demand for used cars and our services, increasing competition, weakness in the automotive retail industry in general, as well as other risks discussed herein, and we may incur unforeseen expenses, or encounter difficulties, complications and delays in generating revenue or achieving profitability. If our revenues decrease, we may not be able to reduce our costs and expenses proportionally in a timely manner because many of our costs and expenses are fixed. In addition, if we reduce our costs and expenses, we may limit our ability to acquire customers and grow our revenues. Accordingly, we may not be able to achieve profitability and we may continue to incur additional losses in the future.

If we are unable to effectively manage our growth or implement our business strategies, our business, results of operations and financial condition may be materially and adversely affected.

Our business and prospects depend in part on our ability to effectively manage our growth or implement our growth strategies. As part of our business strategies, we intend to increase our penetration in existing markets and expand into new geographic markets. Our experience in the markets in which we currently operate may not be applicable to other parts of China. We may not be able to leverage our experience to expand into new geographic markets in China. As a result, our expansion and monetization strategies, including sales and marketing efforts designed to attract more consumers and businesses, may not be successful. Furthermore, expanding into new geographical markets will require us to hire additional employees to cover these markets. We will incur additional compensation and benefit costs, office rental expenses and other costs, as well as experience additional strain on our managerial resources. If we are unable to successfully expand and generate sufficient revenues to cover our increased costs and expenses, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, our business upgrade and expansion may lead to new challenges and risks. As a result, we need to continuously expand and enhance our infrastructure and technology, and improve our operational and financial systems, procedures and internal controls. We also need to train, manage and motivate our employees. In addition, we need to maintain and expand our relationships with our customers, third-party service providers and other third parties. We cannot assure you that our personnel, infrastructure, systems, procedures and controls will be adequate to support our operations. Effectively managing our growth is dependent on a number of other factors, including our ability to:

- providing high-quality and value-for-money used vehicles;
- continue to improve our existing full-range car purchasing service and customer's satisfaction;
- launch new services and develop cross-selling opportunities;
- stabilize our costs and expenses and enhance our efficiency;
- achieve success with our Inspection and Reconditioning Centers, or IRCs, in Xi'an and Hefei, respectively;
- recruit and retain skilled and experienced employees;

- strengthen relationships with our business partners;
- enhance our risk management and internal control;
- upgrade our technology and continue to innovate; and
- maintain and enhance the network effects of our platform.

If we fail to effectively manage our growth or implement our business strategies, our business, results of operations and financial condition may be materially and adversely affected.

Failure to acquire attractive inventory, whether due to supply, competition, or other factors, may have a material adverse effect on our business, sales, and results of operations.

Since September 2020, we have shifted to an inventory-owning model where we build-up and sell our own inventory of used cars. By switching to and adopting the inventory-owning model, our vehicle supply channels are expanded to include consumers who intend to sell their existing cars, 4S shops, corporate clients and auction platforms. The transformation of our business model has enabled us to obtain better control over order flow and supply chain management, which further strengthens our ability to maximize customer value through our dedicated approach: offering high-quality and value-for-money used cars alongside best-in-class purchasing services. However, there can be no assurance that the supply of high-quality and value-for-money used vehicles will be sufficient to meet our needs. A reduction in the availability of or access to sources of desirable inventory could have a material adverse effect on our business, sales and results of operations.

Additionally, we evaluate and predict mechanical soundness, consumer desirability and relative value as prospective inventory. If we fail to properly assess vehicle condition before we purchase them, it could adversely affect our ability to acquire desirable inventory. Our ability to source vehicles could also be affected by fierce competition in our industry, both from e-commerce platform for used-car trading directly and through other used vehicle dealers directly. In addition, we remain dependent on others to sell us used vehicles, and there can be no assurance of an adequate supply of such vehicles on terms that are attractive to us.

Failure to expeditiously sell our inventory could have a material adverse effect on our business, sales, and results of operations.

Our purchases of used vehicles for building our own inventory are largely based on projected demand, which was primarily determined based on the then existing market condition. If our projections turn out to be inaccurate or actual sales are materially less than our forecasts, we may experience an over-supply of used vehicle inventory, which will generally cause downward pressure on our sales prices and margins and increase our average days to sale. If we have excess inventory or our average days to sale increases, we may be unable to liquidate such inventory at prices that allow us to meet margin targets or to recover our costs, which could have a material adverse effect on our results of operations.

We work with third-party service providers and business partners. Actions of third parties are outside of our control and could materially and adversely affect our reputation, business, financial condition and results of operations.

We work with third-party service providers to serve customers and fulfill the transactions made on our platform, such as auto financing, car delivery, title transfers, and other after-sales services. We carefully select our third-party service providers and business partners, but we are not able to control their actions. If these third parties fail to perform as we expect, experience difficulty meeting our requirements or standards, fail to conduct their business ethically, fail to provide satisfactory services to our customers, receive negative press coverage, violate applicable laws or regulations, breach the agreements with us, or if the agreements we have entered into with the third parties are terminated or not renewed, our business and reputation could be damaged. In addition, if such third-party service providers cease operations, temporarily or permanently, face financial distress or other business disruptions, increase their fees, or if our relationships with them deteriorate, we could suffer from increased costs, be involved in legal or administrative proceedings with or against our third-party service providers and experience delays in providing customers with similar services until we find or develop a suitable alternative. In addition, if we are not successful in identifying high-quality partners, or establishing cost-effective relationships with them, or effectively managing these relationships, our business and results of operations would be materially and adversely affected.

We rely, in part, on our marketing efforts for customer acquisition and achieving higher level of brand recognition. If we fail to conduct our marketing activities effectively and efficiently, our business could be harmed.

We may continue to invest substantial financial and other resources in marketing initiatives to grow our customer base. We currently carry out our marketing activities mainly by acquiring traffic through new media platforms with the goal of attracting more visitors to our platform. We face intense competition from our competitors who may have greater marketing resources than we do. If we fail to conduct our marketing activities effectively and efficiently, or if our traffic acquisition efforts and marketing campaigns are not successful, our growth, results of operations and financial condition could be materially and adversely affected.

Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on our business and prospects.

Our business generates and processes a large quantity of data. We face risks inherent in handling and protecting large volume of data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to these data.

In general, we expect that data security and data protection compliance will receive greater attention and focus from regulators, both domestically and globally, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

The PRC regulatory and enforcement regime with regard to data security and data protection is evolving and may be subject to different interpretations or significant changes. Moreover, different PRC regulatory bodies, including the Standing Committee of the NPC, the MIIT, the CAC, the Ministry of Public Security and the SAMR, have enforced data privacy and protections laws and regulations with varying standards and applications. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Information Security and Privacy Protection.” The following are examples of certain recent PRC regulatory activities in this area:

Data Security

- In June 2021, the Standing Committee of the NPC promulgated the Data Security Law, which took effect in September 2021. The Data Security Law, among other things, provides for security review procedure for data-related activities that may affect national security. In July 2021, the state council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to this regulation, critical information infrastructure means key network facilities or information systems of critical industries or sectors, such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, the damage, malfunction or data leakage of which may endanger national security, people’s livelihoods and the public interest. In December 2021, the CAC, together with other authorities, jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022 and replaces its predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that critical information infrastructure operators or network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. The competent regulatory authorities for each of the critical industries and sectors shall be responsible for formulating eligibility criteria and determining the identity of critical information infrastructure operator in such industry or sector. As of the date of this annual report, no detailed rules or implementation rules have been issued by any authority and we have not been informed that we are a critical information infrastructure operator by any government authorities. Furthermore, the exact scope of “critical information infrastructure operators” under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Therefore, it is uncertain whether we would be deemed to be a critical information infrastructure operator under PRC law. If we are deemed to be a critical information infrastructure operator under the PRC cybersecurity laws and regulations, we may be subject to obligations in addition to what we have fulfilled under the PRC cybersecurity laws and regulations.
- In November 2021, the CAC released the Regulations on the Network Data Security (Draft for Comments), or the Draft Regulations. The Draft Regulations provide that data processors refer to individuals or organizations that, during their data processing activities such as data collection, storage, utilization, transmission, publication and deletion, have autonomy over the purpose and the manner of data processing. In accordance with the Draft Regulations, data processors shall apply for a cybersecurity review for certain activities, including, among other things, (i) the listing abroad of data processors that process the personal information of more than one million users and (ii) any data processing activity that affects or may affect national security. However, there have been no clarifications from the relevant authorities as of the date of this annual report as to the standards for determining whether an activity is one that “affects or may affect national security.” In addition, the Draft Regulations requires that data processors that process “important data” or are listed overseas must conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. If we are not able to comply with the cybersecurity and network data security requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other sanctions, which could

materially and adversely affect our business and results of operations. As of the date of this annual report, the Draft Regulations was released for public comment only, and their respective provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty. The Draft Regulation remains unclear on whether the relevant requirements will be applicable to companies that have been listed in the United States, including our company.

Personal Information and Privacy

- The Anti-monopoly Guidelines for the Platform Economy Sector published by the Anti-monopoly Committee of the State Council, effective on February 7, 2021, prohibits collection of user information through coercive means by online platforms operators.
- In August 2021, the Standing Committee of the NPC promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. We update our privacy policies from time to time to meet the latest regulatory requirements of PRC government authorities and adopt technical measures to protect data and ensure cybersecurity in a systematic way. Nonetheless, the Personal Information Protection Law elevates the protection requirements for personal information processing, and many specific requirements of this law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations.

Many of the data-related legislations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators. If any data that we possess belongs to data categories that are subject to heightened scrutiny, we may be required to adopt stricter measures for protection and management of such data. The Cybersecurity Review Measures and the Draft Regulations remain unclear on whether the relevant requirements will be applicable to companies that are already listed in the United States, such as us. We cannot predict the impact of the Cybersecurity Review Measures and the Draft Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If the Cybersecurity Review Measures and the enacted version of the Draft Regulations mandate clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, and materially and adversely affect our business and results of operations. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis.

In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, related to data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice.

In addition, regulatory authorities around the world have adopted or are considering a number of legislative and regulatory proposals concerning data protection. These legislative and regulatory proposals, if adopted, and the uncertain interpretations and application thereof could, in addition to the possibility of fines, result in an order requiring that we change our data practices and policies, which could have an adverse effect on our business and results of operations. The European Union General Data Protection Regulation, or the GDPR, which came into effect on May 25, 2018, includes operational requirements for companies that receive or process personal data of residents of the European Economic Area. The GDPR establishes new requirements applicable to the processing of personal data, affords new data protection rights to individuals and imposes penalties for serious data breaches. Individuals also have a right to compensation under the GDPR for financial or non-financial losses. Although we do not conduct any business in the European Economic Area, in the event that residents of the European Economic Area access our website or our mobile platform and input protected information, we may become subject to provisions of the GDPR.

Our business, operating results and financial condition have been and may continue to be adversely affected by the COVID-19 pandemic.

The COVID-19 has had a severe and negative impact on the Chinese and the global economy since 2020. The COVID-19 pandemic has severely affected the used car industry with disruptions impacting the industry's infrastructure and supply

chains since January 2020. Throughout February and early March 2020, the majority of local used car markets and dealerships in China were closed and unable to resume operations. Logistics and delivery of used cars were also impacted by the closure of roads and highways in many regions across China. Title transfers were also hindered as local vehicle registration and management bureaus either remained closed or yet to resume full operations. All of these factors created considerable barriers to used car purchase and fulfillment, which has severely disrupted our business operations during the first quarter of 2020 and continued to weigh on our results until the date of this annual report.

As China began to relax its “zero-COVID” policy at the end of 2022, most of the travel restrictions and quarantine requirements were lifted in December 2022. As a result of the policy shift, a significant portion of our business faced challenges in resuming normal operations due to the surges in COVID-19 cases in China. For instance, our Xi’an IRC’s operations were disrupted by COVID-19 countermeasures. Nonetheless, as COVID-19 control measures eases and regulators continue to implement industry-boosting policies across the nation, we do not believe the COVID-19 pandemic has had a material adverse impact on our overall business, financial condition and results of operations. The impacts of COVID-19 on our future results of operations will depend on future developments, which cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19, among others.

In addition, to the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section entitled “Risk Factors,” such as those relating to our ability to provide a differentiated and superior customer experience, expand the size of our customer base and the number of transactions on our platform. The impact of the pandemic may continue to create significant challenges and uncertainties for the market environment as the COVID-19 pandemic is still evolving and its full impact will depend on future developments.

Negative media coverage related to our business, regardless of its validity, could adversely affect our business, financial position and results of operations.

Negative news or media coverage of our business, our employees, our third-party service providers and business partners, our directors and management or our shareholders, including, without limitation, alleged failure to comply with applicable laws and regulations, alleged fraudulent car listings, alleged misrepresentation by our sales consultants or third-party service providers, breach of data security, failure to protect user privacy, inappropriate business practices, disclosure of inaccurate operating data, negative information on blogs and social media websites, regardless of their validity, could damage our reputation. If we fail to correct or mitigate misinformation or negative information about us, including information spread through social media or traditional media channels, customer trust in us may be undermined, which would have a material adverse effect on our business, results of operations and financial condition.

Our limited operating history in certain of our services and the rapid evolution of our business model make it difficult for investors to evaluate our business and prospects.

Our limited operating history in certain of our services and the rapid evolution of our business model mean that our historical growth is not necessarily indicative of our future performance. We cannot assure you that our new product and service offerings will achieve the expected results or we will be able to achieve similar results or grow at the same rate as we did in the past. As our business and China’s used car industry continue to develop, we may adjust our product and service offerings or modify our business model. For example, we have shifted to an inventory-owning model since September 2020, when we build-up and sell our own inventory. In addition, our first IRC in Xi’an has been in operation in March 2021 and our second IRC in Hefei has been in operation since November 2021. In December 2022, we had completed the relocation and upgrade of our Xi’an IRC as well as our used car superstore. The upgraded IRC and superstore reopened for business as the largest fully self-owned used car marketplace in Northwest China with a showroom capacity of up to 3,000 vehicles to meet the used car consumption demand in the city of Xi’an and its surrounding areas.

Starting from early 2018, we have started to fulfill online used car transactions for consumers, which we previously referred to as “2C cross-regional business”. With our online used-car-buying product and service offerings, we enable consumers to buy used cars online without the need to go to offline dealerships or see the actual car when making the purchase. In addition, we entered into a binding term sheet, definitive agreements and supplemental agreements, in July 2019, September 2019 and April 2020, respectively, with Golden Pacer to divest our loan facilitation related business. Pursuant to the series of agreements, we divested our entire 2C intra-regional business in which we facilitated offline used car transactions between consumers and dealers in local used car marketplaces, and ceased to provide loan facilitation related guarantee services in connection with our 2C online transaction business since November 2019. We also divested our salvage car related business to Boche in January 2020 as well as our 2B business to 58.com pursuant to definitive agreements we entered into in March 2020.

The transaction with Golden Pacer closed upon the signing of the supplemental agreements in April 2020, and the transactions with Boche and 58.com closed in January 2020 and April 2020, respectively. Such developments or adjustments may not achieve expected results and may have a material and adverse impact on our financial condition and results of operations.

The price of used cars sold on our platform and the fees we charge may fluctuate or decline in the future, and any material decrease in such price and fees would harm our business, financial condition and results of operations.

Since the built up of our own inventory since September 2020, most of our revenues are derived from vehicle sales. Before we built our own inventory, most of our revenues were derived from the fees we charged from transactions on our platform, such as commission fee and value-added service fee from our 2C business. Prior to the divestiture of our 2B business, we also generated transaction facilitation service fee from the 2B business. Maintaining and growing our revenues depends on a number of factors, including:

- our ability to offer high-quality and value-for-money used cars to our customers;
- our ability to deliver satisfactory online used car transaction experience to our customers;
- our ability to attract consumers to our platform;
- the average unit price of used cars sold on our platform, which may decrease if we adjust down the price range of used cars available on our platform or enter into lower-tier city markets, or as a result of declining selling prices of new cars;
- our ability to foster relationships with third-party service providers to provide services through our platform at attractive terms and prices to us and our customers; and
- fluctuation in other macro-economic changes.

Any failure to adequately and promptly address any of these risks and uncertainties would materially and adversely affect our business and results of operations.

Failure to obtain certain filings, approvals, licenses, permits and certificates required for our business operations may materially and adversely affect our business, financial condition and results of operations.

Certain of our PRC subsidiaries used to engage in business activities that are not within their registered business scope. As of the date of this annual report, we are not aware of any action, claim, or investigation being conducted or threatened by the State Administration for Market Regulation (formerly known as the State Administration for Industry and Commerce), or the SAMR, or its local branches with respect to such business activities. While we have ceased conducting such business activities, we cannot rule out the possibility that our past practice could be interpreted by the SAMR as “doing business beyond the business scope” and subject us to enforcement actions such as confiscation of any illegal gains, or imposition of fines.

In addition, pursuant to relevant laws and regulations, as some of our PRC subsidiaries are regarded as operators of used car marketplaces and used car related business, these entities are required to complete filings with the Ministry of Commerce of the PRC, or the MOFCOM, at provincial level. These PRC subsidiaries have completed such required filings with the relevant authorities and we will strive to complete relevant filings if certain of our subsidiaries commence used car related business. However, there is no assurance we will be able to complete the filing in a timely manner, or at all. Failure to comply with the filing requirements may subject our business to restriction, which would have an adverse impact on our business and results of operations.

In addition, it is required by PRC laws and regulations for companies responsible for the construction projects to prepare environmental impact report, environmental impact statement, or environmental impact registration form based on the different level of potential environmental impact of the projects. The environmental impact reports (required if potentially serious environmental impact) and the environmental impact statements (required if potentially mild environmental impact) are subject to review and approval by the governmental authority and failure to satisfy such requirements may subject one to discontinuation of the construction projects, fines of 1% to 5% of the total investment in the projects or an order of restoration. The environmental impact registration forms (required if very little environmental impact where environmental impact assessment is not necessary) are required to be filed with competent authority and failure to satisfy such requirement may

subject one to fines up to RMB50,000. We do not regularly conduct construction projects in the ordinary course of our business. However, some of our projects, including the building and overall decoration of our transaction centers from time to time, could be recognized as construction projects where a timely filing or submission for approval is required and failure to do so may subject us to fines and other enforcement actions as mentioned above.

In addition, certain of our PRC subsidiaries used to engage in Internet freight business temporarily, for which we might be required to obtain the Road Transportation Operation Permit and Value-added Telecommunications Business License that certain entities did not have. As of the date of this annual report, we are not aware of any action, claim, or investigation being conducted or threatened by the relevant authority. While we have ceased conducting such business activities, we cannot rule out the possibility that our past practice could be interpreted as “operating without a license” and subject us to enforcement actions such as confiscation of any illegal gains, or imposition of fines.

Considerable uncertainty exists regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. Historically, some of our PRC subsidiaries have been fined due to late tax filings, although the amount of the fine was not significant. If we fail to complete, obtain, maintain or renew any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, such as confiscation of the illegal gains, imposition of fines and discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

We may be held liable for information or content displayed on or linked to our platform, which may materially and adversely affect our business and operating results.

We may be held liable for inaccurate or incomplete information, including car listings, that is available through or linked to our platform. The data we collect and use for the car listings may be inaccurate or incomplete due to errors or on the part of our employees or third-party information providers, or frauds. Our failure to ensure the accuracy and integrity of our data, regardless of its source, could undermine customer trust, result in further administrative penalties and adversely affect our business, financial position and results of operations.

We depend on our proprietary technology for critical functions of our business. Failure to properly maintain or promptly upgrade our technology may result in disruptions to or lower quality of our services, and our business, results of operations and financial condition may be materially and adversely affected.

We rely on our proprietary technology, including websites and mobile apps, car inspection system and AI algorithms for critical functions of our businesses. See “Item 4. Information on the Company—B. Business Overview—Technology.” Maintaining and upgrading our technology carry certain risks, including the risk of disruptions caused by significant design or deployment errors, delays or deficiencies, which has made and may continue to make our platform and services unavailable. We may also implement additional or enhanced technology in the future to accommodate our growth and to provide additional capabilities and functionalities. The implementation of new or enhanced technologies may be disruptive to our business and can be time-consuming and expensive, and may increase management responsibilities and divert management attention. Additionally, our proprietary AI algorithms are based on data-driven analytics. If we do not have a large amount of data or the quality of data available to us for analysis is unsatisfactory, or if our algorithms have deficiencies, our proprietary AI algorithms may fail to perform effectively. If we fail to properly maintain or promptly upgrade our technology, our services may be disrupted or become of lower quality or unprofitable, and our results of operations and financial condition may be materially and adversely affected.

Our historical loan facilitation services may subject us to regulatory risks, which may have a material adverse effect on our business, results of operations and financial condition.

Prior to the divestiture of our loan facilitation related business to Golden Pacer, or the Loan Facilitation Divestiture, we historically provided loan facilitation services in partnership with financial institutions who finance our customers’ car purchases. As a result of the divestiture, we have ceased to provide loan facilitation services since November 2019.

According to the Financing Guarantee Circular 37 which was issued and became effective on October 9, 2019, entities shall be prohibited from providing financing guarantee services unless obtaining the approval from the relevant regulatory authorities and establishing financing guarantee companies. Those who have been engaged in financing guarantee services shall properly settle its existing business. The authorities shall intensify the crackdowns on the financing guarantee companies with illegal operation or those who committed serious infringement of consumer’s (and guaranteed person’s) rights and shall

timely report such cases to the banks so as to work together to protect the legitimate rights and interests of the consumers. The Financing Guarantee Circular 37 also stipulates that, without prior approval, any institution which provides customer promotion, credit evaluation and other services for any lending institution shall be prohibited from providing financing guarantee services or doing so in a disguised form. Any entity operating the financing guarantee business without a financing guarantee business license shall be banned by the regulatory authorities. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Financing Guarantee.” As we (i) no longer provide any additional loan facilitation related guarantee services since November 2019 and have divested the guarantee liabilities in relation to our historically-facilitated loans for XW Bank, which accounted for more than half of the total loans we historically facilitated, to Golden Pacer as a result of the Loan Facilitation Divestiture and (ii) have entered into a supplemental agreement with one of our major financing partners with regards to our historically-facilitated loans in July 2020, where we agreed to entirely settle all of our remaining guarantee liabilities associated with the historically-facilitated loans for this financing partner under the condition that we would pay the settlement amount in instalments from 2020 to 2025 based on an agreed schedule, we are no longer subject to any guarantee liabilities for the consumer auto loans we historically facilitated through our 2C business. It is required by the Financing Guarantee Circular 37 for us to properly settle our existing business and we plan to settle and gradually relieve our guarantee obligations from these historically facilitated loans along with the maturity of those remaining outstanding loans. However, we cannot assure you that our guarantee services in connection with such historical auto loans will be regarded as our “proper settlement” of our existing auto loan guarantee business by the relevant authority, or that our past practices in connection with our loan facilitation services would not be regarded as historical noncompliance. The imposition of any enforcement action would adversely affect our reputation and business, financial condition and results of operations.

Furthermore, PRC laws and regulations concerning financial services, including internet financial services, are evolving and the PRC government authorities may promulgate further laws and regulations in the future. We cannot assure you that our past or current practices would not be regarded as non-compliance, and imposition of any enforcement action would adversely affect our reputation and business, financial condition and results of operations. For example, under current regulations, the risk assets of a PRC entity that conducts finance leasing business must not exceed 10 times its total net assets. In addition, PRC regulations stipulate that the amount of auto loans should be capped at 80% of the purchase price for a self-use conventionally-powered new car, 85% for a self-use new energy vehicle, and 70% for a used car. Our financing partners were responsible for designing the financing products that we offered through our historical loan facilitation services and are responsible for the financing products we currently refer to consumers on our platform. The financing products provided by our financing partners on our platform may be deemed to exceed the stipulated cap on the loan amount relative to the car purchase price, in which case we may be required to make adjustments to our cooperation arrangements or cease to cooperate with these financing partners.

We may be deemed to have operated financing guarantee business by the PRC regulatory authorities.

In August 2017, the State Council promulgated the Regulations on the Administration of Financing Guarantee Companies, or the Financing Guarantee Rules, which became effective on October 1, 2017. Pursuant to the Financing Guarantee Rules, “financing guarantee” refers to the activities in which guarantors provide guarantee to the guaranteed parties as to loans, bonds or other types of debt financing, and “financing guarantee companies” refer to companies legally established and operating financing guarantee business. According to the Financing Guarantee Rules, the establishment of financing guarantee companies are subject to the approval by the relevant governmental authority, and unless otherwise stipulated, no entity may operate financing guarantee business without such approval. If any entity violates these regulations and operates financing guarantee business without approval, the entity may be subject to penalties including ban or suspension of business, fines of RMB500,000 to RMB1,000,000, confiscation of illegal gains if any, and criminal liability if the violation constitutes a criminal offense.

Prior to divesting our loan facilitation business to Golden Pacer as first announced in July 2019, we provided guarantees to our financing partners in connection with the historical consumer auto loans. We have ceased to provide loan facilitation related guarantee services since November 2019 as a result of the divestiture and have divested the guarantee liabilities in relation to our historically-facilitated loans for XW Bank. In addition, we settled our remaining guarantee liabilities associated with the historically-facilitated loans for WeBank in July 2020. As of March 31, 2023, we have no outstanding guarantee obligations in relation to our historically facilitated loans. We do not believe that the Financing Guarantee Rules apply to such guarantee obligations as the guarantees were not provided independently from our principal business. However, due to the lack of further interpretations, the exact definition and scope of “operating financing guarantee business” under the Financing Guarantee Rules is unclear. It is uncertain whether we would be deemed to operate financing guarantee business in

violation of relevant PRC laws or regulations because of historical arrangements with certain financial institutions. If the relevant regulatory authorities determine that we were and/or are operating financing guarantee business, we may be required to obtain approval or license for financing guarantee business. In such cases, our business, results of operations and financial conditions could be adversely affected.

Our business is subject to risks related to China's online used car transaction industry, including industry-wide and macroeconomic risks.

We operate as a leading used car retailer for buying and selling used cars in China. We cannot assure you that this market will continue to grow rapidly in the future. Furthermore, the growth of China's used car industry could be affected by many factors, including:

- general economic conditions in China and around the world;
- the growth of disposable household income and the availability and cost of credit available to finance used car purchases;
- the growth of China's automobile industry;
- the growth of China's auto financing industry;
- consumer acceptance of used cars and willingness to purchase used cars online;
- consumer acceptance of financing car purchases;
- taxes and other incentives or disincentives related to used car purchases and ownership;
- COVID-19 pandemic or any other serious contagious diseases;
- environmental concerns and measures taken to address these concerns;
- the cost of energy, including gasoline prices, and the cost of car license plates in various cities with license plate lottery or auction systems;
- the improvement of highway system and availability of parking facilities;
- other government policies relating to used cars and auto financing in China;
- fluctuations in the sales and price of new and used cars;
- ride sharing, transportation networks, and other fundamental changes in transportation pattern; and
- other industry-wide issues, including supply and demand for used cars, age distribution of cars, and supply chain challenges.

Any adverse change to these factors could reduce demand for used cars and hence demand for our services, and our results of operations and financial condition could be materially and adversely affected.

Any breaches to our security measures, including unauthorized access, computer viruses and "hacking" may adversely affect our database and reduce use of our services and damage our reputation and brand names.

The massive data that we have processed and stored makes us or third-party service providers who host our servers an easy target and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions. Breaches to our security measures, including computer viruses and hacking, may result in significant damage to our hardware and software systems and database, disruptions to our business activities, inadvertent disclosure of confidential or sensitive information, interruptions in access to our platform, and other material adverse effects on our operations, during transfer of data or at any time, and result in persons obtaining unauthorized access to our systems and data. Our systems may be subject to infiltration as a result of any third-party action, employee error, malfeasance or otherwise. While we have taken

reasonable steps to protect the confidential information that we have access to, techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platform could cause confidential customer and investor information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of any third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with customers and investors could be severely damaged, we could incur significant liability and our business and operations could be adversely affected.

We depend heavily on our management team and other key personnel to manage our business. If we fail to retain their employment or services or fail to attract talents, our ability to run and grow our business could be severely impaired.

Our future success is highly dependent on the ongoing efforts of our senior management and key personnel. We rely on our management team for their extensive knowledge of and experience in China's automobile and internet industries as well as their deep understanding of the automobile market, business environment and regulatory regime in China. The loss of the services of one or more of our senior executives or key personnel may have a material adverse effect on our business, financial condition and results of operations. Competition for senior management and key personnel is intense and the pool of suitable candidates is very limited. Hence, we may not be able to retain the employment or services of our senior executives or key personnel, or attract and retain senior executives or key personnel in the future. If we fail to retain our senior management, our business and results of operations could be materially and adversely affected. In addition, if any members of our senior management or any of our key personnel join a competitor or form a competing company, we may not be able to replace them easily and we may lose customers, business partners and key staff members.

Our business is susceptible to employee misconduct, improper business practices and other fraudulent conduct by or between our employees and third parties.

We rely on our employees to carry out our operating objectives and are exposed to many types of operational risks, including the risk of misconduct and errors by our employees. Our business depends on our employees to interact with potential customers, conduct car inspection, process large numbers of transactions and provide support for other key aspects of our business, all of which involve the use and disclosure of personal information and are susceptible to human errors on the part of our employees.

We could be materially and adversely affected if transactions were redirected, misappropriated or otherwise improperly executed, if personal information was disclosed to unintended recipients or if an operational breakdown or failure occurred when processing transactions, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems.

Although we provide periodic and solid trainings to all our employees, it is not always possible to identify, deter or prevent misconduct or errors by employees, and the precautions we take to detect and prevent potential misconducts and human errors may not be completely effective in controlling risks or losses. If any of our employees takes, converts or misuses funds, documents or data or fails to follow protocols when interacting with customers or among themselves, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents or data, or failed to follow applicable protocols, and therefore be subject to civil or criminal liability. Our employees may also engage in improper business practices and other fraudulent conduct with third parties. As a result of these potentially damaging activities, we could incur significant losses, which could have a material adverse effect on our results of operations and financial condition.

Failure to adequately protect our intellectual property and proprietary information could materially harm our business and operating results.

We believe our patents, trademarks, software copyrights, trade secrets, our brand and other intellectual property rights and proprietary information are critical to our success. Any unauthorized use of intellectual property rights and proprietary information could harm our business, reputation and competitive advantages. We rely on a combination of patent, trademark, trade secret and copyright law, our internal control mechanism, and contractual arrangements to protect our intellectual property.

Legal protection may not always be effective. Infringement of intellectual property rights continues to pose a serious risk in doing business in China. Monitoring and preventing unauthorized use is difficult. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving, and could involve substantial risks to us. The practice of intellectual property rights enforcement action by Chinese regulatory authorities is in its early stage of development. In the event that we have to resort to litigation and other legal proceedings to enforce our intellectual property rights, such action, litigation or other legal proceedings could result in substantial costs and diversion of our management's attention and resources and could disrupt our business. There is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent others from the unauthorized use of our intellectual property.

We try, to the extent possible, to protect our intellectual property, technology, and confidential information by requiring our employees, third-party service providers, and consultants to enter into confidentiality and assignment of inventions agreements. Due to potential willful or unintentional conduct of personnel who have access to our confidential and proprietary information, these agreements and control measures may not effectively prevent unauthorized disclosure or use of our confidential information, unauthorized use of our intellectual property or technology and may not provide an adequate remedy in the event of such unauthorized disclosure or use. The enforceability of confidentiality agreements may vary from jurisdiction to jurisdiction. Failure to obtain or maintain trade secrets and/or confidential know-how protection could adversely affect our competitive position.

Competitors may adopt service names or trademarks similar to ours, thereby harming our ability to build brand identity and possibly leading to user confusion. Our competitors may independently develop substantially equivalent proprietary information and may even apply for patent protection. If successful in obtaining such patent protection, our competitors could limit our use of our trade secrets and confidential know-how, and our financial position and operating results would be adversely affected.

We have been and may continue to be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business, results of operations and prospects.

We depend to a large extent on our ability to develop and maintain the intellectual property rights relating to our technology and online businesses. We have devoted considerable resources to the development and improvement of our car inspection technology, big data and AI capabilities, mobile applications, mobile sites and websites and information technology systems. We cannot be certain that third parties will not claim that our business infringes upon or otherwise violates patents, trademarks, copyrights or other intellectual property rights that they hold. Companies operating online businesses and provide technology-based services are frequently involved in litigation related to allegations of infringement of intellectual property rights. The validity, enforceability and scope of protection of intellectual property rights, particularly in China, are still evolving. We were subject to several trademark claims in the past and may in the future be subject to intellectual property infringement claims from time to time. As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management attention and resources, and favorable final outcomes may not be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations and prospects.

We were named as a defendant in two putative shareholder class action lawsuits in the past that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We were named as a defendant in the two putative shareholder class action lawsuits described in "Item 8, Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings." In May 2021, we have settled the two putative shareholder class action lawsuits for a total of US\$9.5 million approved by court, out of which US\$6.5 million were covered by our insurance policy and we made a contribution of US\$3.0 million. Although the lawsuits were settled, the process lasted for over a year and utilized a significant portion of our resources and diverted management's attention from the day-to-day operations of our company, all of which could harm our business. We cannot assure you that similar class action claims will not occur in the future. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, our business, results of operations and financial condition could be materially and adversely affected.

We may be subject to disputes with various counterparties with which we transact from time to time in the ordinary course of our business, such as service providers, customers, competitors and investors, which may lead to legal proceedings. These proceedings, if and when materialize, could have a material adverse effect on our business, results of operations and financial condition. Claims arising out of actual or alleged violations of law could also be asserted against us by consumers and businesses that utilize our services, by competitors, or by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, product liability laws, consumer protection laws, intellectual property laws, unfair competition laws, privacy laws, labor and employment laws, securities laws, real estate laws, tort laws, contract laws, property laws and employee benefit laws. We may also be subject to lawsuits due to actions by our third-party financing partners, or third-party providers of various services, including logistics and delivery service, title transfer service, car repair, car inspection equipment, loan servicing, car collateral repossession, and certain data services.

For example, we are subject to ongoing contractual disputes and other proceedings in the PRC. These cases are still ongoing, but we believe the claims are without merit and we will defend ourselves accordingly. We are unable, however, to predict the outcome of these cases, or reasonably estimate a range of possible loss, if any, given the current status of the proceedings. We have not recorded any accrual for expected loss payments with respect to these cases as of March 31, 2023 and do not believe that any of the intellectual property infringement claims is material to our overall business operations. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”

Acquisitions, strategic alliances and investments could be costly, difficult to integrate, disrupt our business and adversely affect our results of operations and the value of your investment.

As we continue to expand our operations, we have and may in the future enter into strategic alliances or to acquire substantial asset or equities from a pool of candidates that fit our criteria. We are not certain that we will be able to consummate any such transactions in the future or identify those candidates that would result in the most successful combinations, or that future acquisitions will be able to be consummated at reasonable prices and terms. In addition, increased competition for acquisition candidates could result in fewer acquisition opportunities for us and higher acquisition prices. Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- lack of suitable acquisition candidates;
- intense competition with other auction groups or new industry consolidators for suitable acquisitions;
- deterioration of our financial capabilities;
- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our platform and service offerings;
- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organizations;
- difficulties in retaining relationships with customers, employees and third-party service providers of the acquired business;
- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- failure to successfully further develop the acquired technology or maintain acquired facilities;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- potential disruptions to our ongoing businesses; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

We may not make any investments or acquisitions, or any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits. In addition, we cannot assure you that any future investment in or acquisition of

new businesses or technology will lead to the successful development of new or enhanced service offerings and that any new or enhanced technology or services, if developed or offered, will achieve market acceptance or prove to be profitable.

We may need additional capital to achieve our business targets and respond to market opportunities. If we could not obtain sufficient capital through either debt or equity financing, our business, operating results and financial condition could be materially harmed, and your ownership may be diluted.

Since our inception, we have raised substantial financing to support the growth of our business. We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to improve our brand awareness, build and maintain our offline network, develop new products or services or further improve existing products and services, and acquire complementary businesses and technologies. We issued convertible notes in the total principal amount of US\$280 million in 2019, of which US\$50 million and US\$69 million in principal amount were converted into Class A ordinary shares on July 23, 2020 and July 12, 2021, respectively. In October 2020, we completed private placements with GIC and Wells Fargo for subscription of our Class A ordinary shares for an aggregate amount of US\$25 million. In addition, we entered into definitive agreements with NIO Capital and Joy Capital in June 2021 for the subscription of senior convertible preferred shares, or the 2021 Subscription Agreement, to raise an aggregate amount of up to US\$315 million. The first closing for US\$100 million was completed on July 12, 2021 and the second closing for the amounts of US\$27.5 million, US\$10 million and US\$7.5 million were completed in November 2021, March 2022 and June 2022, respectively. In July 2022, NIO Capital assigned its rights and obligations to subscribe for 14,564,520 senior convertible preferred shares under the second closing for the total price of US\$5 million to an independent third party. On the same day, the Company issued 14,564,520 senior convertible preferred shares to the third party and the second closing of the transaction was completed. The two investors have also purchased warrants to purchase 480,629,186 senior convertible preferred shares for an aggregate amount of US\$165 million. In January 2022, we entered into a definitive agreement with NIO Capital and Joy Capital to extend the expiration date of aforementioned warrants from January 12, 2023 to January 12, 2024. In addition, we entered into definitive agreements with NIO Capital in June 2022 for the subscription of 714,285,714 senior convertible preferred shares for an aggregate amount of US\$100 million, which are payable in multiple installments. In April 2023, we and NIO Capital entered into additional agreements regarding the settlement of then outstanding amount of US\$81.6 million of the foregoing purchase price. Pursuant to these agreements: (i) the payment method of such outstanding purchase price was modified to permit a combination of cash payment and cancellation of indebtedness of us to NIO Capital; and (ii) such outstanding purchase price of US\$81.6 million was partially offset by the cancellation and discharge by NIO Capital of our obligations under the 2024 Notes totaling US\$61.6 million that NIO Capital assigned from Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd. and Magic Carpet International Limited in April 2023. For a detailed description of the terms of the 2024 Notes, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Cash flows and working capital.” As a result of and immediately following the foregoing transactions, NIO Capital had fulfilled its obligation in an aggregate amount of US\$80 million of the outstanding purchase price for its subscription of our senior convertible preferred shares. As of the date of this annual report, NIO Capital has fulfilled its obligation in an aggregate amount of US\$81.6 million of the outstanding purchase price and we and NIO Capital have reached an agreement regarding the outstanding purchase price of US\$18.4 million pursuant to the definitive agreements we entered into with NIO Capital in June 2022, under which NIO Capital agreed to fulfil its payment obligations by December 31, 2023. Meanwhile, we also fulfilled all of our obligations under the 2024 Notes of US\$61.6 million. In June 2023, we have entered into a definitive agreement with Alpha and Joy Capital, regarding the warrants issued by the Company to NIO Capital and Joy Capital in 2021. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha acquired from NIO Capital and Joy Capital warrants which provide the right to purchase up to 261,810,806 senior convertible preferred shares of the Company at a modified exercise price of US\$0.0457 per share (equivalent to US\$1.37 per ADS). Joy Capital only assigned a portion of its warrants under this amended agreement. Alpha and Joy Capital (either together or separately) are entitled to, at their discretion, exercise their respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that were not exercised by September 30, 2023, the amendment agreement may be terminated and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS). Despite our historical financing activities, we cannot guarantee that additional funds to support our business will be available on reasonable terms, or at all when we need them.

If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution. Specifically, pursuant to the Amended and Restated Certificate of Designation and Preferred Shares, if, at any time while any senior convertible preferred shares are outstanding, we or any of our subsidiaries, as applicable, sells or grants any option to purchase or sells or grants any right to repurchase, or otherwise disposes of or issues (or announces

any sale, grant or any option to purchase or other disposition), any (a) ordinary shares, or (b) any rights, options or warrants to acquire ordinary shares and any depositary shares (including, without limitation, the ADSs), notes, debentures, preference shares or other equity securities or rights, which are ultimately convertible or exercisable into, or exchangeable for, ordinary shares entitling any person to acquire ordinary shares or ADSs at an effective price per share that is lower than the then applicable Conversion Price (such lower price, the “Base Conversion Price” and such issuances, collectively, a “Dilutive Issuance”) of such senior convertible preferred share, then simultaneously with the consummation (or, if earlier, the announcement) of each Dilutive Issuance, the applicable Conversion Price for such senior convertible preferred shares shall be reduced to equal the Base Conversion Price, subject to certain exceptions, in which case the number of ordinary shares convertible from the foregoing such senior convertible preferred share will correspondingly increase. For more information, see “Item 10. Additional Information—B. Memorandum and Articles of Association—Amended and Restated Certificate of Designation and Preferred Shares—Subsequent Equity Sales and Anti-Dilution Adjustments.”

Additionally, any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our ordinary shares. Our ability to retain our existing financial resources and obtain additional financing on acceptable terms is subject to a variety of uncertainties, including but not limited to:

- economic, political and other conditions in China;
- PRC governmental policies relating to bank loans and other credit facilities;
- PRC governmental regulations of foreign investment and the automobile industry in China;
- conditions of capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

If we are unable to obtain adequate financing or financing on satisfactory terms, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, results of operations, financial condition and prospects could be adversely affected.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

Prior to our initial public offering in June 2018, we were a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the audits of our consolidated financial statements as of and for the fiscal year ended March 31, 2023, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified related to our lack of sufficient accounting staff and management resources with appropriate knowledge of U.S. GAAP and SEC reporting and compliance requirements. We are in the process of implementing a number of measures to remedy these control deficiencies. See “Item 15. Controls and Procedures—Internal Control Over Financial Reporting.” However, the implementation of these measures may not fully address these deficiencies in our internal control over financial reporting, and we cannot conclude that they have been fully remedied. Our failure to correct these control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

We are a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we include a report of management on our internal control over financial reporting in our annual report on Form 20-F. In addition, since we ceased to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management has concluded that our internal control over financial reporting was ineffective for the fiscal year ended March 31, 2023. In addition, as we are a public company, our reporting obligations

may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other material weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to implement adequate measures to remediate our existing material weakness, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of the ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 has had a severe and negative impact on the Chinese and the global economy since early 2020. Whether this will lead to a prolonged downturn in the economy is still unknown, especially considering the multiple recent outbreaks in various countries and regions as well as the uncertainties brought by the newly launched vaccination programs. Even before the COVID-19 pandemic, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. The war in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition. See “—We may need additional capital to achieve our business targets and respond to market opportunities. If we could not obtain sufficient capital through either debt or equity, our business, operating results and financial condition could be materially harmed.”

The trade war between the U.S. and China may dampen economic growth in China and adversely affect our business, financial condition and results of operations.

In 2018 and 2019, the U.S. government imposed additional tariffs on specified products imported from China. In response, China has also imposed additional tariffs on specified products imported from the U.S. The U.S. and the Chinese governments are continuing to conduct negotiations on trade matters. We cannot assure you that the negotiations will result in an agreement between the two countries, or that the proposed tariffs will not be imposed even if an agreement will be reached.

Although we are not currently subject to any of these tariff measures, the proposed tariffs may adversely affect the economic growth in China and the financial condition of our customers. With the potential decrease in the spending powers of our target customers, we cannot guarantee that there will be no negative impact on our operations. In addition, the current and future actions or escalations by either the U.S. or China that affect trade relations may result in global economic turmoil, which may adversely affect our business, financial condition and results of operations.

Allegations or lawsuits against us or our management and related negative publicity may harm our reputation and have a material and adverse impact on our business operations and the trading price of our ADSs.

We have been, and may become, subject to allegations or lawsuits brought by our competitors, customers, business partners, short sellers, investment research firms or other individuals or entities. For example, a report was published on April 16, 2019 making various allegations about us, and we responded publicly stating the allegations are unfounded. Any such allegation or lawsuit, with or without merit, or any perceived unfair, unethical, fraudulent or inappropriate business practice by

us or perceived malfeasance by our management, or failure or perceived failure to comply with legal and regulatory requirements, alleged accounting or financial reporting irregularities, could harm our reputation and distract our management from our daily operations. Allegations or lawsuits against us or our management may also generate negative publicity that significantly harms our reputation, which may materially and adversely affect our ability to attract customers, third-party service providers and business partners and hence our business operations, and cause the trading price of our ADSs to decline and fluctuate significantly.

We may continue to be the target of adverse publicity and detrimental conduct against us, including complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, and regulatory compliance. We may be subject to government or regulatory investigation or inquiries, or shareholder lawsuits, as a result of such third-party conduct and may be required to incur significant time and substantial costs to defend ourselves, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time or at all. Our reputation may also be negatively affected as a result of the public dissemination of allegations or malicious statements about us, which in turn may materially and adversely affect the trading price of our ADSs.

Any failure by us or our third-party service providers to comply with applicable anti-money laundering laws and regulations could damage our reputation.

Our financing partners and payment companies are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations and are regulated in that respect by the People's Bank of China, or the PBOC. If any of our third-party service providers fail to comply with applicable anti-money laundering laws and regulations, our reputation could suffer and we could become subject to regulatory intervention, which could have a material adverse effect on our business, financial condition and results of operations. Any negative perception of the industry, such as that arises from any failure of other loan facilitation service providers, consumer finance marketplaces or e-commerce platform for buying and selling used cars to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise our image or undermine the trust and credibility we have established.

We are subject to changing laws and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are subject to rules and regulations promulgated by various governing bodies, including, for example, the Securities and Exchange Commission, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded, and the various regulatory authorities in China and the Cayman Islands, and to new and evolving regulatory measures under applicable laws. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices.

If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

We have limited business, disruption or litigation insurance coverage.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products and are, to our knowledge, not well-developed in the field of business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except for limited property insurance coverage, we do not maintain general business liability, disruption or litigation insurance coverage for our operations in China. We consider our insurance coverage to be reasonable in light of the nature of our business, but we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all.

We have granted, and may continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We adopted an amended and restated share incentive plan in February 2018, which was further amended in August 2018 and November 2018, referred to as the Amended and Restated Plan, in this annual report, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We recognize expenses in our consolidated statement of comprehensive loss in accordance with U.S. GAAP. The maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the Amended and Restated Plan is 102,040,053 ordinary shares.

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 US\$1.03 per ordinary share to US\$1.03 per ordinary share, provided that any participating option holder agrees to the 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 premeasurement 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.

For the fiscal years ended March 31, 2021, 2022 and 2023, we recorded an aggregate of negative RMB19.1 million, RMB26.5 million and RMB47.3 million (US\$6.9 million), respectively, in share-based compensation expenses. As of March 31, 2023, our unrecognized share-based compensation expenses related to the share options and restricted share units amounted to RMB62.3 million (US\$9.1 million). We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. In addition, the issuance of additional equity upon the exercise of options or other types of awards would result in further dilution to our shareholders.

Our business is dependent on the performance of the internet and mobile internet infrastructure and telecommunications networks in China, which may not be able to support the demands associated with our growth.

Our internet businesses are heavily dependent on the performance and reliability of China's internet infrastructure, the continual accessibility of bandwidth and servers to our service providers' networks, and the continuing performance, reliability and availability of our technology platform. We use the internet to deliver services to our customers, who access our websites and mobile apps on the internet.

We rely on major Chinese telecommunication companies to provide us with bandwidth for our services, and we may not have any access to comparable alternative networks or services in the event of disruptions, failures or other problems.

Internet access may not be available in certain areas due to national disasters, such as earthquakes, or local government decisions. Surges in internet traffic on our platform, regardless of the cause, may seriously disrupt services we provide through our platform and in-store or cause our technology systems and our platform to shut down. If we experience technical problems in delivering our services over the internet either at national or regional level or system shut downs, we could experience reduced demand for our services, lower revenues and increased costs. Consequently, our business, results of operations and financial condition would be adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation.

In addition to the impact of COVID-19, our business could be adversely affected by the effects of other epidemics such as Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, or Severe Acute Respiratory Syndrome, or SARS. Our business operations could be disrupted if any of our employees is suspected of having Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, SARS, or other epidemics, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese and global economy in general.

We are also vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide products and services on our platform.

In addition, our results of operations could be adversely affected to the extent that any health epidemic, natural disaster or other calamities harms the Chinese and global economies in general. Our headquarters are located in Beijing, where most of our management and employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Beijing. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Beijing, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

Our business is subject to quarterly fluctuations and unexpected interruptions.

We have experienced, and expect to continue to experience, quarterly fluctuations in our revenues and results of operations. Our revenue trends are a reflection of consumers' car purchase patterns. The holiday period following the Chinese New Year is usually in the first quarter of each year, which may contribute to lower activity levels in that quarter of each year. As a result, our revenues may vary from quarter to quarter and our quarterly results may not be comparable to the corresponding periods of prior years. Our actual results may differ significantly from our targets or estimated quarterly results. The quarterly fluctuations in our revenues and results of operations could result in volatility and cause the price of our shares to fall.

Risks Related to Our Corporate Structure

If the PRC government determines that the historical contractual arrangements with the former VIEs structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.

Uxin Limited is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted by its subsidiaries and, historically, through contractual arrangements with the former VIEs based in China. As a result, investors face unique risks associated with our holding company structure. The PRC regulatory authorities could disallow our holding company structure which could lead to a material change in our operations and/or a material change in the value of our ADSs, and could cause the value of our ADSs to significantly decline or become worthless. PRC laws and regulations restrict and impose conditions on foreign investment in value-added telecommunications services businesses, such as internet content provision services and online data processing and transaction processing businesses (operating e-commerce business). In order to comply with PRC regulatory requirements, in the past we primarily operate these businesses in China through the former VIEs.

In January 2015, Ministry of Industry & Information Technology announced the Notice of the Ministry of Industry and Information Technology on Removing the Restrictions on Foreign-owned Shareholding Percentage in Online Data Processing and Transaction Processing (operating commerce) Business in China (Shanghai) Pilot Free Trade Zone, or SHFTZ Notice. Pursuant to SHFTZ Notice, there are no restrictions on foreign investors maximum shareholding percentage in an enterprise established in Shanghai Pilot Free Trade Zone that conducts value-added telecommunications services in the scope of online data processing and transaction processing (Operating E-commerce). Therefore, our eligible PRC subsidiaries, Yougu and Youhan, have applied for and obtained approval from Shanghai Communications Administration to conduct e-commerce, and since then they have been operating our main online businesses instead of the former VIEs, Youxin Hulian and Yishouche.

In order to streamline our corporate structure and considering the changing regulatory environment, we have completed the Restructuring to terminate the contractual arrangements with both of the former VIEs which have become wholly owned subsidiaries of the Company. Pursuant to the Restructuring, our wholly owned subsidiaries that have contractual arrangements with the VIEs and their respective shareholders have purchased all equity interests held by such shareholders in the VIEs. Accordingly, all contractual arrangements that enabled such shareholders to direct the activities of the VIEs, receive substantially all of the economic benefits of the VIEs and have exclusive options to purchase all or part of the equity interests in the VIEs, were effectively terminated. As a result of the Restructuring, the VIEs have become our wholly owned subsidiaries and we currently operates our business in China directly through our subsidiaries, rather than through any variable interest entity.

We, through the former VIEs, had been historically subject to a series of contractual arrangements with the former VIEs and the shareholders of the former VIEs until March 31, 2022. Because of these contractual arrangements, we were considered as the primary beneficiary of the former VIEs in China and accordingly, under U.S. GAAP, the financial statements of the former VIEs are consolidated as part of our financial statements for the fiscal years ended March 31, 2021 and 2022 in this annual report.

Although we have completed the Restructuring in March 2022, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that established the former VIE structure for our operations in China, including potential future actions by the PRC government, which may retroactively affect the enforceability and legality of our historical contractual arrangements with the former VIEs and, consequently, affect the historical financial condition and results of operations of the former VIEs, and our ability to consolidate the results of the former VIEs into our consolidated financial statements for the periods prior to the completion of the Restructuring. No service fee was accrued or paid by the former VIEs according to the contractual agreements as the services provided were immaterial during the historical periods. The consideration for termination of the historical contractual arrangements with the former VIEs was the same as the loan amount under the contractual agreements, therefore, there was no cash transfer for the termination of the contractual arrangements. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, and such changes may be retroactively applied to our historical contractual arrangements, we could be subject to severe penalties and our control over the former VIEs may be rendered ineffective, which could result in potential restatement of our financial statements included elsewhere in this annual report. As a result, our shares and/or ADSs may decline in value or become worthless.

Risks Related to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

Substantially all of our operations are located in China. Accordingly, our business prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. The growth rate of the Chinese economy has gradually slowed since 2010, and the COVID-19 also had some impact on the Chinese economy in the past two years. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

The approval and/or other requirements of the CSRC, the CAC, or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or delay in obtaining such approval for this offering, or a rescission of obtained approval, would subject us to sanctions imposed by the CSRC or other PRC government authorities.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to any public securities offerings on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If a governmental approval is required, it is uncertain how long it will take for us to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or a delay in obtaining the requisite governmental approval for an offering, or a rescission of such CSRC approval if obtained by us, may subject us to sanctions imposed by the relevant PRC regulatory authority, which could include fines and penalties on our and the former VIEs' operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

JunHe LLP, our counsel regarding certain PRC legal matters, has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval under the M&A Rules for an offering because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether our offerings are subject to this regulation; and (ii) we are not required to file the application after consulting with the Ministry of Commerce through the Internet.

However, JunHe LLP, our counsel regarding certain PRC legal matters, has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC legal counsel, and hence, we may face regulatory actions or other sanctions from them. Furthermore, relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down Illegal Securities Activities on July 6, 2021, which provided that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of domestic industry competent authorities and regulatory authorities. However, the Opinions on Strictly Cracking Down Illegal Securities Activities were still leaving uncertainties regarding the interpretation and implementation of these opinions. It is possible that any new rules or regulations may impose additional requirements on us. Furthermore, the Review Measures required that, in addition to network products and services acquired by critical information infrastructure operators, online platform operators are also subject to cybersecurity review if they carry out data processing activities that affect or may affect national security, and online platform operators listing in a foreign country with more than one million users' personal information data must apply for a cybersecurity review with the Cybersecurity Review Office. It is uncertain whether we would be deemed as a CIIO or an online platform operator which is under the censorship of the Review Measure in the future. In the event that we become under investigation or review by the CAC, we may have to substantially change our current business and our operations may be materially and adversely affected. If it is determined in the future that CSRC approval or other procedural requirements are required to be met for and prior to an offering, it is uncertain whether we can or how long it will take us to obtain such approval or complete such procedures and any such approval could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures for an offering, or a rescission of any such approval, could subject us to sanctions by the relevant PRC governmental authorities. The PRC governmental authorities may impose restrictions and penalties on our operations in China, such as the suspension of our apps and services, revocation of our licenses, or shutting down part or all of our operations, limit our ability to pay dividends outside of China, delay or restrict the repatriation of the proceeds from an offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs. The PRC governmental authorities may also take actions requiring us, or making it advisable for us, to halt an offering before settlement and delivery of the ADSs being offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the PRC governmental authorities later promulgate new rules or explanations requiring that we obtain their approvals for filings, registrations or other kinds of authorizations for an offering, we cannot assure you that we can obtain

the approval, authorizations, or complete required procedures or other requirements in a timely manner, or at all, or obtain a waiver of the requisite requirements if and when procedures are established to obtain such a waiver.

On February 17, 2023, the CSRC, as approved by the State Council, released the Overseas Listing Trial Measures. According to the Overseas Listing Trial Measures, domestic companies in the Chinese mainland that directly or indirectly offer or list their securities in an overseas market, are required to file with the CSRC. Specifically, the securities under the Trial Measures refer to stocks, depositary receipts, convertible corporate bonds, exchangeable bonds and other equity-linked securities to be issued and offered in overseas markets by domestic companies directly or indirectly, while a direct offering and listing refers to the overseas offering and listing of a joint-stock company incorporated in the Chinese mainland, and an indirect offering and listing refers to the overseas offering and listing of a domestic company which conducts its business operations primarily in the Chinese mainland, in the name of an offshore company and based on the underlying equities, assets, earnings or similar interests of the domestic company. In particular, the determination of an indirect offering and listing will be conducted on a “substance over form” basis, and an offering and listing should be considered as an indirect overseas offering and listing by a domestic company if the issuer meets both of the following conditions: (i) 50% or more of the issuer’s revenue, profit, total assets or net assets as documented in the issuer’s audited consolidated financial statements in the most recent financial year is accounted by domestic companies; and (ii) the majority of its business operations are conducted in the Chinese mainland or its principal place of business is located in the Chinese mainland, or the majority of senior management in charge of business operations are Chinese citizens or have domicile in the Chinese mainland. According to the Overseas Listing Trial Measures, an overseas offering and listing is prohibited under any of the following circumstances: (i) if the intended securities offering and listing is specifically prohibited by the laws, administrative regulations and relevant national provisions; (ii) if the intended securities offering and listing may constitute a threat to or endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic companies or their controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in the past three years; (iv) the domestic companies are currently under investigations in connection with suspicion of having committed criminal offenses or material violations of applicable laws and regulations, and there is still no explicit conclusion; or (v) there are material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers. According to the Overseas Listing Trial Measures, the issuer or its affiliated domestic company, as the case may be, is required to file with the CSRC (i) with respect to its initial public offering and listing and its subsequent securities offering in an overseas market different from the market where it has listed, within three business days after its submission of listing application documents to the relevant regulator in the place of intended listing, (ii) with respect to its follow-on offering in the same overseas market where it has listed (including issuance of any corporate convertible bonds, exchangeable bonds and other equity-linked securities, but excluding the offering for employees incentive, dividend distribution by shares and share split), within three business days after completion of such follow-on offering, (iii) with respect to listing by means of single or multiple acquisitions, share swap, transfers of shares and similar transactions, within three business days after its initial filing of the listing application or the first public announcement of the transaction, as case may be. Failure to comply with the filing requirements may result in an order of rectification, a warning and fines up to RMB10 million to the non-compliant domestic companies, and the directly responsible persons of the companies will be warned and fined between RMB500,000 and RMB5 million. Furthermore, if the controlling shareholder and the actual controller of the non-compliant companies organizes or instigates the breach, they will be fined between RMB1 million and RMB10 million. In addition to above filing requirements, the Filings Rules also requires an issuer to report to the CSRC within three business days after occurrence of any the following events: (i) its change of control; (ii) its being subject to investigation or sanctions by any overseas securities regulators or overseas authorities; (iii) its change of listing status or listing segment; (iv) voluntary or mandatory delisting; and (v) material change of its principal business operations to the extent that it ceases to be subject to the filing requirements of the Overseas Listing Trial Measures.

On February 24, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, or, the Confidentiality Provisions, which came into effect on March 31, 2023. Pursuant to the Confidentiality Provisions, any future inspection or investigation conducted by overseas securities regulator or the relevant competent authorities on our PRC domestic companies with respect to our overseas issuance and listing shall be carried out in the manner in compliance with PRC laws and regulations.

As of the date of this annual report, we have not received any inquiry or notice or any objection in connection with our previous issuance of securities to foreign investors from the CSRC, the CAC or any other PRC governmental authorities that have jurisdiction over our operations. As advised by Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, we are not required to file an application for the cybersecurity review by CAC for our previous issuance of securities

to foreign investors as of the date of this annual report because (i) the relevant regulations do not require network platform operators holding personal information of over one million users to file a supplementary application of cybersecurity review for their previous issuance of securities to foreign investors that occurred before the effective date of such regulations; and (ii) our securities have already been listed on the Nasdaq Global Select Market before such regulations became effective. Thus, Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, does not expect that, as of the date of this annual report, we are required to file an application for the cybersecurity review by CAC for our previous issuance of securities to foreign investors.

Furthermore, as advised by Beijing DOCVIT Law Firm, our counsel as to certain PRC legal matters, based on the facts that, (i) the Cybersecurity Review Measures were newly adopted and the Draft Regulations have not been formally adopted, and the implementation and interpretation of both are subject to uncertainties, and (ii) except as otherwise disclosed in the annual report, we have not been involved in any investigations on cyber security review made by the CAC on such basis, nor have we received any inquiries, notices, warnings, or sanctions from any competent PRC regulatory authorities related to cybersecurity, data security and personal data protection, we believe we are in material compliance with the existing PRC laws and regulations on cybersecurity, data security and personal data protection. However, given the current regulatory environment in the PRC, there remains uncertainty regarding the interpretation and enforcement of PRC laws, which can change quickly with little notice in advance and subject to any future actions within the discretion of PRC authorities.

According to the New Overseas Listing Rules, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to complete the filing procedure with the CSRC and report relevant information. In addition, an overseas-listed company must also submit the filing with respect to its follow-on offerings, issuance of convertible corporate bonds and exchangeable bonds, and other equivalent offering activities, within the time frame specified the Overseas Listing Trial Measures. We have been closely monitoring regulatory developments in China regarding any necessary approvals, filings or reports from the CSRC, and we will take any and all actions necessary to complete the filing with the CSRC if required.

The PRC government's oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.

We historically conducted our business in China primarily through the former VIEs and their subsidiaries. Our operations in China are governed by PRC laws and regulations. The PRC government has oversight over the conduct of our business, and may intervene or influence our operations as the government deems appropriate to advance regulatory and social goals and policy positions. The PRC government deems appropriate to advance regulatory and social goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. In addition, any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer ADSs to investors and cause the value of our ADSs to significantly decline or become worthless. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us.

The PRC legal system is based on written statutes and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always consistent and enforcement of these laws, regulations and rules involves uncertainties.

In particular, PRC laws and regulations concerning the used car e-commerce industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any activities that may be deemed as illegal under the current applicable laws and regulations, the PRC government authority may promulgate new laws and regulations regulating our industry and amend the existing laws and regulations in the future. See “—Risks Related to Our Business and Industry—Failure to obtain certain filings, approvals, licenses, permits and certificates for our business operations may materially and adversely affect our business, financial condition and results of operations.” We cannot assure you that our practices would not be deemed to violate any PRC laws or regulations. Moreover, developments in the used car service industry and online used car transaction industry may lead to

changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict e-commerce platform for used cars like us, which could materially and adversely affect our business and results of operations.

In addition, we are required to satisfy various requirements by relevant authorities from time to time and we cannot assure you that we will comply with all those requirements within prescribed time. For example, some of our PRC subsidiaries have been included in the list of abnormal business operation by the local branch of the SAMR for reasons including delay in information disclosure and failure to be reached by the authority. Failure to do so may subject us to administrative penalties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, could materially and adversely affect our business and impede our ability to continue our operations.

Furthermore, recently, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which were available to the public on July 6, 2021 and further emphasized to strengthen the cross-board regulatory collaboration, to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures. However, these opinions were newly issued, and there were no further explanations or detailed rules or regulations with respect to such opinions, and there are still uncertainties regarding the interpretation and implementation of these opinions.

These and other similar legal and regulatory developments could lead to legal and economic uncertainty, affect how we design, market and sell solutions, how we operate our business, how our customers process and share data, how we process and use data, and how we transfer personal data from one jurisdiction to another, which could negatively impact demand for our solutions. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

Our business is susceptible to changes in government policies, including policies on automobile purchases, ownership, taxation, vehicle title transfers, and used car transactions across regions and provinces. Failure to adequately respond to such changes could adversely affect our business.

Government policies on automobile purchases and ownership may have a material impact on our business due to their influence on consumer behaviors. Since 2009, the PRC government has changed the vehicle purchase tax on automobiles with 1.6 liter or smaller engines several times. In addition, in August 2014, several PRC governmental authorities jointly announced that from September 2014 to December 2017, purchases of new energy automobiles designated on certain catalogs will be exempted from vehicle purchase taxes. In April 2015, several PRC governmental authorities also jointly announced that from 2016 to 2020, purchasers of new energy automobiles designated on certain catalogs will enjoy subsidies. In December 2016, relevant PRC governmental authorities further adjusted the subsidy policy for new energy automobiles. We cannot predict whether government subsidies will remain in the future or whether similar incentives will be introduced, and if they are, their impact on automobile retail transactions in China. It is possible that automobile retail transactions may decline significantly upon expiration of the existing government subsidies if consumers have become used to such incentives and postpone purchase decisions in the absence of new incentives. If automobile retail transactions indeed decline, our revenues and results of operations may be materially and adversely affected.

Atmospheric Pollution Prevention and Control Law of the People's Republic of China, as amended on August 29, 2015 and on October 26, 2018, advocate reasonable control over the number of fuel vehicles in accordance with urban planning. Some local governmental authorities issued regulations and implementation rules in order to control urban traffic and the number of automobiles within particular urban areas. Municipal authorities of Beijing, Guangzhou, Shanghai, Tianjin, Hangzhou, Guiyang and Shenzhen adopted regulations and implemented rules to limit the total number of license plates issued

to new automobile purchases. In addition to the quantity control of automobiles, some local governmental authorities have also adopted environmental protection policies and regulations in recent years, pursuant to which an automobile, failing to meet certain environmental protection requirements or standards, will not be able to obtain the license plate issued by relevant local governmental authorities.

As some used cars cannot meet the environmental protection standards required in some regions, the above policies and regulations may restrict or adversely impact the transactions of such used cars. Such regulatory developments, as well as other uncertainties, may adversely affect the growth prospects of China's automobile industry, which in turn may have a material adverse impact on our business.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and management named in the annual report based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, to our best knowledge, as of the date of this annual report, other than two independent directors that reside in the United States, all of the remaining directors and senior executive officers, namely, Kun Dai, Bin Li, Erhai Liu, Rong Lu, Feng Lin, Zhitian Zhang and Wenbing Jing, reside within mainland China and Hong Kong for a significant portion of the time and are residents of mainland China or Hong Kong. As a result, it may be difficult for you to effect service of process upon us or those persons inside mainland China and Hong Kong. It may also be difficult for you to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors who reside in mainland China and Hong Kong and whose assets are located outside the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or mainland China or Hong Kong would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States. Furthermore, judgment of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States.

Shareholder claims that are common in the United States, including securities law class actions and fraud claims, generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for shareholder investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC and no entities or individuals may provide documents or materials in connection with its securities activities to the overseas without proper authorization. While detailed interpretation of or implementation rules under Article 177 of the PRC Securities Law have yet to be available, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by investors in protecting your interests. See also “—Risks Relating to the ADSs and this Offering— You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law” for risks associated with investing in us as a Cayman Islands company.

Changes in international trade policies and rising political tensions, particularly between the U.S. and China, may adversely impact our business and operating results.

Recently there have been changes in international trade policies and rising political tensions, particularly between the U.S. and China, but also as a result of the war in Ukraine and sanctions on Russia. The U.S. government has made statements

and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. The progress of trade talks between U.S. and China is subject to uncertainties, and there can be no assurance as to whether the United States will maintain or reduce tariffs, or impose additional tariffs on Chinese products in the near future. The United States may take further actions to eliminate perceived unfair competitive advantages created by alleged manipulating actions. Changes to national trade or investment policies, treaties and tariffs, fluctuations in exchange rates or the perception that these changes could occur, and could adversely affect our results of operations and financial condition..

While cross-border business currently may not be an area of our focus, if we plan to expand our business internationally in the future or list imported vehicles and other products on our platforms, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the consumer demands, our ability to provide certain products on our platforms or our ability to provide services in certain countries. In particular, if any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, especially, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade and political tension, such changes could have an adverse effect on our business, financial condition and results of operations. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business, and we may be liable for information displayed on, retrieved from or linked to our websites and mobile apps.

China has enacted laws and regulations governing internet access and the distribution of information through the internet. The PRC government prohibits information that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, contains terrorism or extremism content, or is reactionary, obscene, superstitious, fraudulent or defamatory, from being distributed through the internet. PRC laws also prohibit the use of the internet in ways which, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. Failure to comply with these laws and regulations may result in sanctions or penalties such as revocation of licenses to provide internet content and other licenses, the shut-down of the concerned websites or mobile apps, and reputational harm. A website or mobile apps operator may also be held liable for censored information displayed on or linked to its website or mobile apps. We may be subject to potential liability for certain unlawful actions of users of our platform or for content we distribute that is deemed inappropriate. We may be required to delete content that violates PRC laws and report content that we suspect may violate PRC laws, which may reduce our consumer base. It may be difficult to determine the type of content that may result in liability for us, and if we are found to be liable, we may be prevented from operating our business or offering other services in China.

PRC regulations relating to offshore investment activities by PRC residents and enterprises may increase our administrative burden and restrict our overseas and cross-border investment activities. If our PRC resident and enterprise shareholders fail to make any applications and filings required under these regulations, we may be unable to distribute profits to such shareholders and may become subject to liability under PRC law.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to replace the previous SAFE Circular 75, which ceased to be effective upon the promulgation of SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE to reflect any material change. If any PRC resident shareholder of such SPV fails to make the required registration or update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct

investments, including those required under SAFE Circular 37, must be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

In April 2014, the National Development Reform Committee, or the NDRC, promulgated the Administrative Measures for the Approval and Filing of Overseas Investment Projects and MOFCOM promulgated the Measures for the Administration of Overseas Investment in September 2014. In December 2017, the NDRC further promulgated the Administrative Measures of Overseas Investment of Enterprises, which became effective in March 2018 and abolished the Administrative Measures for the Approval and Filing of Overseas Investment Projects. Pursuant to these regulations, any outbound investment of PRC enterprises in the area and industry that is not sensitive is required to be filed with MOFCOM and the NDRC or their local branch.

Mr. Kun Dai, who indirectly holds our shares through SPVs and who is known to us as a PRC resident, has completed the applicable foreign exchange registrations to the extent acceptable by SAFE in accordance with SAFE Circular 75 and SAFE Circular 37. We cannot assure you, however, that Mr. Kun Dai will continue to make required filings or updates in a timely manner, or at all. Moreover, we can provide no assurance that we are or will in the future continue to be informed of the identities of all PRC residents and PRC enterprises holding direct or indirect interest in our company, and even if we are aware of such shareholders or beneficial owners who are PRC residents or PRC enterprises, we may not be able to compel them to comply with SAFE Circular 37 and outbound investment related regulations, and we may not even have any means to know whether they comply with these requirements. Any failure or inability by such individuals or enterprises to comply with SAFE and outbound investment related regulations may subject such individuals or the responsible officers of such enterprises to fines or legal sanctions, and may result in adverse impact on us, such as restrictions on our ability to distribute or pay dividends.

Furthermore, as these foreign exchange and outbound investment related regulations are relatively new and their interpretation and implementation have been constantly evolving, it is uncertain how these regulations, and any future regulations concerning offshore or cross-border investments and transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. Due to the complexity and constantly changing nature of the foreign exchange and outbound investment related regulations as well as the uncertainties involved, we cannot assure you that we have complied or will be able to comply with all applicable foreign exchange and outbound investment related regulations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to utilize cash held in mainland China or generated by a PRC entity to fund our operations outside of mainland China or pay dividends in foreign currencies to our shareholders, including holders of our ADSs. There is no assurance the PRC government will not intervene in or impose restrictions on us and our subsidiaries to transfer cash. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our Hong Kong entities (including currency conversion), if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities (including currency conversion) in the future, the funds

in our Hong Kong entities, likewise, may not be available to meet our currency demand. See “Item 3. Key Information—Cash and Asset Flows through Our Organization.”

Fluctuations in exchange rates of the Renminbi could materially affect our reported results of operations.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China’s political and economic conditions and by China’s foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. As of the date of this annual report, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency or to convert foreign currency into Renminbi.

PRC rules on mergers and acquisitions may make it more difficult for us to pursue growth through acquisitions.

The Anti-Monopoly Law, or the AML, promulgated by the Standing Committee of the National People’s Congress, which became effective in 2008 and last amended on June 24, 2022, requires that when a concentration of undertakings occurs and reaches statutory thresholds, the undertakings concerned shall file a prior notification with MOFCOM. Without the clearance from MOFCOM, no concentration of undertakings shall be implemented and effected. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, revised in 2018, is triggered. If such prior notification is not obtained, MOFCOM may order the concentration to cease its operations, dispose of shares or assets, transfer the business of the concentration within a time limit, take any other necessary measures to restore the situation as it was before the concentration, and may impose administrative fines. The AML specifies that a fine of not more than 10% of its sales amount in the previous year shall be imposed if the concentration has or may have the effect of eliminating or restricting competition and a fine of not more than RMB5 million shall be imposed if the concentration has no effect of eliminating or restricting competition. The AML further specifies that the relevant authority may investigate a transaction where there is evidence that the concentration has or may have the effect of eliminating or restricting competition, even if such concentration does not reach the filing threshold. On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector which stipulates that any concentration of undertakings involving variable interest entities (VIE) shall fall within the scope of anti-monopoly review. Furthermore, the Anti-Monopoly Guidelines for Internet Platforms prohibits certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors’ interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). On August 17, 2021, the SAMR issued the Provisions on Prohibition of Unfair Competition on the Internet (Draft for Comments), which prohibits business operators from using data, algorithms and other technical means to commit traffic hijacking, interference, malicious incompatibility and other improprieties to influence user choices or hinder or damage the normal operation of network products or services offered by other business operators.

Also, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise, if (i) it is concerned with certain industries, (ii) such transaction involves factors that have an impact on the national economic security, or (iii) such transaction may lead to a change in control of a domestic enterprise that holds a famous trademark or PRC time-honored brand. The approval from MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies.

In addition, PRC national security review rules, i.e. Provisions of Ministry of Commerce on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective in September 2011 and Notice of the General Office of State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective in March 2011, require acquisitions by foreign investors of PRC companies engaged in military related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that MOFCOM or other government agencies may publish interpretations contrary to our understanding or broaden the scope of the security review in the future.

Moreover, the Administrative Measures for Enterprises' Overseas Investment, or the Overseas Investment Rules, adopted by the NDRC on December 26, 2017 and will become effective on March 1, 2018, stipulates that for local enterprises (enterprises that are not managed by the state government), if the amount of investment made by the Chinese investors is less than US\$300 million and the target project is non-sensitive, then the overseas investment project will require filing, instead of approval, with the local branch of the CSRC where the enterprise itself is registered. Although the NDRC has deregulated on overseas investment to certain extent, we are still subject to the procedures required by the NDRC before any of our PRC subsidiaries can conduct any overseas investment activities. See "Item 4. Information on the Company—B. Business Overview—Regulation—M&A Rules and Overseas Listings."

On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by NDRC and MOFCOM and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. As these measures are recently promulgated, designated office in charge of such security review has not yet issued official guidance. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute "important information technology and internet services and products" and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, MOFCOM, NDRC and other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

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.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our PRC subsidiaries in China and capital contributions are subject to PRC regulations and approvals or filing. For example, loans by us to our PRC subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Information about capital contributions to our PRC subsidiaries must be filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds. On March 30, 2015, SAFE promulgated Circular 19, which took effect and replaced certain previous SAFE regulations from June 1, 2015. SAFE further promulgated Circular 16, effective on June 9, 2016, which, among other things, amend certain provisions of Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used

for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. On October 23, 2019, SAFE promulgated Circular 28, which stipulates that non-investment foreign-funded enterprises are allowed to make domestic equity investment with their capital funds on the premise that the Negative List is not violated and the projects invested thereby in China are true and compliant. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. If our variable interest entity requires financial support from us or our wholly owned subsidiaries in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our variable interest entity's operations will be subject to statutory limits and restrictions, including those described above. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the PBOC, NDRC, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

The applicable foreign exchange circulars and rules may significantly limit our ability to convert, transfer and use the net proceeds from our initial public offering and the concurrent private placement of convertible notes or any offering of additional equity securities in China, which may adversely affect our business, financial condition and results of operations. As the foreign exchange related regulatory regime and practice are complex and still evolving and involve many uncertainties, we cannot assure you that we have complied or will be able to comply with all applicable foreign exchange circulars and rules, or that we will be able to complete the necessary government registrations or filings on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or filings, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, effective on July 1, 2011 and amended on December 29, 2018. On April 3, 1999, the State Council promulgated the Regulations on the Administration of Housing Funds, which was amended on March 24, 2019. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Funds to, apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and, to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. However, certain of our PRC subsidiaries that do not hire any employees and are not a party to any employment agreement, have not applied for and obtained such registration, and instead of paying the social insurance payment on their own for their employees, certain of our PRC subsidiaries use third-party agencies to pay in the name of such agency. We could be subject to orders by the competent labor authorities for rectification and failure to comply with the orders may further subject us to administrative fines.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations regarding including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a qualified PRC agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. The PRC agent shall amend the SAFE registration within three months in the event that there is any material changes to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted options are subject to these regulations. However, we cannot assure you that the SAFE registrations for the grantees of our stock options could be completed and updated in a timely manner. Failure to complete SAFE registrations or to amend such registrations in time may subject us to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Stock Incentive Plans."

Dividends we may receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders.

The PRC Enterprise Income Tax Law, or the EIT Law, classifies enterprises as resident enterprises and non-resident enterprises. The EIT Law provides that an income tax rate of 20% may be applicable to dividends payable to non-resident investors, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The State Council of the PRC reduced such rate to 10% through the implementation regulations of the EIT Law. Further, pursuant to the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued in February 2009 by the State Administration of Taxation ("SAT"), if a Hong Kong resident enterprise owns more than 25% of the equity interest in a company in China at all times during the 12-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided certain other conditions and requirements under the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and other applicable PRC laws are satisfied at the discretion of relevant PRC tax authority.

We are a Cayman Islands holding company and we have three Cayman Islands subsidiaries, three British Virgin Islands subsidiaries, and six Hong Kong subsidiaries which in turn hold controlling equity interests in 49 PRC subsidiaries as of the date of this annual report. If we and our Cayman Islands and Hong Kong subsidiaries are considered as non-resident enterprises and each of our Hong Kong subsidiaries is considered as a Hong Kong resident enterprise under the Double Tax Avoidance Arrangement and is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements, then the dividends paid to our Hong Kong subsidiaries by its PRC subsidiaries may be subject to the reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on the Comprehension and

Recognition of Beneficial Owner in Tax Treaties issued in October 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, transferring or accumulating profits, shall not be recognized as beneficial owner and thus are not entitled to the abovementioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. If we are required under the EIT Law to pay income tax for any dividends we receive from our subsidiaries in China, or if any of our Hong Kong subsidiaries is determined by PRC government authority as receiving benefits from reduced income tax rate due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends, if any, we may pay to our shareholders.

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.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or SAT, issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that Uxin Limited is not a PRC resident enterprise for PRC tax purposes. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Tax—Enterprise Income Tax.” However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that Uxin Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% tax from dividends we pay to our shareholders that are nonresident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% which in the case of dividends may be withheld at source. Any PRC tax liability may be reduced by an applicable tax treaty. However, it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

In addition to the uncertainty as to the application of the “resident enterprise” classification, we cannot assure you that the PRC Government will not amend or revise the taxation laws, rules, and regulations to impose stricter tax requirements, higher tax rates, or retroactively apply the EIT Law. If such changes occur or if such changes are applied retroactively, such changes could materially and adversely affect our results of operations and financial conditions.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC shareholders.

In February 2015, the SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 extends its tax jurisdiction to transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clear criteria for assessment of reasonable commercial purposes and has

introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. In October 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017 and was amended on June 15, 2018. The Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer other than transfer of Shares of ADSs acquired and sold on public markets may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions that involve PRC taxable assets, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Public Notice 7 or Bulletin 37, or both. We have not filed certain filings under SAT Notice 7 filings for some of our historical share transfers and restructurings. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Public Notice 7 and Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Public Notice 7 and Bulletin 37, or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

In October 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Public Notice 37, effective from December 2017. STA Public Notice 37 replaced a series of important circulars, including but not limited to SAT Circular 698, and revised the rules governing the administration of withholding tax on China-source income derived by a nonresident enterprise. SAT Public Notice 37 provides for certain key changes to the previous withholding regime. For example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

Under SAT Public Notice 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Public Notice 7 and SAT Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Public Notice 7.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance

that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The PCAOB, in prior years, was unable to completely inspect and investigate registered independent accounting firms in mainland China and Hong Kong, which includes our auditor. The inability of the PCAOB to conduct inspections over our auditor has deprived our investors of the benefits of such inspections in prior years and may continue to deprive investors of such benefits in the future should the PCAOB not continue to have the ability to completely inspect and investigate registered accounting firms in China.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in mainland China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities until 2022, our auditor was historically uninspected by PCAOB. However, on August 26, 2022, the PCAOB signed a Statement of Protocol with the China Securities Regulatory Commission and the Ministry of Finance of the People's Republic of China governing inspections and investigations of audit firms based in China, which marks the first step toward providing access for the PCAOB to inspect and investigate registered public accounting firms headquartered in Mainland China and Hong Kong. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong in 2022, and vacated its previous 2021 Determinations accordingly. This marks the first time that Chinese authorities allowed access for complete inspections and investigations meeting U.S. standards, as required under the Sarbanes-Oxley Act.

However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete inspections and investigations against registered accounting firms headquartered in mainland China and Hong Kong in the future and states that it has already made plans to resume regular inspections in early 2023 and beyond. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely registered accounting firms based in the mainland China and Hong Kong. The possibility of being a "Commission-Identified Issuer" and risk of delisting in the future could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely registered accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited.

Our ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or investigate completely auditors located in China for two consecutive years. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

The Holding Foreign Companies Accountable Act, or the HFCAA, was enacted on December 18, 2020. The HFCAA, which was further amended by the Consolidated Appropriations Act, 2023 signed into law on December 29, 2022, states that if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the Public Company Accounting Oversight Board (the "PCAOB") for two consecutive years, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 2, 2021, the SEC adopted final amendments implementing the disclosure and submission requirements of the HFCAA, pursuant to which the SEC will identify an issuer as a "Commission Identified Issuer" if the issuer

has filed an annual report containing an audit report issued by a registered public accounting firm that the PCAOB has determined it is unable to inspect or investigate completely, and will then impose a trading prohibition on an issuer after it is identified as a Commission-Identified Issuer for two consecutive years. On August 29, 2022, the SEC conclusively listed Uxin Limited as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended March 31, 2022. In accordance with the HFCAA, our securities will be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if the PCAOB, for two consecutive years, is unable to inspect or completely investigate PCAOB-registered public accounting firms headquartered in mainland China. As a result, the Nasdaq may determine to delist our securities.

Based on the above, trading in our securities on U.S. markets, including Nasdaq Global Select Market, would be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years. On December 16, 2021, the PCAOB issued the HFCAA Determination Report, or the 2021 Determinations, to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong in 2022. Accordingly, the PCAOB vacated its previous 2021 Determinations. As a result, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA for the fiscal year ended March 31, 2023 after we file our annual report on Form 20-F for such fiscal year. However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations regarding registered accounting firms headquartered in mainland China and Hong Kong in the future and states that it has already made plans to resume regular inspections in early 2023 and beyond. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely registered accounting firms based in the mainland China and Hong Kong. The possibility of being a Commission-Identified Issuer and risk of delisting in the future could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely registered accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited.

If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. Such a prohibition would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The enforcement of stricter advertisement laws and regulations in the PRC may adversely affect our business and our profitability.

In April 2015, the Standing Committee of the National People's Congress promulgated the PRC Advertising Law, effective on September 1, 2015 and amended on October 26, 2018 and April 29, 2021. According to the Advertising Law, advertisements shall not have any false or misleading content, or defraud or mislead consumers. Furthermore, an advertisement will be deemed as a "false advertisement" if any of the following situations exist: (i) the advertised product or service does not exist; (ii) there is any inconsistency that has a material impact on the decision to purchase in what is included in the advertisement with the actual circumstances with respect to the product's performance, functions, place of production, uses, quality, specification, ingredient, price, producer, term of validity, sales condition, and honors received, among others, or the service's contents, provider, form, quality, price, sales condition, and honors received, among others, or any commitments, among others, made on the product or service; (iii) fabricated, forged or unverifiable scientific research results, statistical data, investigation results, excerpts, quotations, or other information have been used as supporting material; (iv) effect or results of using the good or receiving the service are fabricated; or (v) other circumstances where consumers are defrauded or misled by any false or misleading content. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations On Advertisement" for further details.

Our current marketing relies on advertising, via both online and offline channels. The laws and regulations of advertising are relatively new and evolving and there is substantial uncertainty as to the interpretation of “false advertisement” by the SAMR. If any of the advertisements that we publish is deemed to be a “false advertisement” by the SAMR or its local branch, we could be subject to various penalties, such as discontinuation of publishing the target advertisement, imposition of fines and obligations to eliminate any adverse effects incurred by such false advertisement. Some of our outdoor advertisements has historically been deemed as giving misstatement, resulting in fines by the local SAMR. The amount of the fine was not significant. We cannot assure you that the advertisement we publish in the future will not be subject to further penalties. And any such penalties may disrupt our business and our competition with competitors, which could affect our results of operations and financial conditions.

Certain of our leased property interests may be defective and we may be forced to relocate operations affected by such defects, which could cause a significant disruption to our business.

As to most of our leased properties, we are not provided with sufficient property title certificates or other supporting documents to prove the legitimate possession of the leased properties by the lessors. Our lease agreements therefore may not be enforceable, our rights as the lessee could be challenged by third parties and we may be forced to relocate if the lessors do not have legitimate rights upon the properties. We cannot assure you that such defects could be cured in time, or at all, and our business may be significantly disrupted with additional costs and expenses if we have to relocate.

Some of our leases have expired or will expire soon. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. Moreover, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

We may in the future be involved in legal and administration proceedings initiated by government authorities, property owners or any other third parties regarding our leasehold interests in or use of such properties. We cannot assure you that we can successfully defend ourselves against those claims or that our use of such leased properties will not be challenged in the future. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties’ challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may be required to register our business premises outside of our registered residence addresses as branch offices under PRC law.

Under PRC law, a company doing business at a fixed venue outside its registered residence address is required to register with the local branch of the SAMR where the business premise is located to set it up as branch office and obtain business license. We have successfully registered and set up branch offices nationwide for all of our newly opened business premise. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation and our business, results of operations and financial condition could thus be adversely affected.

Risks Related to Our ADSs

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of our ADSs has been volatile since our ADSs became listed on Nasdaq on June 27, 2018. The trading price of the ADSs could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry

factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings and cash flow;
- actual or anticipated fluctuations in our quarterly results of operations;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new service offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- conditions in China's used car market and used car consumer financing market;
- changes in the operating performance or market evaluations of other e-commerce platform for buying and selling used cars;
- detrimental adverse publicity about us, our services or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- short seller reports that make allegations against us or our affiliates, even if unfounded;
- potential litigation or regulatory investigations; and
- general economic or political conditions in China or elsewhere in the world.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In addition, the stock market in general, and the market prices for internet-related companies and companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities after their offerings may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis, the ensuing economic recessions and deterioration in the credit market in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market and industry fluctuations may adversely affect the market price of our ADSs. Volatility or a lack of positive performance in our ADS price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We have a dual-class share structure such that our ordinary shares consists of Class A ordinary shares and Class B ordinary shares with disparate voting powers. We have also issued senior convertible preferred shares, which have the rights, preferences, privileges and restrictions set out in an Amended and Restated Certificate of Designation which has been approved by our board of directors. In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to ten votes per share based on our

dual-class share structure, and each senior convertible preferred share is entitled to that number of votes equal to the largest number of whole Class A ordinary shares into which each such senior convertible preferred share could be converted. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon (i) any direct or indirect sale, transfer, assignment or disposition of Class B ordinary shares by a holder thereof or direct or indirect transfer or assignment of the voting power attached to such number of Class B ordinary shares through voting proxy or otherwise to any person or any entity which is not an affiliate of such holder, or (ii) the direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B ordinary shares to any person that is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the same number of Class A ordinary shares, or (iii) if Mr. Kun Dai ceases to be the ultimate beneficial owner of any outstanding Class B ordinary shares.

As of July 31, 2023, Mr. Kun Dai, the beneficial owner of all our issued Class B ordinary shares, beneficially owned 11.4% of the aggregate voting power of our company, assuming all the senior convertible preferred shares are converted into Class A ordinary shares at the currently applicable conversion price. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership” for details on ordinary shares beneficially owned by Kun Dai. As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers and consolidations, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

The dual-class structure of our ordinary shares may adversely affect the trading market for our ADSs.

S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of our ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our ADSs.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and materially impair our ability to raise capital through offerings of equity or equity linked securities in the future. To our knowledge, certain of our shareholders, including those affiliated with Mr. Kun Dai, our chairman and chief executive officer, had pledged a total of 14,764,090 Class A ordinary shares held by record of BOCOM International Supreme Investment Limited, that represent approximately 0.5% of our outstanding share capital as of July 31, 2023 in favor of third-party note subscribers in connection with certain notes. Most of the proceeds from such notes were used to fund the purchase of shares in our company in the latest rounds of pre-IPO equity financings. The notes became due in December 2019. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.” If any note subscriber enforces its security interests in such pledged shares upon an event of default or any borrower needs to use the

pledged shares to repay the note, the pledged shares may be sold on the public market. On September 2, 2020, one of the third-party note subscriber issued a notice to BOCOM International Supreme Investment Limited declaring that an event of default had occurred and such note subscriber exercised its call option accordingly. As of the date of this annual report, BOCOM International Supreme Investment Limited was in discussion with such note subscriber on the details and mechanisms of the potential share transfer. Furthermore, in connection with a loan in the principal amount of US\$150.0 million under a facility agreement entered into between Kingkey New Era Auto Industry Limited as borrower and China Minsheng Banking Corp. Ltd. Hong Kong Branch and Huangpu Investment Holding Limited as lenders, Huangpu Investment Holding Limited enforced its security interests in shares pledged by Kingkey New Era Auto Industry Limited and as a result, 61,129,800 Class A ordinary shares were transferred to Huangpu Investment Holding Limited on May 17, 2021. Huangpu Investment Holding Limited disposed of these securities in December 2021. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

Because we do not expect to pay dividends in the foreseeable future, you must rely on a price appreciation of the ADSs for return on your investment

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our Class A ordinary shares and the ADSs.

Our memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions, including a dual-class voting structure that gives disproportionate voting power to the Class B ordinary shares held by Xin Gao Group Limited, of which our founder, chairman and chief executive officer, Mr. Kun Dai, is the sole shareholder and sole director. Through Xin Gao Group Limited and BOCOM International Supreme Investment Limited, Mr. Dai beneficially owned an aggregate of 11.9% of the total voting power of our company as of July 31, 2023, assuming all the outstanding senior convertible preferred shares are converted into Class A ordinary shares at the currently applicable conversion price. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our Class A ordinary shares, in the form of the ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and the ADSs may be materially and adversely affected.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies.

Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. See "Item 16G. Corporate Governance" for a discussion of significant differences between the provisions of the Companies Act of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. In addition, to our best knowledge, as of the date of this annual report, other than two independent directors that reside in the United States, all of the remaining directors and senior executive officers, namely, Kun Dai, Bin Li, Erhai Liu, Rong Lu, Feng Lin, Zhitian Zhang and Wenbing Jing, reside within mainland China and Hong Kong for a significant portion of the time and are residents of mainland China or Hong Kong. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the Class A ordinary shares represented by your ADS.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which are attached to the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depository, as the holder of the underlying Class A ordinary shares represented by your ADSs. Upon receipt of your voting instructions, the depository will try, as far as is practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions. Where any matter is to be put to a vote at a general meeting, then upon receipt of your voting instructions, the depository will try to vote the underlying Class A ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares unless you withdraw the shares, and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the underlying shares represented by your ADSs and become the registered

holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying Class A ordinary shares represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. Under our memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven days. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the underlying shares represented by your ADSs are voted and you may have no legal remedy if the underlying shares represented by your ADSs are not voted as you requested.

You may experience dilution of your holdings due to the inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

You may be subject to limitations on the transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

We will incur increased costs as a result of being a public company, particularly since we have ceased to qualify as an “emerging growth company.”

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and Nasdaq Global Select Market, impose various requirements on the corporate governance practices of public companies. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also permits an emerging growth company to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

Since we have ceased to be an “emerging growth company,” we have incurred and expect to continue to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. Operating as a public company also makes it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we incur additional costs associated with our

public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

As a Cayman Islands exempted company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. Currently, we rely on home country exemption for the requirement under Nasdaq Rule 5605(b)(1) that majority of the board of directors must be comprised of independent directors as defined under Nasdaq Rule 5605(a)(2). We also relied on home country practice in our transaction with NIO Capital and Joy Capital in June 2021 in which the issue price is less than the minimum price requirements stipulated by the Nasdaq Rule 5635(d) without seeking shareholder approval, in adopting our 2018 Second Amended and Restated Share Incentive Plan in November 2018 without seeking shareholder approval and did not hold an annual shareholders meeting for the fiscal year of 2023. In addition, in connection with the transaction with Alpha and Joy Capital in June 2023 regarding certain warrants initially issued by us to NIO Capital and Joy Capital in 2021, we have relied on home country practices in lieu of (i) Nasdaq's requirement that voting rights of existing shareholders of publicly traded common stock registered under Section 12 of the Securities Exchange Act of 1934 of the United States cannot be disparately reduced or restricted through any corporate action or issuance; (ii) Nasdaq's requirement that shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the company and (iii) Nasdaq's requirement that shareholder approval is required prior to issuance at a price that is less than the minimum price requirements stipulated by the Nasdaq Rule 5635(d). Lastly, we have relied on home country practice and our board of directors does not consist of a majority of independent directors. If we continue to rely on these and other exemptions available to foreign private issuers in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq governance listing standards applicable to U.S. domestic issuers.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ADSs or ordinary shares.

A non-U.S. corporation, such as our company, will be a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of passive income, or (ii) 50% or more of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). Passive income generally includes dividends, interest, royalties, rents, and capital gains. For purposes of these calculations, a non-U.S. corporation will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

We do not believe that we were a PFIC for our taxable year ended March 31, 2023. However, because the determination of whether we have been or will become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets and the value of our assets from time to time, there can be no assurance that we have not been or will not be a PFIC in any taxable year. In prior Annual Reports on Form 20-F, we stated that we believed that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2019, and that it is possible that one or more of our subsidiaries were also PFICs for such year for U.S. federal income tax purposes.

Our PFIC status may depend on the average value of our goodwill. If the value of our assets (including our goodwill) is determined by reference to our market capitalization, fluctuations in the market price of our ADSs may result in us becoming a PFIC for the current or future taxable years. The market price of our ADSs may continue to fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. In addition, if our revenue from activities that produce passive income increases relative to our revenue from activities that produce non-passive income, our risk of becoming a PFIC may substantially increase.

If we are a PFIC for any taxable year during which a U.S. Holder (defined below) owns an ADS or an ordinary share, certain adverse U.S. federal income tax consequences could apply to the U.S. Holder. Further, a U.S. Holder will generally be treated as holding an equity interest in a PFIC in the first taxable year of the U.S. Holder’s holding period in which we are a PFIC and subsequent taxable years even if we cease to be a PFIC in subsequent taxable years. In particular, if we were a PFIC for our 2019 taxable year, we will generally continue to be treated as a PFIC with respect to a U.S. Holder who owned our ADSs or ordinary shares during any portion of such year, even if we are not a PFIC for any other taxable year, unless the U.S. Holder made or makes a “deemed sale” election with respect to our ADSs or ordinary shares. See “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—Passive Foreign Investment Company Considerations.”

Item 4. Information on the Company

A. History and Development of the Company

We commenced operations in August 2011 through Youxin Internet (Beijing) Information Technology Co., Ltd., or Youxin Hulian, to conduct used car auctions and other transaction related services.

In December 2011, we incorporated Uxin Limited in the Cayman Islands as our offshore holding company to facilitate financing and offshore listing. Shortly following its incorporation, Uxin Limited established a wholly-owned subsidiary in Hong Kong, Uxin Hong Kong Limited. In June 2012, in connection with our Series A financing, Uxin Hong Kong Limited established a wholly-owned subsidiary in China, Youxinpai (Beijing) Information Technology Co., Ltd., referred to as Youxinpai or one of our WFOEs. Youxinpai subsequently established and acquired several wholly-owned subsidiaries, among which are Youhan (Shanghai) Information Technology Co., Ltd., or Youhan, and Baogu Automobile Technology Services (Beijing) Co., Ltd.

In November 2014, we established UcarShow Holding Limited, a wholly-owned subsidiary of Uxin Limited. UcarShow Holding Limited established UcarShow HK Limited in Hong Kong. In January 2015, we established Uxin Used Car Limited, and in February 2015, UcarShow Holding Limited transferred all its interests in UcarShow HK Limited to Uxin Used Car Limited. In March 2015, UcarShow HK Limited established a wholly-owned subsidiary, Yougu (Shanghai) Information Technology Co., Ltd, or Yougu. Yougu acquired Youzhen (Beijing) Business Consulting Co., Ltd. from Youxinpai in September 2016.

In November 2014, we established UcarEase Holding Limited, a wholly-owned subsidiary of Uxin Limited. UcarEase Holding Limited acquired GloryFin International Group Holding Company Limited, or GloryFin, which was incorporated in Hong Kong, and its three wholly-owned subsidiaries, Kai Feng Finance Lease (Hangzhou) Co., Ltd., or Kaifeng, Youqin (Shaanxi) Automobile Manufacture Co., Ltd. (formerly known as Youqin (Shaanxi) Finance Lease Co., Ltd.), and Boyu Finance Lease (Tianjin) Co., Ltd.

In November 2014, we established UcarBuy Holding Limited, a wholly-owned subsidiary of Uxin Limited. UcarBuy Holding Limited established UcarBuy HK Limited, which established a wholly-owned subsidiary, Youxin (Shanghai) Used Car Business Co., Ltd., which we refer to as Youxin Shanghai. In July 2019, Youxin Shanghai became a wholly-owned subsidiary of GloryFin.

Youxinpai and Yougu entered into a series of contractual arrangements with Youxin Hulian and Youxin Yishouche (Beijing) Information Technology Co., Ltd., or Yishouche, respectively, and their respective shareholders. Youxin Hulian and Yishouche are collectively referred to as the former VIEs.

We have been conducting our 2C business through Yougu and Yishouche. Yougu operates the website www.xin.com and mobile apps for our 2C business and has 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).

On June 27, 2018, our ADSs commenced trading on Nasdaq under the symbol “UXIN.” We raised from our initial public offering US\$204.8 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us. Concurrently with our initial public offering, we sold convertible notes to CNCB and Golden Fortune, resulting in net proceeds to us of US\$100 million and US\$75 million, respectively. The notes each bears an interest rate of 6% and 6.5% per annum. They 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, TPG, 58.com, among others, which will become due and payable on June 11 and June 12, 2024 unless converted earlier (the “2024 Notes”). The note holders have the right to convert the convertible notes into our Class A ordinary shares 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 and each note bears an interest rate of 3.75% per annum. On July 12, 2021, the note holders have converted a principal amount of US\$69 million convertible notes to 66,990,291 Class A ordinary shares. The remaining principal amount of US\$161 million is subject to customary payment schedules. The note holders have also irrevocably waived the conversion rights with respect to their respective remaining portions. In July 2022, we issued

183,495,146 Class A ordinary shares to 58.com in exchange for the full release of our obligations to 58.com under the convertible promissory note and certain other historical transactions.

Between July and November 2019, we sold convertible notes in an aggregate principal amount of US\$50 million to affiliates of PacificBridge. Among the notes, notes of US\$20.05 million in principal amount bears an interest rate of 10% per annum, which will become due and payable 12 months after the issuance date, and notes of US\$29.95 million in principal amount bears an interest rate of 11% per annum, which will become due and payable 15 months after the issuance date, unless converted earlier. The noteholders have the right to convert the convertible notes into our Class A ordinary shares 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 of the notes are US\$1.663, US\$1.683 and US\$1.7, as applicable, and may be adjusted. On July 23, 2020, we entered into agreements with PacificBridge to amend the terms of the notes to adjust the conversion price. On the same day, PacificBridge converted its convertible notes into 136,279,973 Class A ordinary shares at the adjusted conversion price.

On April 26, 2020, our board of directors approved the change in our fiscal year end from December 31 to March 31. We filed a transition report on Form 20-F covering the transition period from January 1, 2020 to March 31, 2020 with the SEC on July 24, 2020.

Since September 2020, we have shifted to an inventory-owning model where we build-up and sell our own inventory of used cars. Youxin (Ningbo) Information Technology Co., Ltd., established in July 2020, is the operating entity under the new business model.

In October 2020, we completed private placements with GIC and Wells Fargo for subscription of a total of 84,692,839 Class A ordinary shares for an aggregate amount of US\$25 million.

In March 2021 and June 2021, we entered into a term sheet and definitive agreements, respectively, with NIO Capital and Joy Capital to raise an aggregate amount of up to US\$315 million for the subscription of a total of 917,564,810 senior convertible preferred shares. See “Item 10. Additional Information—B. Memorandum and Articles of Association” for a more detailed description of our senior convertible preferred shares. The first closing in the amount of US\$100 million was completed for our issuance of 291,290,416 senior convertible preferred shares on July 12, 2021. The second closing in the amount of US\$27.5 million was completed for the issuance of 80,104,865 senior convertible preferred shares in November 2021. Another US\$10 million and US\$7.5 million of the second closing was completed in March 2022 and June 2022, respectively. In July 2022, NIO Capital assigned its rights and obligations to subscribe for 14,564,520 senior convertible preferred shares under the second closing for the total price of US\$5 million to an independent third party. On the same day, we issued 14,564,520 senior convertible preferred shares to the third party and the second closing of the transaction was completed. The two investors have also purchased warrants to purchase 480,629,186 senior convertible preferred shares for an aggregate amount of US\$165 million. In January 2023, we entered into a definitive agreement with NIO Capital and Joy Capital to extend the expiration date of the aforesaid warrants from January 12, 2023 to January 12, 2024.

As of March 31, 2022, we had completed the Restructuring of the VIE structure to terminate the contractual arrangements with both of the former VIEs which have become wholly owned subsidiaries of the company.

On June 30, 2022, we entered into a share subscription agreement, or the 2022 Subscription Agreement, with NIO Capital for the subscription of 714,285,714 senior convertible preferred shares of the Company for an aggregate amount of US\$100 million, which will be paid in multiple installments. The 714,285,714 senior convertible preferred shares were issued on July 27, 2022 in connection with the closing and we have received the first installment. Pursuant to the then-effective certificate of designation of senior convertible preferred shares of our company, the issuance of the senior convertible preferred shares on July 27, 2022 in connection with the closing of the foregoing transaction has led to an reduction in the conversion price, from US\$0.3433 per Class A ordinary share to US\$0.14 per Class A ordinary share, of the senior convertible preferred shares issued pursuant to the 2021 Subscription Agreement we entered into with certain investors in June 2021 and then outstanding. The fair value impact of the triggered down round feature amounted to RMB755.6 million and was recorded as a charge to accumulated deficit and a credit to additional-paid in capital.

On July 19, 2022, we issued 183,495,146 Class A ordinary shares to 58.com in exchange for the full release of our obligations to 58.com under the 2024 Notes held by 58.com (such notes, as amended, the “58.com Notes”) and certain other historical transactions. These shares were issued at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change (as defined below)). The 58.com Notes were extinguished upon such issuance of shares.

On August 29, 2022, we issued 36,699,029 Class A ordinary shares to ClearVue UXin Holdings, Ltd., or ClearVue, in exchange for the full release of our obligations under the 2024 Notes held by ClearVue (such notes, as amended, the “ClearVue Notes”). These shares were issued at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change (as defined below)). The ClearVue Notes were extinguished upon such issuance of shares.

On October 12, 2022, Uxin Limited announced a change in ADS to Class A ordinary share ratio from each ADS representing three Class A ordinary shares to each ADS representing 30 Class A ordinary shares (the “ADS Ratio Change”). The ADS Ratio Change became effective on October 28, 2022.

On April 4, 2023, we and NIO Capital entered into additional supplemental agreements to amend the 2022 Subscription Agreement, pursuant to which the payment method of purchase price payable under the 2022 Subscription Agreement is revised to permit a combination of cash payment and cancellation of indebtedness of us to NIO Capital. As of the date of this annual report, NIO Capital fulfilled its obligation in an aggregate amount of US\$81.6 million of the outstanding purchase price and have also fully performed our outstanding payment obligations under certain promissory notes originally issued in June 2019 and amended in June 2021, totaling an aggregate of US\$61.6 million, held by NIO Capital.

On June 30, 2023, we have entered into a definitive agreement with Alpha and Joy Capital, regarding the warrants issued by the Company to NIO Capital and Joy Capital in 2021. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha acquired from NIO Capital and Joy Capital warrants that provide the right to purchase up to 261,810,806 senior convertible preferred shares of the Company at a modified exercise price of US\$0.0457 per share (equivalent to US\$1.37 per ADS). Joy Capital only assigned a portion of its warrants under this amended agreement. Alpha and Joy Capital (either together or separately) are entitled to, at their discretion, exercise their respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that were not exercised by September 30, 2023, the amendment agreement may be terminated and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS).

Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses

Since early 2018, when we began to fulfill online used car transactions for consumers, we have gradually shifted our strategic focus to our 2C online transaction business, which was previously referred to as “2C cross-regional business.” Through our 2C online transaction business, we help consumers buy the car of their choice online by providing them with a nationwide selection of used cars, a wide range of car-related value-added products and services as well as a full suite of supporting services to fulfill these online used car transactions. With our innovative online used car product and service offerings, we have created an innovative and unique used car buying experience for consumers centered around four key values — more selection, better prices, premium service and convenience. As a result, in order to better devote our attention and resources towards developing and scaling up our 2C online transaction business, we have divested our loan facilitation, salvage car and 2B related businesses, which are collectively referred to as the Divested Businesses.

Divestiture of loan facilitation business

In July 2019 and September 2019, we entered into a binding term sheet and definitive agreements respectively, with Golden Pacer to divest our loan facilitation related business, which we refer to as the Loan Facilitation Divestiture. In April 2020, we entered into supplemental agreements with Golden Pacer to modify and supplement certain terms and conditions in connection with the Loan Facilitation Divestiture, pursuant to which we divested our entire 2C intra-regional business and ceased to provide loan facilitation related guarantee services in connection with our 2C online transaction business. 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 transaction. As a result, assets and liabilities related to the historically-facilitated loans for XW Bank were reclassified on a net basis as net assets transferred on our consolidated balance sheet as of December 31, 2019, and results of operations related to the divested business were reported as loss from discontinued operations in the consolidated statements of comprehensive loss in all of the periods presented. Prior to the Loan Facilitation Divestiture, we facilitated consumer auto loans for both new and used car transactions through our 2C business by entering into a series of arrangements with our customers and third-party financing partners who primarily funded the auto loans to our customers. After the Loan Facilitation Divestiture and through our business cooperation with Golden Pacer, Golden Pacer becomes our financing solution provider who directly works with third-party financing partners to facilitate auto loans, and we no longer provide loan facilitation related guarantee services in connection with our 2C online used car transactions. By referring the used car financing options provided by our financing solution providers to our customers, we continue to enable our consumers to conveniently

access various auto financing products on our platform. The transaction closed upon the signing of the supplemental agreements in April 2020.

Divestiture of salvage car business

In January 2020, we divested our salvage car related business to Boche, which we refer to as the Boche Divestiture. Assets and liabilities associated with the Boche Divestiture were reclassified as assets and liabilities held for sale on our consolidated balance sheet as of December 31, 2019. The divested business was not presented as discontinued operations due to its insignificance to our overall business. The transaction closed in January 2020.

Divestiture of 2B business

In March 2020, we entered into definitive agreements to divest our 2B business to 58.com, which we refer to as the 2B Divestiture. Liabilities associated with the 2B Divestiture were reclassified as liabilities held for sale on our consolidated balance sheet as of December 31, 2019 and March 31, 2020. Results of operations related to the 2B Divestiture were reported as loss from discontinued operations in the consolidated statements of comprehensive loss in all of the periods presented. The transaction with 58.com was closed in April 2020. As part of another transaction with 58.com for the issuance of shares in exchange for the full release of our obligations under the notes held by 58.com in July 2022, our company and 58.com have mutually released the other party from claims arising out of obligations under certain historical transactions, including the unreceived disposal consideration of the 2B Divestiture transaction.

B. Business Overview

We are a leading used car retailer, pioneering industry transformation with advanced production, new retail experiences, and digital empowerment in China. With our inventory-owning model, we provide our customers a comprehensive transaction solution that encompasses the entire value chain, ranging from used-car acquisition, inspection and reconditioning, warehousing, as well as pre-sales and after-sales services. We offer high-quality and value-for-money used cars as well as superior full suites of services to customers through a reliable, one-stop and hassle-free transaction experience. Empowered by our omni-channel sales approach, we are able to establish market leadership by serving customers both nationwide through our online platform and in selected regions through our offline inspection and reconditioning centers (IRCs).

Since early 2018, we have been offering online used-car-buying products and services (2C online transactions) to customers nationwide through our online platform. By removing the geographic boundaries of used car transactions, our online platform facilitates each step of the transaction process and establishes a seamless self-service purchasing experience. With the abundant used-car listings and transparent price estimates displayed on our platform, our customers can easily place an order online, free from paying any hidden extra fees, and also enjoy our carefree after-sales support. Leveraging our vast nationwide logistics and delivery network, we are able to provide door-to-door delivery to our customers nationwide. In addition, we also collaborate with various third-party partners to provide a wide range of value-added products and services, such as auto financing options and insurance products, as well as other after-sales services.

In September 2020, we started to shift to an inventory-owning model from a third party inventory commissioned-based model, aiming to better control our supply chain and deliver higher-quality used cars and higher transaction certainty to our customers.

Meanwhile, to further strengthen our ability to provide high-quality and value-for-money used cars, we have been building our own IRCs where we can recondition all retail inventory to a “like new” condition. Our first IRC in Xi’an has been in operation in March 2021. Furthermore, we completed the relocation and upgrade of our Xi’an IRC in December 2022. The upgraded facility has an annual production capacity of 40,000 vehicles and an extended showroom capacity of up to 3,000 vehicles, making it the largest fully self-owned used car marketplace in northwest China. In September 2021, we entered into a strategic partnership with Changfeng County Government of Hefei City to jointly invest in and build the industry-leading IRC in Changfeng, Hefei. With a total investment of up to RMB2.5 billion, the Hefei IRC is expected to have an annual production capacity of 60,000 to 100,000 vehicles once it is in operation in the next few years. This production capacity is expected to provide us with a stable and large supply of high-quality used vehicles in the coming years. The phase one of Hefei IRC has been in operation since its launch in November 2021 and is currently able to hold over 2,500 used cars.

In addition to reconditioning retail used cars, our IRCs, as a type of warehouse stores, offer local customers and customers within Shaanxi and Anhui provinces with in-store visit and purchase options. Accordingly, we have shifted from an online-only sales approach to an omni-channel sales approach, which integrates online sales into its warehouse-style operation.

Consumers in China have been facing significant challenges when buying used cars via traditional supply chains, such as limited access to a wide selection of used cars, inconvenience in terms of buying used cars from other cities and regions, lack of transparent and reliable information on car condition and complex transaction processes. Operated under the brand Uxin Used Car (), our platform is able to address these pain points by providing customers with a reliable and one-stop car buying experience and enabling customers to select from our own inventory of selected used cars nationwide and access various car-related value-added products and services throughout China. We now have much stronger control and management over the entire value chain and improved ability to provide high-quality used car products and premium services. We have started to track customer satisfaction via monitoring NPS (net promoter score) since the second quarter of 2020 and have made remarkable progress over the past years. We have significantly improved our average NPS per year from 31 for the fiscal year 2021 to 60 for the fiscal year 2023.

Deeply rooted in the used-car market for over a decade, we are transforming the used car buying experience in China through our innovative inventory-owning model, integrated omni-channel sales approach, high-quality vehicle products and premium services, which perfectly echo the meaning of our brand name as Uxin () translates to quality and trust in Chinese.

Our Platform and Business

Retail vehicle sales and wholesale vehicle sales

Our vehicle sales business consists of retail vehicle sales business and wholesale vehicle sales business.

Our acquired vehicles that meet our retail standards will be delivered to our Xi'an IRC or Hefei IRC for further inspection and reconditioning, and then sold to customers, which we refer to as our retail vehicle sales business. We acquire vehicles for sale through numerous sources, including directly from consumers, auction platforms and car dealerships. As we have such rich sources for vehicle acquisition, we are able to have greater access to used cars at more favorable prices and enjoy greater flexibility in offering more competitive prices to customers. The vehicles that we acquire from customers, either as trade-ins or independent of a retail sale, and that do not meet our retail standards to list and sell will be wholesaled via offline channels, which we refer to as our wholesale vehicle sales business. In addition, in order to boost cash turnover, we may increase the proportion of wholesale vehicle sales by wholesaling certain vehicles that meet our retail standards but nevertheless do not suit our design of retail inventory composition.

For the fiscal year of 2023, our vehicle sales volume was 20,029, among which retail vehicle sales volume was 10,703 and wholesale vehicle sales volume was 9,326, respectively.

Others

We also generate other revenues from commissions earned from our financing and insurance partners and from provisions of warranty and repair services.

Customer journey in our vehicle sales business

For a typical Uxin Used Car customer, there are two ways to buy used cars from Uxin: online purchase for nationwide customers or in-store purchase at IRCs for regional customers.

Online purchase journey for nationwide customers

A customer's online purchase journey is as follows:

- ***Online vehicle search:*** We provide an intuitive user interface to help the customer navigate through a vast selection of used cars. The customer can search by brand, price and other features. Built upon our technology capabilities in user categorizing and deep learning, our platform also personalizes and prioritizes the display of high-quality listings according to the customer's specific needs and requirements, which can make the decision-making process much more efficient. As we improve the quality and price competitiveness of the used-car

inventories under our inventory-owning model, we provide customers with wider choice of high-quality value-for-money used cars.

- *Vehicle selection:* Transaction process on our online platform is highly transparent. Customers are able to easily acquire basic information of each car listing on our platform, such as photos of the interior and exterior of a car. Furthermore, an in-depth car condition report generated by our Jiancebao () system, is available to assist our customers' vehicle selection. The car condition report provides an evaluation of the vehicle's condition in accordance with the national standard - GB/T 30323 "Technical Specifications for Appraisal and Evaluation of Used Vehicles." It includes a clear definition and standard for vehicle mileage adjustment, assessment of structural damage, water damage, and fire damage. Additionally, it includes a maintenance list of the vehicle, information about any historical accidents, and details about the vehicle's maintenance history. This comprehensive report ensures that our customers are fully informed about the condition of the vehicles listed. Based on our comprehensive inventory database, our system also accommodates easy comparison of different cars across a multitude of features, including price, car condition and residual value, all of which would enable the customer to make a more informed buying decision.
- *Products and services:* When searching for used cars, the customer can also view and choose from various value-added products and services, such as used car financing options and auto insurance products, offered by third-party providers on our platform. Once the customer buys a car, we provide a full suite of supporting services to fulfill the online car purchase, such as nationwide logistics and delivery service, nationwide title transfer service, and assistance with vehicle registration for license plate. All of these products and services significantly lower the barrier to buy used cars online from our platform.
- *Customer support:* In a similar way to click-and-buy shopping, our online platform allows used car buyers to virtually navigate the listing information, make informed decisions, lock in their favorite cars, place order and complete the transaction online without the assistance of a sales consultant. At any step of the transaction process, the customer can also contact our pre-sales and after-sales customer service personnel through online chat or hotlines. Our online customer service center primarily handles pre-sales car-buying enquiries, such as preliminary questions on car price, car condition, car selection, title transfer, vehicle registration and used car financing options. Our AI-enabled sales consultant assistance system, which integrates Lingxi () intelligent recommendation system, Edison intelligent user profiling system and communication records generated from our online customer service center, empowers our sales consultants to provide more personalized and professional services by enabling them to understand the customer's specific needs and requirements in greater detail and automatically generating car comparison and recommendations accordingly. Our fulfillment management center primarily handles after-sales enquiries and answers all sorts of questions that may arise in connection with the car purchased by the customer, such as questions on auto loan repayment, insurance claim and car repair covered by our warranty programs, as well as resolves customer complaints.
- *Signing and delivery:* Customers can either purchase the car with full payment or in installments utilizing different financing options. After the customer enters into contracts with us and makes the down payment, our nationwide logistics and delivery service ships the car in a timely manner to the customer's nearest fulfillment center. When the car arrives, our fulfillment service consultant will carry out a pre-fulfillment check on the car's condition and carry out thorough cleaning and disinfection process. Once confirmed that the car is in good condition, we will invite the customer to our fulfillment center to inspect and pick up the car. The customer will make the rest of the payment at the fulfillment center. Once all procedures are completed, we will help our customer to register the car at local vehicle bureau and complete title transfers. If a customer is unable to pick up the car in person, we provide door-to-door car shipping services.
- *After-sale warranty:* Every certified used car currently carries a 7-day unconditional return policy and lifetime refund policy covering certain major damages caused by severe accidents that occurred prior to the sale but were not originally identified through Uxin's certificate program. We provide these warranty programs to the customer for no extra charge.

In-store purchase journey at IRCs for regional customers

Our IRCs are able to directly serve regional customers in Xi'an and Hefei and also cover customers in Shaanxi and Anhui provinces. All of the products, transaction processes and services are the same as that of online purchase journey, with the only difference being that customers can visit our IRCs to have a clearer picture of the cars being offered and can pick up the car of their choice on the same day. Our in store sales personnel is able to provide services and support to these customers from every aspect of their buying journey. In-store purchase is more convenient for regional customers and also caters to the buying habits of most customers.

We believe the combination of online and in-store purchase best tailors to the purchasing demands of our Chinese customers. As we further expand our customer base and increase word-of-mouth marketing through regional IRCs, we will further improve our brand image and build trust among our customers, which will allow us to further boost our online sales.

Our Services

Our full suites of services provide customers with one-stop buying experience, for instance, we assist customers in dealing with a wide range of post-sale matters leveraging our expertise in the industry. Our omni-channel used car transaction business provides the following crucial service components:

- *Sales services* . We have upgraded and transformed the entire online used car buying process and our online consulting team is able to deliver timely vehicle consulting services and facilitate a seamless self-service purchasing experience. In addition, we also enhanced the responsiveness and quality of our after-sales services delivered through online chat and hotlines to ensure high customer satisfaction. Since our IRCs in Xi'an and Hefei have been in operation in 2021, we have expanded our offline service teams in both IRCs to offer all-around and seamless services to our offline customers. Under our omni-channel sales approach, we provide the same reliable, one-stop and hassle-free transaction services to customers no matter they purchase through our online platform or from our IRCs.
- *Value-added products and services*. In addition to vehicle sales services, we also have a wide range of car-related value-added products and services. We cooperate with used car financing solution providers and recommend personalized used car financing options to our customers according to their needs and profiles. We also cooperate with insurance solution providers and refer their auto insurance products to our customers . As of March 31, 2023, we partnered with 13 financing solution providers and four insurance companies.
- *Warranty and repair services*. As part of our after-sale warranty, every certified used car currently carries a 7-day unconditional return policy, lifetime refund policy covering certain major damages caused by severe accidents that existed prior to the sale. In addition, our extended warranty services provide customers with different extended warranty solutions. Our maintenance service network covers more than 300 prefecture-level cities across China. Our maintenance review team reviews the maintenance plan and ensures our maintenance quality. Our service consultants provide one-on-one exclusive after-sales services to improve our customers' purchasing experience.
- *Nationwide door-to-door delivery services*. A used car can be delivered to our fulfillment center and picked up by our customer in person. For cities with no fulfillment center, we provide door-to-door car shipping services leveraging our nationwide logistics network. Our logistic and delivery network cover more than 300 cities in China. With our industry-leading logistic routing system, a used car sold through our platform can be delivered to our customers typically within four days.
- *Nationwide title transfers and vehicle registration*. For the retail vehicle sales under our inventory-owning model, Uxin owns the titles of the cars before they are sold to our customers. Following the completion of a transaction, the title will be transferred to our customer. We also offer flexible and comprehensive vehicle registration solutions to assist our customers from different cities in obtaining local license plates, which greatly reduces their waiting time. As of March 31, 2023, we partnered with over 250 title transfer service providers nationwide to handle the entire title transfer process for our customers.

Our Capabilities

Our comprehensive products and services are supported by a number of critical foundations, including proprietary technology and data analytics capabilities, reconditioning capabilities, one-stop services capabilities and unique omni-channel used car transaction fulfillment capabilities.

- *Data Analytics and Technology Capabilities:* With a significant amount of data accumulated on our platform for more than 10 years since our inception in 2011, including user behavioral data, and data on used cars and used car transactions, we are able to continue to innovate our proprietary technologies. Our patented and industry-leading car inspection system, Jiancebao(), provides a comprehensive overview of a used car's condition. Our AI- and big data-driven Manhattan pricing engine provides pricing for the sale of each used car based on the car's specific condition. In addition, based on a wealth of data we have on user behavior, our AI-enabled Lingxi () intelligent recommendation system provides personalized car recommendations to customers by analyzing their preferences, which make it easier for them to find the car of their choice; and our AI-powered Edison intelligent user profiling system helps our customer service personnel and sales consultants better understand customer profiles by analyzing their preferences in real time and predicting which used cars they are likely to buy, enabling us to create more effective sales strategies.
- *Reconditioning Capabilities:* Equipped with our inspection and reconditioning experts and professional equipment, our IRCs are able to recondition all retail vehicles to a "like new" condition, and streamline and standardize the entire reconditioning process, thereby greatly improving both quality and efficiency of our operations. By implementing sustainable supply chain practice and zero-waste policy, we optimize the reconditioning costs and offer our customers high-quality vehicles at attractive prices. We have accumulated and set up an integrated database of reconditioning standards and processes. In addition, we have adopted an advanced and intelligent reconditioning technology, which is more efficient, cost-effective, and environmentally friendly. After our IRC in Changfeng, Hefei is fully completed and put into operation in the next few years, we expect the plant to have an annual production capacity of 60,000 to 100,000 vehicles, which is expected to provide Uxin with a stable and large supply of high-quality used vehicles in the coming years. Furthermore, we completed the relocation and update of our Xi'an IRC in December 2022. The reconditioning factory in Xi'an has an annual capacity of 40,000 units to ensure that we have a large-scale supply of high-quality used cars.
- *Nationwide Logistic and Delivery Capabilities:* We believe we are the first company in China that has built a nationwide logistics and delivery network for used cars. All the logistics planning and delivery solutions are automated and output from our integrated intelligent logistics and routing system, which ensures a timely delivery and standard delivery fee. Through our order management system (OMS) and transportation management system (TMS), we operate and manage our logistics and delivery network in a centralized and transparent fashion, which allows us to take a systematic approach to assigning shipment orders to logistics providers as well as monitoring and managing delivery progress. In addition, our historically accumulated transaction volume brings better economy of scale to our platform, which in turn enables us to increase overall resource utilization and delivery efficiency by optimizing route planning. As a result, we have significantly improved our capabilities in operating used car logistics and delivery across China. For the purpose of monitoring each shipment, we temporarily install GPS device to track the car's location in real time. A used car sold through our platform can be delivered to our customers typically within five calendar days via our logistics and delivery network.

Technology

We leverage sophisticated technology to provide a differentiated customer experience and improve our operations.

Jiancebao() inspection system

Our proprietary Jiancebao () system is an integrated and interactive vehicle inspection system. A significant portion of the inspection process is automatically conducted by our proprietary and state-of-the-art technology. The automatic inspection is enabled through wearable digital glasses to record the inspection process, automatic diagnostics of car condition from image recognition technology that can automatically identify certain car condition. A mobile device serves as the hardware management and data collection terminal during each car inspection. Equipped with touch screen and voice command features, the mobile device is a highly interactive platform powered by our inspection software. The mobile device is also connected to

multiple inspection hardware devices, including wearable digital glasses, endoscopy, a vehicle on-board diagnostics system and a coating thickness gauge. Our inspection professionals follow the instructions prompted by the mobile device and interact with the software system through the touch screen and voice commands during the inspection process. After each inspection, our system automatically generates a comprehensive standardized inspection report. Each condition report includes extensive information on, among many other data points, the exterior and interior of the car, structure and engine condition. Our upgraded inspection system involves a standard procedure that covers more than 750 documented check points. As a result, our inspection system improves both inspection accuracy and efficiency. As of March 31, 2023, we had 12 patents in relation to vehicle inspection.

Manhattan pricing engine

Our AI- and data-driven Manhattan pricing engine provides assessments on sale prices based on each car's specific condition. We also use the Manhattan pricing engine to assess the residual value of retail vehicles, and continue to optimize the accuracy of residual value estimates based on the latest used car information on the market and external data such as the latest selling prices for comparable new vehicles. In addition, the Manhattan pricing engine provides us with price assessment that guides us in acquiring vehicles.

Our Manhattan pricing engine maintains high accuracy by updating its algorithms on a real-time basis with the transaction data collected in the latest week. Since 2018, our platform has completed over 167,200 online used cars transactions through our 2C business, which has contributed valuable transaction-related data to our database.

Lingxi() intelligent recommendation system

Based on a wealth of data on retail transaction history and used car information accumulated on our platform, our AI-enabled *Lingxi* () intelligent recommendation system makes personalized car recommendations to customers on our platform by analyzing their preferences, making it easier for them to find the car of their choice. In addition, *Lingxi* () is also embedded with user categorization module which reveals user preference on different feature for a car. Our *Lingxi* () intelligent recommendation system serves as an important foundation for our business operations.

Edison intelligent user profiling system

Our AI-powered *Edison* intelligent system helps our sales consultants and customer service personnel to better understand potential buyers and provide effective services to them. *Edison* effectively studies and predicts user preferences for specific car features, such as certain make and model, car color, engine and gearbox, and constantly adjusts its prediction by monitoring user behavior data on a real-time basis. In addition, *Edison* can provide our sales consultants with insights on which used car the customer is likely to buy through a process of matching car features with the customer's profile.

Marketing and Brand Promotion

In the fiscal year ended March 31, 2023, we improved our in-store sales center and enhanced brand recognition, as well as attracted more targeted customers. To increase our brand awareness, we have implemented different and effective marketing strategies in the cities where the two in-store sales centers are located, respectively. In Hefei, we have launched a series of online and offline promotional activities, such as advertising in high-speed railway station and bus stops. In Xi'an, we combined elevator media with social media and introduced celebrity shop visits to increase the awareness of our newly opened sales center. We also obtained sustainable customer traffic by launching online promotional activities. In addition, by cooperating with new platforms and improving the marketing efficiency of each platforms, we have reduced the cost of customer acquisition while significantly increasing customer traffic. As an established used car brand in China, Uxin has enjoyed high brand awareness among Chinese consumers. In May 2019, we were named as the only used car e-commerce brand in BrandZ's 2019 Top 100 Most Valuable Chinese Brands and the 71st most valuable Chinese brand on the list. In 2020, we were named as the No. 1 Brand for Mind Share in the Used Car Transactions Market as well as the Premier Used Car Brand in the 9th Hubei Auto Jinlun Prize. In 2021, we were awarded the Outstanding Member of China Automobile Dealers Association and won the General Business Award issued by China Automobile Dealers Association. In 2022, we were awarded the 2021-2022 Industry Quality Breakthrough Award by China Business Herald, Most Valuable Social Service Company by Zhitongcaijing as well as the 10th Hubei Auto Jinlun Prize - the Premier Used Car Brand by Hubei Daily. As we continue to optimize our traffic acquisition channels, starting from 2020, we have also been working on enhancing NPS among our customers by continuously improving our service quality and customer satisfaction to further increase our brand awareness as well as the likelihood of existing customers to recommend or refer our products and services to other potential customers.

Our Former Businesses Before September 2020

Online used car business (formerly known as “2C cross-regional business”) after the divestiture of intra-regional business and loan facilitation business

Starting from early 2018 until September 2020 when we shifted to an inventory-owning model, our former business focused primarily on online used car transaction services under a platform model, which services we previously referred to as our “2C cross-regional business.”

Pursuant to the Loan Facilitation Divestiture, we had closed our divestiture of entire “2C intra-regional business” and loan facilitation business to Golden Pacer by April 2020. Therefore, “2C cross-regional business” is renamed as “online used car business”. Accordingly, the revenues generated from the online used car business are renamed as commission revenue, and value-added service revenue starting in the three months ended September 30, 2019. We no longer provide any loan facilitation services since November 2019 as a result of the Loan Facilitation Divestiture.

Commission. We provided used car purchase assistance, used car inspection services, title transfer and title registration service, as well as logistics service during the purchase process. We charged consumers the commission fees based on agreed percentage of final sales price.

Value-added services. For consumers with financing needs, we provided additional services to them based on agreed amount or agreed percentages, including but not limited to the following:

- *Channel services:* We provided advice on financial solutions to our consumers and referred them to financing platforms. We also assisted consumers in preparing paperwork in relation to their applications to financial products.
- *Safety-guaranteed services:* We provided consumers with full range of safety-guaranteed services such as GPS purchase and installation services as well as other necessary assistance, for instance, sharing the GPS trajectory in the event of a car theft.
- *Mortgage service:* We assisted consumers in their mortgage registration process when needed and also assisted them in the purchase of insurance policies.

Others.

We generated other revenues mainly from salvage car business and other miscellaneous revenue streams.

Intra-regional and loan facilitation business (formerly part of “2C business”) and 2B business prior to their respective divestiture

Our 2C business

2C cross-regional. Cross-regional transactions meant transactions completed on our platform where the buyer completed the purchase of a car without the need to physically inspect the car on-site. These transactions primarily took place if the buyer was located in a different city from where the car was purchased.

2C intra-regional. 2C intra-regional transactions mainly included similar transactions when the consumers were located in the same city as where the cars were located. In intra-regional business model, consumers needed to go to offline dealerships or inspect the car physically when making the purchase.

By April 2020, we had closed our divestiture of entire 2C intra-regional business and loan facilitation business to Golden Pacer. See “Item 4. Information on the Company—A. History and Development of the Company—Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses.” Prior to such divestiture revenues generated from the 2C businesses were presented as revenue streams as transaction facilitation revenue to consumers and loan facilitation revenue to consumers if loan facilitation business was provided.

Our 2B business

Launched in 2011, our 2B business, Uxin Auction () catered to business buyers and sellers with a comprehensive suite of transaction solutions through our auction service, connecting businesses with one another across China, helping them source used cars and optimize their turnover as well as facilitating transactions among our business customers of different sizes across China. Business sellers included used car dealers, 4S dealerships which are authorized to sell the products of a single brand of automobiles and provide key automobile-related services, car rental companies, auto manufacturers and large corporations that may need to dispose of large fleets of used cars. Used cars were sold on Uxin Auction through online auction. In 2019, approximately 370,000 used cars were listed on our platform for auction. In 2018 and 2019, our 2B business achieved GMV of RMB15.3 billion and RMB6.8 billion, respectively. Our 2B business mainly generated revenues from the fees we charge for transaction facilitation services.

See “Item 4. Information on the Company—A. History and Development of the Company—Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses.”

Others

We also generated revenues from other businesses, including commission for sales of salvage cars and interest income of financing lease.

Competition

We operate in a highly competitive and highly fragmented used car market in China. Players in this market mostly consist of numerous small and medium-sized car dealers. We face competition mainly from a large number of small-sized car dealers, a small number of large-scale dealer groups, other e-commerce platforms and online used car listing service platforms. Competition with other players in this market is primarily centered on brand recognition, inventory acquisition, market share, used car products, services and reputation.

Seasonality

Seasonal fluctuations have affected, and are likely to continue to affect, our business. We generally generate less revenue during Lunar New Year holidays in the first quarter of each year which typically last for one month. In addition, public holidays such as Labor Day and National Day will also have temporary impact on our business. We expect that the seasonal fluctuations will cause our quarterly and annual operating results to fluctuate.

Intellectual Properties

Our intellectual property contributes to our competitive advantages among e-commerce platforms for used cars in China. To protect our brand and other intellectual property, we rely on a combination of patent, trademark, trade secret and copyright laws in China as well as imposing procedural and contractual confidentiality and invention assignment obligations on our employees, contractors and others. As of March 31, 2023, we had obtained 125 patents (of which 27 patents have been non-exclusively licensed to an affiliate of 58.com in 2020 as part of the 2B Divestiture), 1,215 trademarks (of which 12 trademarks have been non-exclusively licensed and 90 trademarks have been exclusively licensed to an affiliate of 58.com in 2020 as part of the 2B Divestiture), 275 software copyrights (of which 18 software copyrights have been non-exclusively licensed to an affiliate of 58.com in 2020 as part of the 2B Divestiture), and 13 works copyrights (of which one has been transferred in part, and one has been non-exclusively licensed to an affiliate of 58.com in 2020 as part of the 2B Divestiture), 40 domain names and have entered into confidentiality and proprietary rights agreement with employees, consultants, contractors, and other business partners.

Our Environmental, Social and Governance (ESG) Initiatives

As a platform for the buying and selling of used cars, we believe that our business inherently helps prevent waste and reduce carbon emissions following the ESG principles. We published our ESG report in July 2022. We are committed to integrating the concept of sustainable development into every aspect of our business operations to foster high-quality and eco-friendly growth of the used car industry. We have continuously improved our corporate social responsibility initiatives under the guidance of our ESG framework. We believe our continued growth depends on our integration of ESG values into our corporate strategies and operations.

Environmental protection

We believe it's important to manage our carbon emissions and improve our ability to cope with the challenges brought by climate changes. We identified climate-related risks and opportunities and have implemented a series of measures to use cleaner energy, reduce energy consumption, enhance the efficiency of our day-to-day business operation, and limit our carbon footprint. For example, we have implemented "5S" management (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) to eliminate waste in reconditioning, and used environmentally friendly water-based paint and smart refurbishment process during reconditioning and repair process to save energy. Leveraging our self-developed logistics and delivery network, we have helped reduce the empty-runs rate, energy consumption and air pollution. We also actively advocate the concept of "5R" environmental protection (Reduce, Reuse, Repair, Recycle and Reject) and paperless office.

Business ethics and labor management

We believe business ethics can help regulate employees' behavior, guarantee honest management and enhance the credibility of our Company. We continuously improved and adjusted our organizational structure, delineated the rights and responsibilities of the management and executives, and implemented internal rules to set values and norms to guide the actions of our management and employees. For example, we have implemented the Code of Business Conduct and Ethics, Uxin Limited Red Line Management System, Uxin Limited Red and Yellow Card Management System, and Uxin Limited Management System for Employees Violations.

We believe our employees are our most important asset. We are on a continuous journey to improve the wellbeing of everyone working with and for us. We have set up an open and transparent staff promotion and appraisal system to help our employees achieve their career goals. We also provide employees with diverse training programs, including, among others, new-comer training, professional training, and safety training. Through these trainings, we help our employees improve their skill sets and enhance safety awareness.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of companies in China is governed by the PRC Company Law, as latest amended in 2018. According to the PRC Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies, unless otherwise provided in the relevant foreign investment laws and regulations. Additionally, the registration for a PRC Company's establishment, modification, and termination shall comply with the provision of Administrative Regulation of the People's Republic of China on the Registration of Market Entities which was promulgated by the State Council on March 1, 2022, and information about investment activities of foreign investors shall be filed in accordance with the Measures of Information Reporting of Foreign Investment promulgated by the MOFCOM and the SAMR on December 30, 2019 and went into effect on January 1, 2020.

Foreign Investment Law

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law and on December 26, 2019, the State Council published the Implementation Rules of the Foreign Investment Law, both of which went into effect on January 1, 2020 and replaced three existing laws on foreign investments in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

According to the Foreign Investment Law, “foreign investment” refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or otherwise organizations of a foreign country (collectively referred to as “foreign investor”) within China, and the “investment activities” include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other like rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within China; and (iv) investments in other means as provided by laws, administrative regulations, or the State Council.

According to the Foreign Investment Law, the State Council shall publish or approve to publish a negative list stipulating the special management measures for the access of foreign investment in certain industries, or the “negative list.” The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the “negative list.” The Foreign Investment Law provides that foreign investors shall not invest in the “prohibited” industries, and shall meet certain conditions stipulated under the “negative list” for making investment in “restricted” industries. The currently effective “negative list” is the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 version), or the 2021 Negative List, jointly published by NDRC and the Ministry of Commerce on December 27, 2021 and went into effect on January 1, 2022.

On December 26, 2019, the Supreme People’s Court published the Interpretation of the Supreme People’s Court on Several Issues concerning the Application of the Foreign Investment Law of the People’s Republic of China, which went into effect on January 1, 2020, pursuant to which the court shall rule in favor of the party claim the invalidity of the investment agreement with respect to foreign investment in the “restricted” industry under the “negative list” or foreign investment in the “restricted” industry under the “negative list” that fails to comply with the requirements unless necessary mitigating measures are taken before the ruling.

Furthermore, the Foreign Investment Law provides that foreign-invested enterprises established according to the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC, the Wholly Foreign-Owned Enterprise Law of the PRC or the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC may maintain their current structure and corporate governance within five years after the implementing of the Foreign Investment Law.

In addition, the Foreign Investment Law also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within China, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

On December 30, 2019, the Ministry of Commerce and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

According to the Measures for the Security Review of Foreign Investment promulgated by the National Development and Reform Commission and the Ministry of Commerce on December 19, 2020 and became effective on January 18, 2021, the NDRC and the Ministry of Commerce will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquisition of equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. What may constitute “onshore investment by and through any other means” or “ASC Topic 326” could be broadly interpreted under such measures. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment in the free trade zone. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security.

Regulations on Value-Added Telecommunications Services

China’s telecommunication related businesses (including internet business) are still at an early stage of development, the laws and regulations of which still remain subject to many uncertainties. On September 25, 2000, the Telecommunications Regulations of the People’s Republic of China, or the Telecom Regulation, was issued by the PRC State Council, which was amended and became effective on February 6, 2016, as the primary governing law on telecommunication services by PRC companies. The Telecom Regulation draws a distinction between “basic telecommunication services” and “value-added telecommunication services.” The Catalog of Telecommunications Business, or the Telecommunication Catalog, was issued as an appendix to the Telecom Regulations to categorize telecommunications services as basic or value-added, and information services via public communication networks such as fixed networks, mobile networks and Internet are classified as value-added telecommunications services. According to the Telecommunication Catalog, value-added telecommunication services include online data processing and transaction processing business (operating e-commerce business), internet information services business and other value-added telecommunication services.

On March 5, 2009, the Ministry of Industry and Information Technology, or the MIIT, issued the Administrative Measures for Telecommunications Business Operating Permit, or the Telecom Permit Measures, which took effect on April 10, 2009. The Telecom Permit Measures were later amended on July 3, 2017 and the amendment took effect on September 1, 2017. The Telecom Permit Measures confirm that there are two types of telecom operating licenses for operators in China, namely, licenses for basic telecommunications services and licenses for value-added telecommunications services, or the VATS License. The license granted will set out the operation scope of the enterprise which details the permitted activities of such enterprise. An approved telecommunication services operator shall conduct its business in accordance with the specifications listed in its VATS License. In addition, a VATS License holder is required to obtain approval from the original permit-issuing authority in respect of any change to its shareholders.

Regulation Relating to Internet Information Services

On September 25, 2000, the State Council promulgated the Administrative Measures on Internet Information Services, or the Internet Measures, which were later amended in January 8, 2011. On January 8, 2021, Administrative Measures on Internet Information Services (Draft Revision for Comment), or the Draft Revision, were promulgated. Under the Internet Measures and Draft Revision, a VATS License shall be obtained before conducting profitable internet information services in the PRC, and a filing requirement shall be satisfied before conducting non-profitable internet information service. The provision of information services through mobile apps is subject to the PRC laws and regulations governing Internet information services.

In addition, on June 28, 2016, the State Internet Information Office promulgated the Administrative Provisions on Mobile Internet Application Information Services, or the Mobile Application Administrative Provisions, which were later amended on June 14, 2022 and took effect on August 1, 2022, to strengthen the regulation of the mobile apps information services. Pursuant to the Mobile Application Administrative Provisions, an internet application program provider must verify each user’s mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An internet application program provider must not

enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant application programs, unless it has clearly indicated to the user and obtained the user's consent on such functions and application programs. Furthermore, in December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals, or the Mobile Application Interim Measures, which took effect on July 1, 2017. The Mobile Application Interim Measures require, among others, that internet information service providers must ensure that a mobile apps, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user easily, unless it is a basic function software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

The content of the internet information is highly regulated in China and pursuant to the Internet Measures, the PRC government may shut down the websites of internet information providers and revoke their VATS Licenses (for profitable Internet information services) if they produce, reproduce, disseminate or broadcast internet content that contains content that is prohibited by law or administrative regulations. Internet information services operators are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities. Additionally, as the internet information service providers, under the According to the PRC Civil Code, which took effect on January 1, 2021, they shall bear tortious liabilities in the event they infringe upon other person's rights and interests due to providing wrong or inaccurate content through the internet. Where an internet service provider conducts tortious acts through internet services, the infringed person has the right to request the internet service provider take necessary actions such as deleting contents, screening and de-linking. Failing to take necessary actions after being informed, the internet service provider will be subject to its liabilities with regard to the additional damages incurred. Where an internet service provider knows that an internet user is infringing upon other persons' rights and interests through its internet service but fails to take necessary actions, it is jointly and severally liable with the internet user.

Regulation Relating to E-Commerce

Online data processing and transaction processing business (operating e-commerce business) is a value-added telecommunication service, and e-commerce operation shall be required to obtain VATS License.

On March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Trading, or the Online Trading Measures, which aims to regulate business activities involving the sale of commodities or provision of services through the internet and other information networks, to replace the Administrative Measures for Online trading promulgated in January 2014. Pursuant to the Online Trading Measures, online trading operators are classified into four types: online trading platform operators, operators on platform, operators of self-built websites, and operators that carry out online trading activities through other online services. The Online Trading Measures reinforces the operation requirements as provided under the E-Commerce Law and the principles of legality, rationality and necessity in the collection and use of the users' information and disclosure of the rules, purposes, methods and scopes of collection and use of user information. The Online Trading Measures also provides that the online trading operators (i) shall not use false transactions, fabricated user review etc. to conduct false or misleading business promotion, so as to defraud or mislead consumers and (ii) shall not eliminate or restrict competition, damage or ruin the competitor's reputation. Furthermore, the Online Trading Measures imposes a series of regulatory requirements on new forms of online trading, such as online social networking e-commerce and online livestreaming e-commerce.

On August 31, 2018, the Standing Committee of the National People's Congress promulgated the PRC E-Commerce Law, or the E-Commerce Law, which became effective on January 1, 2019. The E-Commerce Law establishes the regulatory framework for the e-commerce sector in the PRC for the first time by laying out certain requirements on e-commerce operators, including e-commerce platform operators like us. Pursuant to the E-Commerce Law, e-commerce platform operators are required to (i) take necessary actions or report to relevant competent government authorities when such operators notice any illegal production or services provided by merchants on the e-commerce platforms; (ii) verify the identity of the business operators on the platforms; (iii) provide identity and tax related information of merchants to local branches of State Administration for Market Regulation and relevant tax authorities; or (iv) record and preserve goods and service information and transaction information on the e-commerce platform. The E-Commerce Law also specifically stipulates that e-commerce platform operators shall not impose unreasonable restrictions or conditions on the transactions of their business operators on the platforms. According to the E-Commerce Law, failures to comply with these requirements may subject the e-commerce platform operators to administrative penalties, fines and/or suspension of business. In addition, for goods and services provided via e-commerce platforms and pertinent to the life and health of consumers, e-commerce platform operators shall bear relevant responsibilities, which may give rise to civil or criminal liabilities if the consumers suffered damages due to the e-commerce platform operators' failure to duly verify the qualifications or the licenses of the business operators on the platforms or to duly perform their safety protection obligations as required by the E-Commerce Law.

Regulation Relating to Foreign Investment Restriction on Value-Added Telecommunications Services

Pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises, or the FITE Regulation, promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, except as otherwise provided by MIIT, the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%. Pursuant to the Circular of Ministry of Industry and Information Technology concerning Lifting Restrictions on the Proportion of Foreign Equity in Online Data Processing and Transaction Processing Business (Operating E-commerce Business) promulgated by the MIIT on June 19, 2015, the online data processing and transaction processing businesses (operating e-commerce business) could be 100% owned by foreign investors. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunications business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunications business overseas. Foreign investors that meet these requirements must obtain approvals from the MIIT and MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued telecommunications business operating licenses to Sino-foreign joint ventures in very limited circumstances. However, pursuant to the latest amendment to the Regulations for Administration of Foreign-invested Telecommunications Enterprises issued by the State Council in March 2022, which will come into effect on May 1, 2022, several provisions, including the requirement that such major foreign investors described above to have a good and profitable record and operating experience in the industry, had been removed.

The 2021 Negative List also imposes the 50% restrictions on foreign ownership in value-added telecommunications business except for operating e-commerce, domestic multi-party communications services, store and forward services, and call center services business. In addition, the services for releasing information by the public through internet are listed as businesses that are prohibited for foreign investors under 2021 Negative List.

On July 13, 2006, the MIIT issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, or the MIIT Circular, which requires foreign investors to set up a value-added telecommunications business foreign-invested enterprise and obtain a VATS License to conduct relevant value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds a VATS License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local VATS License holder or its shareholder. The MIIT Circular further requires each VATS License holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license and all value-added telecommunications services providers shall improve network and information security, enact relevant information safety administration regulations and set up emergency plans to ensure network and information safety.

Regulations on Information Security and Privacy Protection

Internet content in China is regulated and restricted from a state security standpoint. On December 28, 2000, the Standing Committee of the PRC National People's Congress enacted the Decisions on Maintaining Internet Security, later amended on August 27, 2009, which subject violators to criminal punishment in China for any effort to: (i) use the internet to market fake and substandard products or carry out false publicity for any commodity or service; (ii) use the internet for the purpose of damaging the commercial goodwill and product reputation of any other person; (iii) use the internet for the purpose of infringing on the intellectual property of any person; (iv) use the internet for the purpose of fabricating and spreading false information that affects the trading of securities and futures or otherwise jeopardizes the financial order; or (v) create any pornographic website or webpage on the internet, provide links to pornographic websites, or disseminate pornographic books and magazines, movies, audiovisual products, or images. The Ministry of Public Security has promulgated measures that prohibit use of the Internet in ways which, among other things, would result in a leakage of state secrets or a spread of socially destabilizing content, and require internet service providers to take proper measures including anti-virus, data back-up and other related measures, to keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and to detect illegal information, stop transmission of such information, and keep relevant records. If an internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

PRC governmental authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. In December 28, 2012, the Standing Committee of the PRC National People's Congress promulgated the Decision on Strengthening Network Information Protection to enhance the legal protection of information security and privacy on the internet. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users to regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in China. Telecommunication business operators and internet service providers are required to establish its own rules for collecting and use of users' information and cannot collect or use users' information without users' consent. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. In August 2015, the Standing Committee of the NPC promulgated the Ninth Amendment to the Criminal Law, which became effective in November 2015 and amended the standards of crime of infringing citizens' personal information and reinforced the criminal culpability of unlawful collection, transaction, and provision of personal information. It further provides that any ICP provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders will be subject to criminal liability. The Civil Code promulgated in 2020 also provides specific provisions regarding the protection of personal information.

On November 7, 2016, Standing Committee of the PRC National People's Congress published the Cyber Security Law of the PRC, which took effect on June 1, 2017 and requires network operators to perform certain functions related to cyber security protection and the strengthening of network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC and their purchase of network products and services that may affect national securities shall be subject to national cybersecurity review. On April 29, 2021, the Standing Committee of the National Peoples' Congress issued a Second Draft for review of the Personal Information Protection Law, or the Draft Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection.

For the further purposes of regulating data processing activities, safeguarding data security, promoting data development and utilization, protecting the lawful rights and interests of individuals and organizations, and maintaining national sovereignty, security, and development interests, on June 10, 2021, Standing Committee of the PRC National People's Congress published the Data Security Law of the People's Republic of China, which will take effect on September 1, 2021. The Data Security Law requires data processing, which includes the collection, storage, use, processing, transmission, provision, publication of data, to be conducted in a legitimate and proper manner. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its

data processing activities and file the risk assessment reports with the competent authorities. Moreover, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On July 6, 2021, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which were available to the public on July 6, 2021, to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management. It provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, or the PIPL, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the PIPL, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The PIPL provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

On December 28, 2021, the CAC, together with another twelve regulatory authorities jointly issued the Measures for Cybersecurity Review, or the Review Measures, which became effective on February 15, 2022. The Review Measures establishes the basic framework and principle for national cybersecurity reviews of network products and services, and provides that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities which affect or may affect national security must apply for cybersecurity review. The Review Measures also provides that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review. However, the Review Measures has not provided further explanation or interpretation for "listed abroad" and the scope of "listed abroad".

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer, or the Security Assessment Measures, which became effective on September 1, 2022. The Security Assessment Measures provide for the circumstances under which a data processor shall be subject to security assessment, including (i) where a data processor provides important data abroad; (ii) where a critical information infrastructure operator or a data processor that processes personal information of more than one million individuals provides personal information abroad; (iii) where a data processor that has exported personal information of over 100,000 individuals or sensitive personal information of over 10,000 individuals in total since January 1 of the previous year provides personal information abroad; and (iv) other circumstances prescribed by the CAC.

Regulations on Auction Business

On April 24, 2015, Auction Law of the People's Republic of China was promulgated by the Standing Committee of the National People's Congress for the purpose of regulating and administrating the business operation of auction. Pursuant to the Auction Law, "auction" refers to a way of selling particular goods or property rights to the bidder who offers the highest price in the form of public bidding. Measures for the Supervision and Administration of Auctions, as amended in March 2013, November, 2017 and on October 23, 2020, stipulates that an applicant for the formation of an auction enterprise in accordance with the Auction Law and Company Law shall be approved by the autonomous region of the local province government. According to the Measures for the Administration of the Circulation of Used Cars promulgated by the Ministry of Commerce and three other ministries on August 29, 2005 and amended on September 14, 2017, "used car auction" refers to the business activities whereby a used car auction enterprise transfers a used car to a bidder that offers the highest price through public bidding. According to The Specifications for Used Cars Transaction promulgated by the Ministry of Commerce on March 24, 2006, where an auction is conducted through the internet, the color photo of the car and information of auctioned car shall be published on internet. The publication period shall not be less than seven days. An enterprise engaging in activities of auction should undergo the review and approval procedure with relevant government authority and obtain the license for auction business. Any entity engaging in the auction business without the license may be subject to enforcement action, including

orders issued by the relevant regulatory authorities to cease the auction business, confiscation of any illegal gains, or imposition of fines.

Regulations on the Circulation of Used Cars

On August 29, 2005, the Measures for the Administration of the Circulation of Used Cars, or the Used Cars Measures, which was amended on September 14, 2017, were promulgated by the Ministry of Commerce, or the MOFCOM, the Ministry of Public Security, the SAMR, and the State Administration of Tax, or the SAT, for the purpose of intensifying the administration of the circulation of used cars, regulating the business operations of used cars, guaranteeing the legitimate interests and rights of both parties to transactions of used cars and promoting the sound development of the circulation of used cars. The Used Cars Measures stipulate that an archival filing system for the operators of used car markets and operators of used cars shall be established. The operators of used car markets and operators of used cars that have handled the registration in the administrative department of industry and commerce according to law and obtained the business license shall go to the administrative department of commerce at the provincial level for archival filing within 2 months as of obtaining their business license. The administrative department of commerce at the provincial level shall report the information on the archival filing of the operators of used car markets as well as operational subjects of used cars to the administrative department of commerce of the State Council on a periodic base. The Used Cars Measures further stipulate that (i) a business operator of a used car market, a retail enterprise and brokerage entity of used cars shall possess the qualification of an enterprise legal-person and shall complete the registration procedures with the administrative department of industry and commerce, and (ii) the establishment of an auction enterprise of used cars (including a foreign-funded auction enterprise of used cars) shall comply with the relevant provisions of the Auction Law of the People's Republic of China and the Measures for the Administration of Auction, and shall be handled according to the procedures as prescribed by the Measures for the Administration of Auction, which means that an auction enterprise of used cars shall obtain an Approval License for Operation of Auction before it engages in auction of used cars. On March 24, 2006, the MOFCOM promulgated the Specifications for Used Car Trade, or the Specifications, which set forth detailed criteria and requirements for the purchase, sale, dealing, auction, evaluation, trading and post-sale services in respect of used car.

Regulations on Financing Lease

In September 18, 2013, MOFCOM issued the Administration Measures of Supervision on Financing Lease Enterprises, or the Leasing Measures, to regulate and administer the business operations of financing lease enterprises. According to the Leasing Measures, financing lease enterprises are allowed to carry out financing lease business in such forms as direct lease, sublease, sale-and-lease-back, leveraged lease, entrusted lease and joint lease in accordance with the provisions of relevant laws, regulations and rules. However, the Leasing Measures prohibit financing lease enterprises from engaging in financial business such as accepting deposits, providing loans or entrusted loans. Without the approval from relevant authorities, financing lease enterprises shall not engage in interbank borrowing and other businesses. In addition, financing lease enterprises are prohibited from carrying out illegal fund-raising activities in the name of financing lease. The Leasing Measures require financing lease enterprises to establish and improve their financial and internal risk control systems, and a financing lease enterprise's risk assets shall not exceed ten times of its total net assets. Risk assets generally refer to the adjusted total assets of a financing lease enterprise excluding cash, bank deposits, sovereign bonds and entrusted leasing assets. On May 26, 2020, the China Banking and Insurance Regulatory Commission issued the Interim Measures for the Supervision and Administration of Finance Leasing Companies, to regulate and administer the business operations of financing lease companies. On May 28, 2020, the PRC National People's Congress published the Civil Code of the People's Republic of China, which took effect on January 1, 2021. The Chapter 15 of PRC Civil Code detailed regulations on the financial leasing contract.

The main regulation governing foreign investment in the PRC financing lease industry included the Administrative Measures on Foreign-Invested Lease Industry, as amended on October 28, 2015. However, it has recently been repealed by MOFCOM on February 22, 2018. The above measures require that foreign investors investing directly in the PRC financing lease industry must have total assets of no less than US\$5 million. MOFCOM is the competent administrative authority in charge of the foreign-invested lease industry and is also responsible for the examination and approval of such business. A foreign-invested financing lease enterprise may undertake the following business: (i) the financing lease business; (ii) the lease business; (iii) the purchase of leased properties from onshore and offshore; (iv) the disposal of scrap value of and maintenance of leased properties; (v) the consultancy and guaranty business relating to lease transactions; and (vi) other business approved by the examination and approval department. In addition, a foreign-invested financing lease enterprise shall meet the following requirements: (i) have corresponding professionals, with its senior management personnel having relevant professional qualifications and experience of at least three years, (ii) the operating period of a foreign-invested financing lease enterprise

established in the form of limited liability company shall not exceed thirty years. The risk assets of a foreign-invested financing lease enterprise shall not exceed ten times of its total net assets.

Regulations on Motor Vehicle Maintenance

On June 24, 2005, the MOT promulgated the Administration of Motor Vehicle Maintenance, which was amended on August 8, 2015, April 19, 2016, June 21, 2019 and August 11, 2021, pursuant to which, a motor vehicle maintenance operator shall file with the local road transport administration for record after completing registration with the local SAMR in accordance with the law and shall operate business in accordance with the registered business scope. “Motor vehicle maintenance” refers to business activities of maintenance, repair and maintenance aids as carried out with maintaining or recovering the technical state and normal functions of motor vehicles, and extending the serving term thereof as operational tasks. The operational business of automobile maintenance is classified into operational business of Grades I, II and III in light of their operational items and serving capabilities. A maintenance operator of automobiles of Grade I and Grade II may undertake entire automobile repair, assembly repair, entire automobile maintenance, minor repair, maintenance aids, specific repair and the examination work after the completion of maintenance of corresponding vehicle types. A maintenance operator of automobiles of Grade III may undertake general minor repair and special repair, such as repair and maintenance of engines, vehicle bodies and electric systems. Anyone failing to carry out the filing for motor vehicle maintenance in accordance with the Motor Vehicles Maintenance or unlawfully engaging in the motor vehicle maintenance business shall be ordered to make rectification, and, in case of refusing to rectify, be subject to a fine of RMB5,000 to RMB20,000.

Regulations on Advertisement

The PRC government regulates advertising principally through the SAMR. The PRC Advertising Law, or the Advertising Law, as amended in April 2015, on October 26, 2018 and on April 29, 2021, outlines the regulatory framework for the advertising industry. The Advertising Law stipulates that advertisements shall not contain any false or misleading content or defraud or mislead consumers. Any advertisement that defrauds or misleads consumers with any false or misleading content is considered a false advertisement. An advertiser shall be responsible for the veracity of contents of advertisement. Violation of these regulations may result in penalties calculated on the basis of advertising expenses.

Regulations on Online Consumer Finance and Debt Collection

The regulation on online consumer finance industry in China is still under development. In December 2017, the Internet Financial Risks Rectification Office and the P2P Online Lending Risks Rectification Office jointly issued the Circular 141, outlining general requirements on the “cash loan” business conducted by network microcredit companies, banking financial institutions and online lending information intermediaries. The Circular 141 specifies the features of “cash loans” as not relying on consumption scenarios, with no specified use of loan proceeds, no qualification requirement on customers and unsecured etc. The Circular 141 further requires that financial institutions that participate in the “cash loan” business not to accept any credit enhancement services or other similar services from third parties without qualification to provide guarantee, and third party cash loan facilitators are prohibited from directly charging fees from borrowers. However, there is no clear definition of “cash loan” set forth in the Circular 141.

In addition, according to the Circular 141, institutions or the engaged third party institutions shall not collect loan debts by methods of violence, intimidation, insult, defamation, or harassment. In case of violation, the regulatory authorities may, depending on the seriousness of the case, urge such institution to rectify by taking measures such as suspending its business, ordering it to make correction, circulating a notice of criticism, rejecting its filing or revoking its business qualification. In case where malicious fraud or violent debt collection or other serious illegal conducts were suspected, such cases shall be promptly transferred to the Ministry of Public Security and may subject to criminal liability.

Regulations on Intellectual Property

Copyright and Software Products

The National People’s Congress adopted the Copyright Law on September 7, 1990 and amended it on October 27, 2001, February 26, 2010 and June 1, 2021, respectively. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center.

In order to further implement the Computer Software Protection Regulations promulgated by the State Council on December 20, 2001 and amended on January 30, 2013, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures on February 20, 2002, which apply to software copyright registration, license contract registration and transfer contract registration.

According to the Copyright Law, an infringer will be subject to various civil liabilities, which include cessation of the infringement and apologizing to and compensating the actual loss suffered by the copyright owner. If the actual loss of the copyright owner is difficult to calculate, the income received by the infringer as a result of the infringement will be deemed as the actual loss or if such illegal income is also difficult to calculate, the court can decide the amount of the actual loss up to RMB5,000,000.

Trademarks

Trademarks are protected by the PRC Trademark Law adopted in August 23, 1982 and subsequently amended in February 22, 1993, October 27, 2001, August 30, 2013 and November 1, 2019 as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council in August 3, 2002 and amended on April 29, 2014. The Trademark Office under the SAMR handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark license agreements must be filed with the Trademark Office for record. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use. After receiving an application, the PRC Trademark Office will make a public announcement if the relevant trademark passes the preliminary examination. During the three months after this public announcement, any person entitled to prior rights and any interested party may file an objection against the trademark. The PRC Trademark Office’s decisions on rejection, objection or cancellation of an application may be appealed to the PRC Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings. If no objection is filed within three months after the public announcement or if the objection has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, at which point the trademark is deemed to be registered and will be effective for a renewable ten-year period, unless otherwise revoked. Trademark license agreements should be filed with the Trademark Office or its regional offices.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet, issued by MIIT on November 5, 2004 and effective as of December 20, 2004 which was replaced by the Measures on Administration of Internet Domain Names issued by MIIT as of November 1, 2017, and the Implementing Rules on Registration of Domain Names issued by China Internet Network Information Center on May 28, 2012, which became effective on May 29, 2012. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Patent

On March 12, 1984, the Standing Committee of the National People’s Congress promulgated the Patent Law, which was amended in September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020. On June 15, 2001, the State Council promulgated the Implementation Regulation for the Patent Law, which was amended in January 9, 2010. According to these laws and regulations, the State Intellectual Property Office is responsible for administering patents in the PRC. The Chinese patent system adopts a “first to file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who filed the application first. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Invention patent is valid for 20 years, design patent is valid for 15 years, and utility model patent is valid for 10 years. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, third-party use constitutes an infringement of patent rights. As of December 31, 2019, we had been issued 84 patents in the PRC.

Regulations Relating to Foreign Exchange

Regulations on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations, as amended on August 5, 2008, Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval is obtained from State Administration of Foreign Exchange, or the SAFE, and prior registration with SAFE is made.

On March 30, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign Invested Enterprises, or the SAFE Circular 19, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142. SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or the SAFE Circular 16, effective on June 9, 2016, which, among other things, amend certain provisions of Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for purposes beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

From 2012, SAFE has promulgated several circulars to substantially amend and simplify the current foreign exchange procedure. Pursuant to these circulars, the opening of various special purpose foreign exchange accounts, the reinvestment of RMB proceeds by foreign investors in the PRC and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE. In addition, domestic companies are allowed to provide cross-border loans not only to their offshore subsidiaries, but also to their offshore parents and affiliates. SAFE also promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, as amended on October 10, 2018 and December 30, 2019, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, or the SAFE Circular 13, which took effect on June 1, 2015 and amended on December 30, 2019. SAFE Circular 13 delegates the power to enforce the foreign exchange registration in connection with inbound and outbound direct investments under relevant SAFE rules from local branches of SAFE to banks, thereby further simplifying the foreign exchange registration procedures for inbound and outbound direct investments.

On January 26, 2017, SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control, or the SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

In October 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment, or the SAFE Circular 28, which, among other things, allows all Foreign-Invested Enterprises to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the PBOC, the NDRC, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects

in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business, or the SAFE Circular 8, promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Regulations on Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include the PRC Company Law and the Foreign Investment Law. Under these laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with China accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. Wholly foreign-owned companies may, at their discretion, allocate a portion of their after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or the SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

SAFE Circular 37 was issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles issued by SAFE in October 2005. SAFE further enacted SAFE Circular 13, which allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Regulations on Stock Incentive Plans

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, or the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any

material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

Regulations Relating to Tax

Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC, or the EIT Law, which became effective on January 1, 2008 and was subsequently amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its "High and New Technology Enterprise" status.

The EIT Law and the implementation rules provide that an income tax rate of 10% should normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the "Beneficial Owners" in Tax Treaties issued on February 3, 2018 by the SAT and effective from April 1, 2018, which replaces the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties and the Announcement on the Recognition of Beneficial Owners in Tax Treaties by the SAT, comprehensive analysis based on the stipulated factor therein and actual circumstances shall be adopted when recognizing the "beneficial owner" and agents and designated wire beneficiaries are specifically excluded from being recognized as "beneficial owners."

Value-added Tax

Pursuant to applicable PRC regulations promulgated by the Ministry of Finance and the SAT, any entity or individual conducting business in the service industry is required to pay a value-added tax, or VAT, with respect to revenues derived from the provision of services. A taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

M&A Rules and Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when

they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

On December 26, 2017, the NDRC adopted the Administrative Measures for Enterprises' Overseas Investment, or the Overseas Investment Rules, which will become effective on March 1, 2018. The New M&A Rules provides that, for local enterprises (enterprises that are not managed by the state government), if the amount of investment made by the Chinese investors is less than US\$300 million, and the target project is non-sensitive, then the overseas investment project will require online filing with the local branch of the NDRC where the enterprise itself is registered. And "overseas investment" shall mean activities where an PRC enterprise, directly or through an overseas enterprise controlled by it, acquires overseas any ownership, right of control, right of business management, or other relevant rights and interests, by contributing assets or rights and interests, providing financing and/or guarantee, or any other means.

On July 6, 2021, the relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down Illegal Securities Activities, which provided that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of domestic industry competent authorities and regulatory authorities. However, the Opinions on Strictly Cracking Down Illegal Securities Activities were still leaving uncertainties regarding the interpretation and implementation of these opinions. It is possible that any new rules or regulations may impose additional requirements on us. Furthermore, the Review Measures required that, in addition to network products and services acquired by critical information infrastructure operators, online platform operators are also subject to cybersecurity review if they carry out data processing activities that affect or may affect national security, and online platform operators listing in a foreign country with more than one million users' personal information data must apply for a cybersecurity review with the Cybersecurity Review Office. It is uncertain whether we would be deemed as a CIIO or an online platform operator which is under the censorship of the Review Measure in the future. In the event that we become under investigation or review by the CAC, we may have to substantially change our current business and our operations may be materially and adversely affected. If it is determined in the future that CSRC approval or other procedural requirements are required to be met for and prior to an offering, it is uncertain whether we can or how long it will take us to obtain such approval or complete such procedures and any such approval could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures for an offering, or a rescission of any such approval, could subject us to sanctions by the relevant PRC governmental authorities. The PRC governmental authorities may impose restrictions and penalties on our operations in China, such as the suspension of our apps and services, revocation of our licenses, or shutting down part or all of our operations, limit our ability to pay dividends outside of China, delay or restrict the repatriation of the proceeds from an offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs. The PRC governmental authorities may also take actions requiring us, or making it advisable for us, to halt an offering before settlement and delivery of the ADSs being offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the PRC governmental authorities later promulgate new rules or explanations requiring that we obtain their approvals for filings, registrations or other kinds of authorizations for an offering, we cannot assure you that we can obtain the approval, authorizations, or complete required procedures or other requirements in a timely manner, or at all, or obtain a waiver of the requisite requirements if and when procedures are established to obtain such a waiver.

On December 27, 2021, the National Development and Reform Commission and the Ministry of Commerce jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which will become effective on January 1, 2022. Pursuant to such Special Administrative Measures, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors.

On February 17, 2023, the CSRC, as approved by the State Council, released the Overseas Listing Trial Measures. According to the Overseas Listing Trial Measures, domestic companies in the Chinese mainland that directly or indirectly offer

or list their securities in an overseas market, are required to file with the CSRC. Specifically, the securities under the Trial Measures refer to stocks, depositary receipts, convertible corporate bonds, exchangeable bonds and other equity-linked securities to be issued and offered in overseas markets by domestic companies directly or indirectly, while a direct offering and listing refers to the overseas offering and listing of a joint-stock company incorporated in the Chinese mainland, and an indirect offering and listing refers to the overseas offering and listing of a domestic company which conducts its business operations primarily in the Chinese mainland, in the name of an offshore company and based on the underlying equities, assets, earnings or similar interests of the domestic company. In particular, the determination of an indirect offering and listing will be conducted on a “substance over form” basis, and an offering and listing should be considered as an indirect overseas offering and listing by a domestic company if the issuer meets both of the following conditions: (i) 50% or more of the issuer’s revenue, profit, total assets or net assets as documented in the issuer’s audited consolidated financial statements in the most recent financial year is accounted by domestic companies; and (ii) the majority of its business operations are conducted in the Chinese mainland or its principal place of business is located in the Chinese mainland, or the majority of senior management in charge of business operations are Chinese citizens or have domicile in the Chinese mainland. According to the Overseas Listing Trial Measures, an overseas offering and listing is prohibited under any of the following circumstances: (i) if the intended securities offering and listing is specifically prohibited by the laws, administrative regulations and relevant national provisions; (ii) if the intended securities offering and listing may constitute a threat to or endangers national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic companies or their controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in the past three years; (iv) the domestic companies are currently under investigations in connection with suspicion of having committed criminal offenses or material violations of applicable laws and regulations, and there is still no explicit conclusion; or (v) there are material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers. According to the Overseas Listing Trial Measures, the issuer or its affiliated domestic company, as the case may be, is required to file with the CSRC (i) with respect to its initial public offering and listing and its subsequent securities offering in an overseas market different from the market where it has listed, within three business days after its submission of listing application documents to the relevant regulator in the place of intended listing, (ii) with respect to its follow-on offering in the same overseas market where it has listed (including issuance of any corporate convertible bonds, exchangeable bonds and other equity-linked securities, but excluding the offering for employees incentive, dividend distribution by shares and share split), within three business days after completion of such follow-on offering, (iii) with respect to listing by means of single or multiple acquisitions, share swap, transfers of shares and similar transactions, within three business days after its initial filing of the listing application or the first public announcement of the transaction, as case may be. Failure to comply with the filing requirements may result in an order of rectification, a warning and fines up to RMB10 million to the non-compliant domestic companies, and the directly responsible persons of the companies will be warned and fined between RMB500,000 and RMB5 million. Furthermore, if the controlling shareholder and the actual controller of the non-compliant companies organizes or instigates the breach, they will be fined between RMB1 million and RMB10 million. In addition to above filing requirements, the Filings Rules also requires an issuer to report to the CSRC within three business days after occurrence of any the following events: (i) its change of control; (ii) its being subject to investigation or sanctions by any overseas securities regulators or overseas authorities; (iii) its change of listing status or listing segment; (iv) voluntary or mandatory delisting; and (v) material change of its principal business operations to the extent that it ceases to be subject to the filing requirements of the Overseas Listing Trial Measures.

On February 24, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, or, the Confidentiality Provisions, which came into effect on March 31, 2023. Pursuant to the Confidentiality Provisions, any future inspection or investigation conducted by overseas securities regulator or the relevant competent authorities on our PRC domestic companies with respect to our overseas issuance and listing shall be carried out in the manner in compliance with PRC laws and regulations.

Employment Laws

Pursuant to the PRC Labor Law, the PRC Labor Contract Law and the Implementing Regulations of the Employment Contracts Law, labor relationships between employers and employees must be executed in written form. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Under PRC laws, rules and regulations, including the Social Insurance Law, the Interim Regulations on the Collection and Payment of Social Security Funds and the Regulations on the Administration of Housing Accumulation Funds, employers

are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount.

Regulations on Leasing

Pursuant to the Law on Administration of Urban Real Estate which took effect in January 1995 with the latest amendment in August 2019, lessors and lessees are required to enter into a written lease contract, containing such provisions as the term of the lease, the use of the premises, liability for rent and repair, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration authorities. Pursuant to implementing rules stipulated by certain provinces or cities, such as Tianjin, if the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the PRC Civil Code which took effect on January 1, 2021, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

Pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right. According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the lease requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

In addition, the Supreme People's Court issued the Interpretation on Several Issues with respect to the Specific Application of Law in the Trial of Disputes over Partitioned Ownership of Buildings, pursuant to which, if the landlord uses his property, which is designated for residential use, for business purposes without prior consents of other owners whose interests are involved, the other owners may request for removing impairment, eliminating danger, reinstatement or compensation for losses.

Regulations on Unfair Competition

On April 23, 2019, the Standing Committee of the National People's Congress promulgated the amended Anti-Unfair Competition Law of the People's Republic of China, or the Anti-Unfair Competition Law, which became effective on April 23, 2019.

Pursuant to the Anti-Unfair Competition Law, a business operator shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honors received of its commodities, in order to defraud or mislead consumers. A business operator publishing any false advertisements in violation of this provision shall be punished in accordance with the Advertising Law of the People's Republic of China.

The Anti-Unfair Competition Law also stipulated that a business operator engaging in production or distribution activities online shall abide by the provisions of the Anti-Unfair Competition Law. No business operator may, by technical means to affect users' options, among others, commit the acts of interfering with or sabotaging the normal operation of online products or services legally provided by another business operator.

In addition, according to the Anti-Unfair Competition Law, a business operator is prohibited from any of the following unfair activities: i) committing act of confusion to mislead a person into believing that a commodity is one of another person or has a particular connection with another person; ii) seeking transaction opportunities or competitive edges by bribing relevant entities or individuals with property or by any other means; iii) infringing trade secrets; iv) premium campaign violating the provision of the Anti-Unfair Competition Law; and v) fabricating or disseminating false or misleading information to damage the goodwill or product reputation of a competitor.

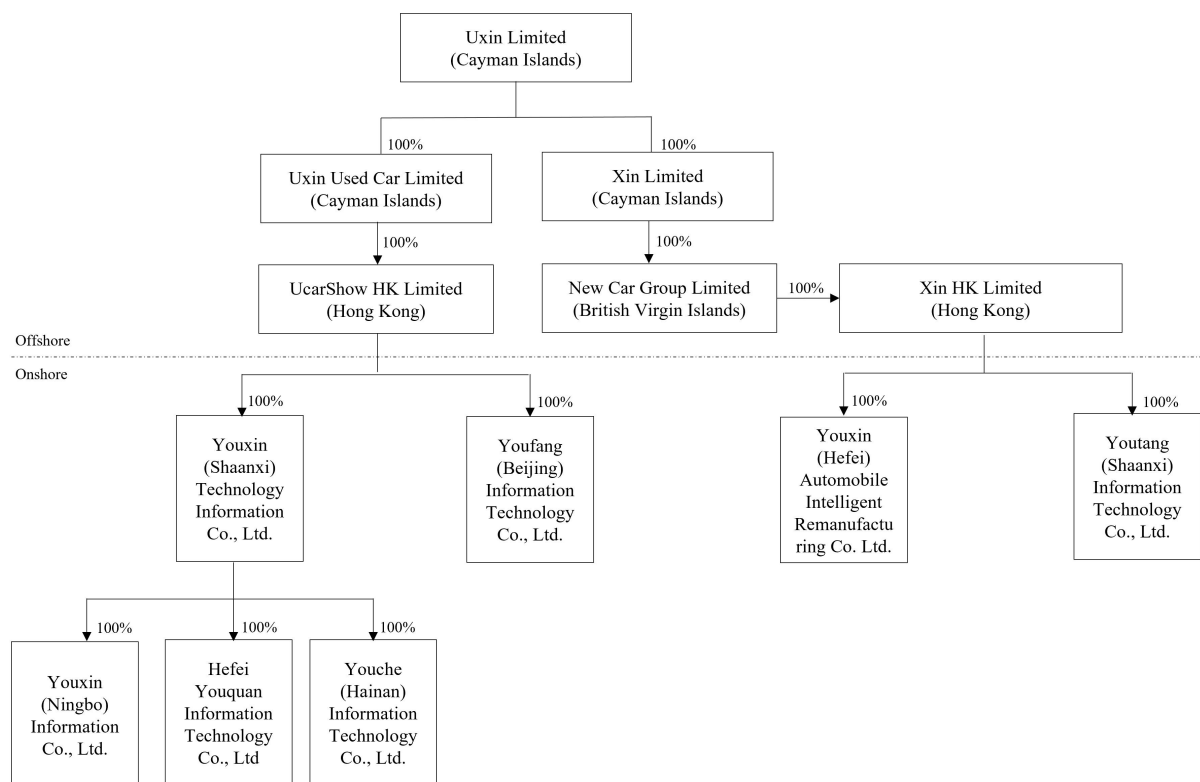
Regulations Relating to Anti-Monopoly

The currently effective Anti-Monopoly Law of PRC, or the Anti-Monopoly Law, was promulgated by Standing Committee of the National People's Congress in 2007 and most recently amended on June 24, 2022. Pursuant to the Anti-Monopoly Law, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. The fines for illegal concentration of business operators shall be “no more than ten percent of its preceding year's sales revenue if the concentration of business operator has or may have an effect of excluding or limiting competition; or a fine of up to RMB5 million if the concentration of business operator does not have an effect of excluding or limiting competition.” Pursuant to the Anti-Monopoly Law, the relevant authority to investigate transaction where there is evidence that the concentration has or may have the effect of eliminating or restricting competition, even if such concentration does not reach the filing threshold.

On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector which stipulates that any concentration of undertakings involving variable interest entities (VIE) shall fall within the scope of anti-monopoly review. Furthermore, the Anti-Monopoly Guidelines for Internet Platforms prohibits certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). On August 17, 2021, the SAMR issued the Provisions on Prohibition of Unfair Competition on the Internet (Draft for Comments), which prohibits business operators from using data, algorithms and other technical means to commit traffic hijacking, interference, malicious incompatibility and other improprieties to influence user choices or hinder or damage the normal operation of network products or services offered by other business operators.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries as of the date of this annual report on Form 20-F:



Historical Contractual Agreements with the Former VIEs and Their Respective Shareholders and the Related Termination Agreements

Historically, 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 primarily conducted those businesses through one of the former VIEs, Youxin Hulian. In January 2015, Ministry of Industry & Information Technology announced the Notice of the Ministry of Industry and Information Technology on Removing the Restrictions on Foreign-owned Shareholding Percentage in Online Data Processing and Transaction Processing (operating commerce) Business in China (Shanghai) Pilot Free Trade Zone, or SHFTZ Notice. Pursuant to SHFTZ Notice, there are no restrictions on foreign investors maximum shareholding percentage in an enterprise established in Shanghai Pilot Free Trade Zone that conducts value-added telecommunications services in the scope of online data processing and transaction processing (Operating E-commerce). Therefore, our eligible PRC subsidiaries Yougu and Youhan, have applied for and obtained approval from Shanghai Communications Administration to conduct e-commerce, and since then they have been operating our main online businesses instead of the former VIEs, Youxin Hulian and Yishouche.

Our historical contractual arrangements with the former VIEs and their respective shareholders include exclusive option agreements, equity pledge agreements and exclusive business cooperation agreements.

These contractual arrangements allow our WFOEs to:

- direct the activities of the former VIEs and their subsidiaries;
- receive substantially all of the economic benefits of the former VIEs; and
- have exclusive options to purchase all or part of the equity interests in the former VIEs when and to the extent permitted by PRC law.

As a result of our direct ownership in our WFOEs and the contractual arrangements relating to the former VIEs, we were historically regarded as the primary beneficiary of the former VIEs, and we treated them and their subsidiaries as the consolidated affiliated entities under U.S. GAAP. We had consolidated the financial results of the former VIEs and their respective subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

In order to streamline our corporate structure and considering the changing regulatory environment, we have completed the Restructuring to terminate the contractual arrangements with both of the former VIEs, which as a result have become wholly owned subsidiaries of the company. Pursuant to the Restructuring, our wholly owned subsidiaries that have contractual arrangements with the former VIEs and their respective shareholders have purchased all equity interests held by such shareholders in the former VIEs. Accordingly, all contractual arrangements that enabled such shareholders to direct the activities of the former VIEs, receive substantially all of the economic benefits of the former VIEs and have exclusive options to purchase all or part of the equity interests in the former VIEs, were effectively terminated.

The following is a summary of the historical contractual arrangements, which are effectively terminated in March 2022, (i) by and among Youxinpai (one of our WFOEs), Youxin Hulian (one of the former VIEs) and Youxin Hulian's shareholders and (ii) by and among Yougu (one of our WFOEs), Yishouche (one of the former VIEs) and Yishouche's shareholders.

Historical contractual Arrangements relating to Youxin Hulian

The following is a summary of the historical contractual arrangements by and among Youxinpai, Youxin Hulian and the shareholders of Youxin Hulian.

Agreements that Provided Us with Effective Control over Youxin Hulian

Equity Interest Pledge Agreements. Pursuant to the equity interest pledge agreements, each shareholder of Youxin Hulian pledged all of his or her equity interests in Youxin Hulian to guarantee the shareholder's and Youxin Hulian's performance of their obligations under the amended and restated exclusive business cooperation agreement, loan agreement entered into between Mr. Kun Dai and Youxinpai, exclusive option agreement and power of attorney. If Youxin Hulian or its shareholders breach their contractual obligations under these agreements, Youxinpai, as pledgee, will be entitled to certain

rights regarding the pledged equity interests, including receiving proceeds from the auction or sale of all or part of the pledged equity interests of Youxin Hulian in accordance with the law. Each shareholder of Youxin Hulian agreed that, during the term of the equity interest pledge agreements, he or she would not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests without the prior written consent of Youxinpai. We have registered the equity pledge with the local branches of the Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

Powers of Attorney. Pursuant to the powers of attorney, each shareholder of Youxin Hulian irrevocably appointed Youxinpai to act as such shareholder's exclusive attorney-in-fact to exercise all shareholder rights, including, but not limited to, voting on all matters of Youxin Hulian requiring shareholder approval, disposing of all or part of the shareholder's equity interests in Youxin Hulian, and appointing directors and executive officers. Youxinpai was entitled to designate any person to act as such shareholder's exclusive attorney-in-fact without notifying or the approval of such shareholder, and if required by PRC law, Youxinpai shall designate a PRC citizen to exercise such right. Each shareholder of Youxin Hulian, waived all the rights which have been authorized to Youxinpai and will not exercise such rights.

Agreement that Allowed us to Receive Economic Benefits from Youxin Hulian

Exclusive Business Cooperation Agreement. Under the amended and restated exclusive business cooperation agreement between Youxinpai and Youxin Hulian, Youxinpai had the exclusive right to provide Youxin Hulian with technical support, consulting services and other services. Without Youxinpai's prior written consent, Youxin Hulian agreed not to accept the same or any similar services provided by any third party. Youxinpai may designate other parties to provide services to Youxin Hulian. Youxin Hulian agreed to pay service fees on a quarterly basis and at an amount determined by Youxinpai after taking into account multiple factors, such as the complexity and difficulty of the services provided, the time consumed, the content and commercial value of services provided, the market price of comparable services and the operation conditions. Youxinpai owned the intellectual property rights arising out of the performance of this agreement. In addition, Youxin Hulian granted Youxinpai an irrevocable and exclusive option to purchase any or all of the assets and businesses of Youxin Hulian at the lowest price permitted under PRC law.

Agreements that Provided Us with the Option to Purchase the Equity Interest in Youxin Hulian

Exclusive Option Agreement. Pursuant to the exclusive option agreements, each shareholder of Youxin Hulian irrevocably granted Youxinpai an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in Youxin Hulian. The purchase price shall be RMB10 (US\$1.4) or the minimum price required by PRC law. If Youxinpai exercises the option to purchase part of the equity interest held by a shareholder, the purchase price shall be calculated proportionally. Without Youxinpai's prior written consent, Youxin Hulian shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans to any third parties, enter into any material contract with a value of more than RMB500,000 (US\$71,821) (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. Each shareholder of Youxin Hulian agreed that, without Youxinpai's prior written consent, he or she would not dispose of his or her equity interests in Youxin Hulian or create or allow any encumbrance on their equity interests. Moreover, without Youxinpai's prior written consent, no dividend will be distributed to Youxin Hulian's shareholders, and if any of the shareholders receives any profit, interest, dividend or proceeds of share transfer or liquidation, the shareholder must give such profit, interest, dividend and proceeds to Youxinpai or its designated person(s).

Loan Agreement. Pursuant to the loan agreement between Youxinpai and Mr. Kun Dai shareholder of Youxin Hulian, dated November 23, 2016, Youxinpai made loans in an aggregate amount of RMB96.0 million (US\$13.8 million) to Mr. Kun Dai solely for the capitalization of Youxin Hulian. Pursuant to the loan agreement, Youxinpai may at its sole discretion request the borrower to repay the loan by the sale of all his equity interest in Youxin Hulian to Youxinpai or its designated person(s) pursuant to the exclusive option agreement. Mr. Kun Dai must pay all of the proceeds from sale of such equity interests to Youxinpai. In the event the borrower sells his equity interests to Youxinpai or its designated person(s) with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to Youxinpai as the loan interest. The loan must be repaid immediately under certain circumstances, including, among others, if a foreign investor is permitted to hold majority or 100% equity interest in Youxin Hulian and Youxinpai elects to exercise its exclusive equity purchase option.

Historical Contractual Arrangements relating to Yishouche

The following is a summary of the historical contractual arrangements by and among Yougu, Yishouche and the shareholders of Yishouche.

Agreements that Provided Us with Effective Control over Yishouche

Equity Interest Pledge Agreements. Pursuant to the equity interest pledge agreements, each shareholder of Yishouche pledged all of his or her equity interests in Yishouche to guarantee the shareholder's and Yishouche's performance of their obligations under the exclusive business cooperation agreement, exclusive option agreement and power of attorney. If Yishouche or any of its shareholders breaches their contractual obligations under these agreements, Yougu, as pledgee, will be entitled to certain rights regarding the pledged equity interests, including receiving proceeds from the auction or sale of all or part of the pledged equity interests of Yishouche in accordance with the law. Each of the shareholders of Yishouche agreed that, during the term of the equity interest pledge agreements, he or she would not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests without the prior written consent of Yougu. We have registered the equity pledge with the local branches of the Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

Powers of Attorney. Pursuant to the powers of attorney, each shareholder of Yishouche irrevocably appointed Yougu to act as such shareholder's exclusive attorney-in-fact to exercise all shareholder rights, including, but not limited to, voting on all matters of Yishouche requiring shareholder approval, disposing of all or part of the shareholder's equity interests in Yishouche, and appointing directors and executive officers. Yougu was entitled to designate any person to act as such shareholder's exclusive attorney-in-fact without notifying or the approval of such shareholder, and if required by PRC law, Yougu shall designate a PRC citizen to exercise such right. Each shareholder waived all the rights which have been authorized to Yougu and will not exercise such rights.

Agreement that Allowed us to Receive Economic Benefits from Yishouche

Exclusive Business Cooperation Agreement. Under the exclusive business cooperation agreement between Yougu and Yishouche, Yougu had the exclusive right to provide Yishouche with technical support, consulting services and other services. Without Yougu's prior written consent, Yishouche agreed not to accept the same or any similar services provided by any third party. Yougu may designate other parties to provide services to Yishouche. Yishouche agreed to pay service fees on a monthly basis and at an amount determined by Yougu and Yishouche after taking into account multiple factors, such as the complexity and difficulty of the services provided, the time consumed, the content and commercial value of services provided and the market price of comparable services and the operation conditions. Yougu owned the intellectual property rights arising out of the performance of this agreement. In addition, Yishouche granted Yougu an irrevocable and exclusive option to purchase any or all of the assets and businesses of Yishouche at the lowest price permitted under PRC law.

Agreements that Provided Us with the Option to Purchase the Equity Interest in Yishouche

Exclusive Option Agreements. Pursuant to the exclusive option agreements, each shareholder of Yishouche irrevocably granted Yougu an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in Yishouche. The purchase price shall be RMB10 (US\$1.4) or the minimum price required by PRC law. Without Yougu's prior written consent, Yishouche shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of, or create or allow any encumbrance on its assets or beneficial interest with a value of more than RMB500,000 (US\$71,821), provide any loans to any third parties, enter into any material contract with a value of more than RMB500,000 (US\$71,821) (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. The shareholders of Yishouche agreed that, without Yougu's prior written consent, they would not dispose of their equity interests in Yishouche or create or allow any encumbrance on their equity interests. Moreover, without Yougu's prior written consent, no dividend will be distributed to Yishouche's shareholders, and if any of the shareholders receives any profit, interest, dividend or proceeds of share transfer or liquidation, the shareholder must give such profit, interest, dividend and proceeds to Yougu or its designated person(s).

In the opinion of JunHe LLP, our counsel regarding certain PRC legal matters:

- the historical ownership structures of the former VIEs in China and our WFOEs that had entered into contractual arrangements with the former VIEs will not result in any violation of PRC laws or regulations currently in effect; and
- the historical contractual arrangements among Youxinpai, Youxin Hulian and the shareholders of Youxin Hulian and the historical contractual arrangements among Yougu, Yishouche and the shareholders of Yishouche governed by PRC law were valid, binding and enforceable, and do not and will not result in any violation of PRC laws or regulations currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. The PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. If the PRC government finds that the agreements that establish the structure for operating our online businesses do not comply with PRC government restrictions on foreign investment in value-added telecommunications services businesses, such as internet content provision services and online data processing and transaction processing businesses (operating e-commerce business), we could be subject to penalties, including being prohibited from continuing operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure— If the PRC government determines that the historical contractual arrangements with the former VIEs structure did not comply with PRC regulation, or if these regulations change or are interpreted differently in the future, our shares and/or ADSs may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.” “Item 3. Key Information— D. Risk Factors—Risks Related to Doing Business in China—Failure to obtain certain filings, approvals, licenses, permits and certificates required for our business operations may materially and adversely affect our business, financial condition and results of operations”, and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us.”

D. Property, Plants and Equipment

Our Beijing office, Xi'an IRC and Hefei IRC had an aggregate of 199,638 square meters. These facilities currently accommodate our management headquarters, IRCs, as well as most of our sales and marketing, R&D, general and administrative activities.

In December 2022, we completed the relocation and upgrade of our Xi'an IRC as well as its used car super stores. The upgraded Xi'an IRC is comprised of (i) a reconditioning factory with an annual capacity of 40,000 units and (ii) a warehouse-style superstore with a showroom capacity of 3,000 vehicles.

In July 2023, we moved our principle executive offices to 21/F, Donghuang Building, No. 16 Guangshun South Avenue Chaoyang District, Beijing 100102, People's Republic of China.

Item 4A. Unresolved Staff Comments

None.

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, our audited consolidated financial statements and the related notes included in this annual report on Form 20-F. This 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” in this annual report on Form 20-F. 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 the Loan facilitation transaction agreements, 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. Since the legal titles of the assets and liabilities were transferred prior to the end of 2019 while the transaction was not closed until April 23, 2020, 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 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 have entered into definitive agreements with Boche in January 2020 to divest our salvage car related business. Assets and liabilities associated with the divestiture of salvage car related business were reclassified as assets and liabilities held for sale on our consolidated balance sheet as of December 31, 2019, while 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.

In March 2020, we entered into definitive agreements with 58.com to divest our 2B business. Assets and liabilities associated with the divestiture of 2B business were reclassified as assets and liabilities held for sale on our consolidated balance sheet as of December 31, 2019 and March 31, 2020. 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 was closed in April 2020.

On July 23, 2020, 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 RMB372.0 million to WeBank from 2020 to 2025 as guarantee settlement with a maximum annual settlement amount of no more than RMB84.0 million. Upon the signing of the supplemental agreement, we are no longer subject to guarantee obligations in relation to our historically-facilitated loans for WeBank under the condition that we make the installments based on the agreed-upon schedule set forth in the supplemental agreement. As a result of such agreement, all guarantee liabilities associated with the historically-facilitated loans for WeBank were relieved, which represented that we settled the majority of remaining guarantee liabilities associated with the historically-facilitated loans for financing partners.

On June 21, 2021, we entered into another supplemental agreement with WeBank and under this supplemental agreement a total of RMB48 million instalment payments will be waived (represents present value of RMB42.2 million) immediately upon the effectiveness of this supplemental agreement. The effectiveness of this supplemental agreement is conditioned on the closing of the first tranche of financing with NIO Capital and Joy Capital. The first tranche of financing closed on July 12, 2021 and therefore this supplemental agreement became effective on July 12, 2021, and related waived payment was recorded in other operating income.

Since September 2020, we have shifted to an inventory-owning model where we build-up and sell our own inventory of used cars.

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

A. Operating Results

Overview

We are a leading used car retailer, pioneering industry transformation with advanced production, new retail experiences, and digital empowerment in China. We operate vehicle sales business, where we provide consumers with a reliable, one-stop and hassle-free used-car-buying experience, including access to our best selection of high-quality and value-for-money used cars and various car-related value-added products and services.

From September 2020, our vehicle sales business generates revenues from vehicle sales under the new inventory-owning model, which covers retail vehicle sales business and wholesale vehicle sales business. We select vehicle inventory from consumers who intend to sell their existing cars, auction platforms, 4S stores and offline dealers. Our first IRC in Xi'an and second IRC in Hefei have been in operation since March 2021 and November 2021, respectively, where we can recondition all retail inventory to a "like new" condition. Meanwhile, our IRCs may also serve regional customers who pay in-store visit to our IRCs. For retail vehicle sales business, the vehicles that meet our retail standards will be delivered to our Xi'an IRC or Hefei IRC for further preparation, and then sell to consumers under our omni-channel sales approach, either from our online platform or from offline IRCs. Wholesale vehicle sales refer to vehicles purchased by us from individuals that do not meet our retail standards and are subsequently sold through online and offline channels.

Prior to the inventory-owning model, our 2C business generated 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.

By April 2020, we had closed our divestiture of entire 2C intra-regional business and loan facilitation business to Golden Pacer. Prior to the divestiture, 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."

Historically, we also operated 2B business — Uxin Auction, where we primarily facilitated used car transactions between business customers via online auction. By April 2020, we had closed our divestiture of the entire 2B business to 58.com and both parties released the other party from claims arising out of this transaction in July 2022. See "Item 4. Information on the Company—A. History and Development of the Company— Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses." 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.

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;
- changes in the supply and demand for used cars, and changes in geographic distribution of cars;
- regulations and policies affecting the used car industry and consumer auto finance industry; and
- COVID-19 pandemic or any other serious contagious diseases.

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.

Our business operations during the first quarter of 2020 have been materially and adversely affected by the COVID-19 pandemic 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 pandemic.

Although the impact of COVID-19 pandemic on business operations in China is largely contained, the COVID-19 rebounded in certain cities in China over the past three years, especially during the end of 2022 and the beginning of 2023. The resurgence of COVID-19 cases in Xi'an, where our first IRC is located, resulted in a city-wide lockdown in December 2021. This, combined with the expected off-season slowdown during the Chinese New Year holiday, significantly impacted our business during that period. However, the growth momentum our second IRC in Hefei since its launch in November 2021 had effectively helped us mitigate some of the negative impact from the disruptions in Xi'an. The Xi'an IRC also began to recover after the Chinese New Year holiday in February 2022 and business had largely returned to its pre-COVID-19 standard level by the end of March 2022. In December 2022, we successfully completed the relocation and expansion of our Xi'an IRC, enhancing both the showroom and reconditioning capacity. As China began to relax its "zero-COVID" policy at the end of 2022, most of the travel restrictions and quarantine requirements were lifted in December 2022. As a result of the policy shift, a significant portion of our business faced challenges in resuming normal operations due to the surges in COVID-19 cases in China. For instance, our Xi'an IRC's operations were disrupted by COVID-19 countermeasures. Although a significant portion of our business faced challenges in resuming normal operations due to COVID-19 outbreaks in China during the fourth quarter of 2022 and the first quarter of 2023, since the epidemic prevention policies were lifted in China in December 2022, our sales has experienced a remarkable rebound, surpassing our pre-pandemic record levels. We will continue to monitor and evaluate its impact on our financial condition, results of operations, and cash flows for future periods. The global spread of COVID-19 pandemic 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— Our business, operating results and financial condition have been and may continue to be adversely affected by the COVID-19 pandemic."

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

Our ability to continue to increase our transaction volume affects the growth of our business and our revenues. From 2018 when we started to provide 2C online used car transaction services, we have witnessed significant growth in our business. However, as a result of our business transformation to an inventory-owning model since September 2020, the total number of used car transactions for fiscal year of 2021 and fiscal year of 2022 are not comparable. During the fiscal year ended March 31, 2023, our vehicle sales volume was 20,029, among which retail vehicle sales volume was 10,703 and wholesale vehicle sales volume was 9,326. We anticipate that our future revenue growth will continue to depend largely on the increase of transaction volume on our platform, especially the increase of retail vehicle transaction volume. Our ability to increase transaction volume depends on, among other things, our ability to continuously maintain a broad inventory and improve the service and user experience that we offer, our ability to maintain capital sufficiency, increase brand awareness, expand our service network and enhance our online used car transaction fulfillment and technology capabilities.

Ability to acquire high-quality value-for-money used cars for our customers

Different from offline dealers' traditional way of acquiring inventory based only on individual experience, we will procure our used cars by analyzing the extensive user behavioral, used car and transactional data gathered on our platform over the years. So we can identify used cars that meet our criteria and procure those used cars our customers prefer, value-for-money and in line with the market trends and dynamics. Our data-driven and quality-focused inventory strategy enhances customer satisfaction, and also enables us to achieve a fast inventory turnover.

Ability to enhance operational efficiency

Our results of operations are directly affected by our scale and operational efficiency. We have been relentlessly pursuing ways to optimizing our operating costs and expenses. To that end, our organizational structure has been upgraded

according to the adjustment of our business model and all aspects of our business operations are undergoing refined management. “Spend where it matters most” has become our management philosophy. We have been improving our operational efficiency and targeting profitability in the mid to long term.

Selected Statements of Operations Items

Revenues

We derive our revenues from our retail vehicle sales, wholesale vehicle sales, commission and value-added services 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.

| | For the Fiscal Years Ended March 31, | | | | | | |
|-----------------------------|--|--------------|------------------|--------------|------------------|----------------|--------------|
| | 2021 | | 2022 | | 2023 | | |
| | RMB | % | RMB | % | RMB | US\$ | |
| | (Unaudited) | | | | | | |
| | (in thousands, except for percentages) | | | | | | |
| Revenues | | | | | | | |
| Retail vehicle sales | 463,547 | 70.5 | 780,371 | 47.7 | 1,312,857 | 191,167 | 63.8 |
| Wholesale vehicle sales | 51,249 | 7.8 | 823,466 | 50.3 | 707,385 | 103,003 | 34.3 |
| Commission revenue | 41,939 | 6.4 | — | — | — | — | — |
| Value-added service revenue | 35,248 | 5.4 | — | — | — | — | — |
| Others | 65,425 | 9.9 | 32,279 | 2.0 | 38,999 | 5,679 | 1.9 |
| Total revenues | 657,408 | 100.0 | 1,636,116 | 100.0 | 2,059,241 | 299,849 | 100.0 |

Retail vehicle sales

From September 2020, we have started to build-up our own used car inventory. We have also started to select “value-for-money” used cars in the market, procure these cars and arrange for reconditioning to upgrade them to a like-new condition before selling them to customers. Vehicle sales revenue is recognized on a gross basis as we sell our own inventory.

Wholesale vehicle sales

Wholesale vehicle sales include sales of vehicles acquired by us from individuals that do not meet our quality standards to list and sell through our e-commerce platform. These vehicles are then sold to car dealers through offline dealership.

Commission revenue and value-added revenue

Before we shifted to an “inventory-owning” model in September 2020, our business generated revenues from commission and value-added services. For each used car sold through our online used car 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. Since the legal titles of the assets and liabilities were transferred prior to the end of 2019 while the transaction was not closed until April 23, 2020, net assets of RMB827.7 million 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. Results of operations related to the divested business were reported as loss from discontinued operations in the consolidated statements of comprehensive loss.

On July 23, 2020, 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 RMB372.0 million to WeBank from 2020 to 2025 as guarantee settlement with a maximum annual settlement amount of no more than RMB84 million. On June 21, 2021, we entered into another supplemental agreement with WeBank and under this supplemental agreement a total of RMB 48 million instalment payments will be waived (represents present value of RMB 42.2 million) immediately upon the effectiveness of this supplemental agreement. The effectiveness of this supplemental agreement is conditioned on the closing of the first tranche of financing with NIO Capital and Joy Capital. The first tranche of financing closed on July 12, 2021 and therefore this supplemental agreement became effective on July 12, 2021, and related waived payment was recorded in other operating income. Upon the signing of the supplemental agreement, we are no longer subject to guarantee obligations in relation to our historically-facilitated loans for WeBank under the condition that we make the instalments based on the agreed-upon schedule set forth in the supplemental agreement. As a result of the aforementioned agreement we entered into with WeBank, all guarantee liabilities associated with the historically-facilitated loans for WeBank were relieved, which represents we settled the majority of remaining guarantee liabilities associated with the historically-facilitated loans for financing partners.

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 revenues mainly consist of rebates collected from our financing and insurance partners as well as revenue streams from advertising and vehicle transportation revenue collected from our vehicle logistics business.

Cost of Revenues

Cost of revenues primarily consists of salaries and benefits for personnel involved in car inspection and quality control, fulfillment costs related to logistics, title transfers and vehicle registration, cost of GPS tracking devices and cost of warranty services. Since we adopted the inventory-owning model in September 2020, we experienced material changes in our cost structure. The cost of revenues for the fiscal year of 2022 and 2023 included the cost to acquire used vehicles and direct and indirect vehicle reconditioning costs associated with preparing the vehicles for resale. Cost of revenues also includes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value. We expect that our cost of revenues will increase in absolute dollar amounts in the foreseeable future resulting from continuous business expansion.

Operating Expenses

Our operating expenses primarily consist of (i) sales and marketing expenses, (ii) general and administrative expenses, (iii) research and development expenses, and (iv) provision for credit losses. We improved our overall operational efficiency through strict cost management and aimed at growing the business at the most cost-efficient level. Our cost management efforts will continue and we expect to continue to optimize our operating expense structure.

Sales and marketing expenses

Sales and marketing expenses primarily consist of salaries and benefits for our sales and marketing personnel, traffic acquisition costs, brand advertising costs and outbound logistic expenses. We expect that our sales and marketing expenses

will increase in absolute dollar amounts in the foreseeable future resulting from continuous business expansion and increases in transaction volumes.

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 performing general corporate functions, office rental expenses, and professional service fees. We expect that our general and administrative expenses will remain relatively stable in the foreseeable future primarily due to our continuous efforts in improving management efficiency.

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 remain relatively stable in the foreseeable future as our proprietary technology, including websites, mobile apps and various information technology systems to support our business, matures.

Provision for credit losses

Our provision for credit losses for the fiscal year ended March 31, 2021 primarily consists of impairment due to loans recognized as a result of payment under the guarantee associated with our historically-facilitated loans and advances to sellers. After the adoption of ASC 326, the provision for contingent guarantee liabilities measured under the current expected credit losses model is also recorded under “provision for credit losses”. As of March 31, 2023, we have settled all of our guarantee liabilities associated with the historically-facilitated loans for financing partners and provision for loan recognized as a result of payment under the guarantee are fully provided. The provision for credit loss for the fiscal year ended March 31, 2023 mainly related to impairment due to the credit loss incurred from outstanding receivables, taking into account the risk characteristics, supportable forecasts of future economic conditions and any recoveries.

Fair value impact of the issuance of senior convertible preferred shares

The fair value impact of the issuance of senior convertible preferred shares is primarily related to the issuance of senior convertible preferred shares, specifically the second tranche of the transaction and the warrants offered to Joy Capital and NIO Capital in connection with the first tranche. The warrants and the second tranche of the transaction were recorded as liabilities at fair value, respectively, with subsequent fair value changes to be charged to the profit and loss.

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.”

Taxation

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 the fiscal years ended March 31, 2021, 2022 and 2023.

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 Fiscal Year Ended March 31, | | | | | | |
|--|--|----------------|------------------|---------------|------------------|------------------|---------------|
| | 2021 | | 2022 | | 2023 | | |
| | RMB | % | RMB | % | RMB | US\$ | % |
| | (Unaudited) | | | | | | |
| | (in thousands, except for percentages) | | | | | | |
| Revenues ¹ | | | | | | | |
| Retail vehicle sales | 463,547 | 70.5 | 780,371 | 47.7 | 1,312,857 | 191,167 | 63.8 |
| Wholesale vehicle sales | 51,249 | 7.8 | 823,466 | 50.3 | 707,385 | 103,003 | 34.3 |
| Commission revenue | 41,939 | 6.4 | — | — | — | — | — |
| Value-added service revenue | 35,248 | 5.4 | — | — | — | — | — |
| Others | 65,425 | 9.9 | 32,279 | 2.0 | 38,999 | 5,679 | 1.9 |
| Total revenues | 657,408 | 100.0 | 1,636,116 | 100.0 | 2,059,241 | 299,849 | 100.0 |
| Cost of revenues ² | (673,711) | (102.5) | (1,588,398) | (97.1) | (2,033,797) | (296,144) | (98.8) |
| Gross (loss)/profit | (16,303) | (2.5) | 47,718 | 2.9 | 25,444 | 3,705 | 1.2 |
| Operating expenses: | | | | | | | |
| Sales and marketing ² | (339,013) | (51.6) | (222,139) | (13.6) | (236,307) | (34,409) | (11.5) |
| Research and development ² | (74,137) | (11.3) | (36,200) | (2.2) | (37,704) | (5,490) | (1.8) |
| General and administrative ² | (277,925) | (42.3) | (151,024) | (9.2) | (164,505) | (23,954) | (8.0) |
| (Provision for)/reversal of credit losses, net | (91,593) | (13.9) | 687 | 0.0 | (13,844) | (2,016) | (0.7) |
| Total operating expenses | (782,668) | (119.1) | (408,676) | (25.0) | (452,360) | (65,869) | (22.0) |
| Other operating income, net | 246,346 | 37.5 | 82,017 | 5.0 | 69,990 | 10,191 | 3.4 |
| Loss from continuing operations | (552,625) | (84.1) | (278,941) | (17.0) | (356,926) | (51,973) | (17.3) |
| Interest income | 45,140 | 6.9 | 3,660 | 0.2 | 603 | 88 | 0.0 |
| Interest expense | (95,953) | (14.6) | (41,222) | (2.5) | (21,243) | (3,093) | (1.0) |
| Other income | 15,672 | 2.4 | 5,227 | 0.3 | 17,088 | 2,488 | 0.8 |
| Other expenses | (7,890) | (1.2) | (8,925) | (0.5) | (24,153) | (3,517) | (1.2) |
| Foreign exchange losses | (15,887) | (2.4) | (9,336) | (0.6) | (2,457) | (358) | (0.1) |
| Fair value impact of the issuance of senior convertible preferred shares | — | — | 186,231 | 11.4 | 242,733 | 35,345 | 11.8 |
| Losses from extinguishment of debt | — | — | — | — | (2,778) | (405) | (0.1) |
| Inducement charge of convertible notes | (121,056) | (18.4) | — | — | — | — | — |
| Loss from continuing operations before income tax expense | (732,599) | (111.4) | (143,306) | (8.8) | (147,133) | (21,425) | (7.1) |
| Income tax expense | (33) | 0.0 | (245) | 0.0 | (366) | (53) | 0.0 |
| Dividend from long-term investment | — | — | — | — | 10,374 | 1,510 | 0.5 |
| Equity in income/(loss) of affiliates, net of tax | 15,657 | 2.4 | 328 | 0.0 | (44) | (6) | 0.0 |
| Net loss from continuing operations, net of tax | (716,975) | (109.1) | (143,223) | (8.8) | (137,169) | (19,974) | (6.7) |
| Less: net loss attributable to non-controlling interests shareholders | (9) | 0.0 | — | — | (12) | (2) | 0.0 |
| Deemed dividend to preferred shareholders due to triggering of a down round feature ³ | — | — | — | — | (755,635) | (110,029) | (36.7) |
| Net loss from continuing operations, attributable to ordinary shareholders | (716,966) | (109.1) | (143,223) | (8.8) | (892,792) | (130,001) | (43.4) |
| Net loss per share for ordinary shareholders from continuing operations, basic ³ | (0.65) | — | (0.12) | — | (0.66) | (0.10) | — |

| | | | | | | | |
|---|--------|---|--------|---|--------|--------|---|
| Net loss per share for ordinary shareholders from continuing operations, diluted ³ | (0.65) | — | (2.07) | — | (0.66) | (0.10) | — |
|---|--------|---|--------|---|--------|--------|---|

- (1) The presentation of revenue components changed in the fiscal year of 2021 to reflect the changes of our business model since September 2020. Please see “Item 4. Information on the Company—B. Business Overview” for more detailed discussion.
- (2) Share-based compensation in the amount of negative RMB19.1 million, RMB26.5 million and RMB47.3 million (US\$6.9 million) in the fiscal years ended March 31, 2021, 2022 and 2023, respectively, was charged to cost of revenues, sales and marketing expenses, research and development expenses, and general and administrative expenses.
- (3) We entered into the 2022 Subscription Agreement with affiliates of an existing shareholder, NIO Capital, in June 2022, pursuant to which, NIO Capital has agreed to subscribe for 714,285,714 senior convertible preferred shares for an aggregate amount of US\$100 million. Pursuant to the then-effective certificate of designation of senior convertible preferred shares of us, the issuance of the senior convertible preferred shares on July 27, 2022 in connection with the closing of the foregoing transaction has led to a reduction in the conversion price, from US\$0.3433 per Class A ordinary share to US\$0.14 per Class A ordinary share, of the senior convertible preferred shares issued pursuant to the 2021 Subscription Agreement we entered into with certain investors in June 2021 and then outstanding (the “Conversion Price Reduction”). According to US GAAP, we should have accounted for the impact of the Conversion Price Reduction upon the closing of the transactions contemplated under the 2022 Subscription Agreement in the financial information disclosed in our respective earnings releases for the quarters ended September 30, 2022 and December 31, 2022 (and year to date financial information reported therein). Accordingly, this table reflects financial information for the year, fully reflective of the accounting impact of the triggering of this down round feature. The accounting impact was non-cash and non-operating in nature and did not have any impact on our operating loss, assets or liabilities, or consolidated statements of cash flows. As a result of the triggered down round feature, an entry was made to debit accumulated deficit and credit additional paid-in capital in amount of RMB755.6 million as of September 30, 2022 and December 31, 2022, respectively. Additionally, and also as a result of triggering this same down round feature, a deemed dividend to preferred shareholders of RMB755.6 million was appropriated from net loss attributable to us for the three and six months ended September 30, 2022 and nine months ended December 31, 2022, and accordingly, basic and dilutive loss per share for three months and six months ended September 30, 2022 as previously announced in the earnings release for the second quarter of the fiscal year 2023 was adjusted from 0.04 and 0.00, respectively, to 0.60 and 0.60, respectively; basic and dilutive loss per share for nine months ended December 31, 2022 as previously announced in the earnings release for the third quarter of the fiscal year 2023 shall be adjusted from 0.02 to 0.59. The accounting for the down round feature did not have an impact on our consolidated results of operations, earnings per share, cash flows, equity movement for the fiscal year ended March 31, 2023 and balance sheet as of March 31, 2023.

Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022

Revenues

Total revenue. Our total revenues increased by 25.9% from RMB1,636.1 million in the fiscal year of 2022 to RMB2,059.2 million (US\$299.8 million) in the fiscal year of 2023. Despite the impact of the COVID-19 pandemic through most of the year, total revenue increases which were driven by the growth of retail vehicle sales revenue while partially offset by the decrease of wholesale vehicle sales revenue.

Retail vehicle sales revenue. Retail vehicle sales revenue was RMB1,312.9 million (US\$191.2 million) in the fiscal year of 2023, compared to RMB780.4 million in the fiscal year of 2022. Retail transaction volume was 10,703 units and all of them were sold from our own inventory. Therefore, the corresponding revenue was recognized on a gross basis. The increases were driven by the retail transaction volume growth as the Company further improved its market penetration through its Hefei and Xi’an IRCs, which expanded Uxin’s customer base and boosted retail vehicle sales.

Wholesale vehicle sales revenue. Wholesale vehicle sales revenue was RMB707.4 million (US\$103.0 million) in the fiscal year of 2023, compared to RMB823.4 million in the fiscal year of 2022. Wholesale vehicle sales refer to vehicles purchased by the Company from individuals that do not meet the Company’s retail standards and are subsequently sold through online and offline channels. As the Company is focusing on creating value for our customers through retail transactions, the Company expects that its wholesale transaction volume will gradually represent a lower portion of the Company’s total transaction volume.

Others. Our other revenues were RMB38.9 million (US\$5.6 million) in the fiscal year of 2023, compared to RMB32.3 million in the fiscal year of 2022. The increase was mainly due to an increase in commission received from certain financing partners for referring them to our retail customers with financing needs.

Cost of revenues

Cost of revenues were RMB2,033.8 million (US\$296.1 million) in the fiscal year of 2023, representing an increase of 28.0% from RMB1,588.4 million in the fiscal year of 2022, mainly due to an increase in cost for acquiring used vehicles to expand our inventory as our overall transaction volume increased.

Gross profit

Our total gross profit was RMB25.4 million (US\$3.7 million) in the fiscal year of 2023, compared to RMB47.7 million in the fiscal year of 2022. Our gross profit margin decreased from 2.9% in the fiscal year of 2022 to 1.2% in the fiscal year of 2023. In order to better address dynamic customer preferences and improve inventory turnover, the Company re-assessed its pricing strategies during the fiscal year 2023 to accelerate the sales of vehicles with longer sales cycles caused by the COVID-induced disruptions throughout the year. The reassessed pricing decisions resulted in lower of cost or market reserve adjustments which decreased gross margin percentage from the comparable prior fiscal year.

Sales and marketing expenses

Our sales and marketing expenses increased by 6.4% from RMB222.1 million in the fiscal year of 2022 to RMB236.3 million (US\$34.4 million) in the fiscal year of 2023. The increase was mainly due to growth of retail transaction volume which led to increased performance incentives for the sales teams, and vehicle transaction costs.

Research and development expenses

Our research and development expenses increased by 4.2% from RMB36.2 million in the fiscal year of 2022 to RMB37.7 million (US\$5.5 million) in the fiscal year of 2023. The increase was mainly due to an increase in shared-based compensation for personnel performing research and development functions.

General and administrative expenses

Our general and administrative expenses increased by 8.9% from RMB151.0 million in the fiscal year of 2022 to RMB164.5 million (US\$24.0 million) in the fiscal year of 2023. The increase was mainly due to an increase in shared-based compensation for personnel performing general and administrative functions.

Provision for credit losses, net

Our provision for credit losses, net increased from a slight reversal of RMB0.7 million in the fiscal year of 2022 to RMB13.8 million (US\$2.0 million) in the fiscal year of 2023. Our provision for credit losses, net primarily consists of impairment due to the credit loss incurred from outstanding deposits, taking into account the risk characteristics, supportable forecasts of future economic conditions and any recoveries as of March 31, 2023.

Other operating income, net

Our other operating income decreased from RMB82.0 million in the fiscal year of 2022 to RMB70.0 million (US\$10.2 million) in the fiscal year of 2023. The decreases were mainly due to the reduction in liability waiver gain, which was recognized as we fulfilled our payment conditions under the operating payable waiver agreements we had entered into with several suppliers.

Interest income

We had interest income of RMB3.7 million in the fiscal year of 2022 and RMB0.6 million (US\$88 thousand) in the fiscal year of 2023, respectively.

Interest expenses

We had interest expense of RMB41.2 million in the fiscal year of 2022 and RMB21.2 million (US\$3.1 million) in the fiscal year of 2023, respectively. The decrease was mainly due to the reduction in interest payments under the 2024 Notes due to a supplemental agreement we entered into with affiliates of 58.com, Warburg Pincus, TPG and certain other investors in June 2021. Pursuant to the supplemental agreement, the interest term was modified and the 2024 Notes now bear no interest from the original issuance date.

Other income

Other income increased from RMB5.2 million in the fiscal year of 2022 to RMB17.1 million (US\$2.5 million) in the fiscal year of 2023. The increases in other income were primarily attributable to an additional reimbursement payment from

the depository bank, which was realized in connection with an investor relationship program and applicable performance indicators related to the ADS facility. We recorded reimbursement payments of nil and RMB 13.3million (US\$2.0 million) as other income for the fiscal years ended March 31, 2022 and 2023, respectively.

Other expenses

Other expenses increased from RMB8.9 million in the fiscal year of 2022 to RMB24.2 million (US\$3.5 million) in the fiscal year of 2023. The increases in other expenses were mainly due to increased COVID related business disruptions.

Foreign exchange losses

We had foreign exchange losses of RMB9.3 million in the fiscal year of 2022 and RMB2.5 million (US\$0.4 million) in the fiscal year of 2023.

Fair value impact of the issuance of senior convertible preferred shares

Fair value impact of the issuance of senior convertible preferred shares was RMB242.7 million (US\$35.3 million) in the fiscal year of 2023, compared to RMB186.2 million in the fiscal year of 2022, which was related to the fair value change of the warrants issued in relation to the senior convertible preferred shares. In March 2021 and June 2021, we entered into a term sheet and definitive agreements, respectively, with NIO Capital and Joy Capital to raise an aggregate amount of up to US\$315 million for the subscription of a total of 917,564,810 senior convertible preferred shares. See “Item 10. Additional Information—B. Memorandum and Articles of Association” for a more detailed description of our senior convertible preferred shares. The first closing in the amount of US\$100 million was completed for our issuance of 291,290,416 senior convertible preferred shares on July 12, 2021. The second closing in the amount of US\$27.5 million was completed for the issuance of 80,104,865 senior convertible preferred shares in November 2021. Another US\$10 million and US\$7.5 million of the second closing was completed in March 2022 and June 2022, respectively. In July 2022, NIO Capital assigned its rights and obligations to subscribe for 14,564,520 senior convertible preferred shares under the second closing for the total price of US\$5 million to an independent third party. On the same day, we issued 14,564,520 senior convertible preferred shares to the third party and the second closing of the transaction was completed. The two investors have also purchased warrants to purchase 480,629,186 senior convertible preferred shares for an aggregate amount of US\$165 million. In January 2023, we entered into a definitive agreement with NIO Capital and Joy Capital to extend the expiration date of the aforesaid warrants from January 12, 2023 to January 12, 2024.

Losses from extinguishment of debt

We recorded losses from extinguishment of debt in the amount of RMB2.8 million (US\$0.4 million) in the fiscal year of 2023, by issuing 183,495,146 Class A ordinary shares to 58.com in exchange for the full release of our obligations to 58.com under the 58.com Notes and certain other historical transactions.

Income tax expense

We had income tax expense of RMB366 thousand (US\$53 thousand) in the fiscal year of 2023, compared to RMB245 thousand in the fiscal year of 2022.

Dividend from long-term investment

We had a dividend from long-term investment in the amount of RMB10.4 million (US\$1.5 million) in the fiscal year of 2023 due to dividends from a PRC entity that we invested in.

Equity in income/(loss) of affiliates

Equity in income/(loss) of affiliates changed from an income of RMB328 thousand in the fiscal year of 2022 to a loss of RMB44 thousand in the fiscal year of 2023, which reflects a decline in investees' earnings.

Net loss from continuing operations, net of tax

As a result of the foregoing, our net loss from continuing operations decreased from RMB143.2 million in the fiscal year of 2022 to RMB137.2 million (US\$20.0 million) in the fiscal year of 2023.

Fiscal Year Ended March 31, 2022 Compared to Fiscal Year Ended March 31, 2021

For a detailed description of the comparison of our operating results for the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2021, see “Item 5.A. Operating Results — Results of Operations — Fiscal Year Ended March 31, 2022 Compared to Fiscal Year Ended March 31, 2021” of our annual report on Form 20-F for the fiscal year ended March 31, 2022 filed with the Securities and Exchange Commission on August 1, 2022.

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 RMB1,122.3 million, RMB845.0 million and RMB251.1 million (US\$36.6 million) in the fiscal years ended March 31, 2021, 2022 and 2023, 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 bears 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, or Redrock, TPG Growth III SF Pte. Ltd., or TPG, 58.com Holdings Inc., or 58.com, Zhuhai Guangkong Zhongying Industrial Investment Fund (Limited Partnership), Magic Carpet International Limited and ClearVue Uxin Holdings, Ltd. (the “2024 Notes”). The 2024 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 2024 Notes equals US\$1.03 and may be adjusted. The 2024 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.

On July 12, 2021, the 2024 Notes for a principal amount of US\$69 million were converted into a total of 66,990,291 Class A ordinary shares. The remaining principal amount of US\$161 million is subject to customary payment schedules. The noteholders have also irrevocably waived the conversion rights with respect to their respective remaining amount. In July 2022, we issued 183,495,146 Class A ordinary shares to 58.com in exchange for the full release of our obligations to 58.com under the convertible promissory note and certain other historical transactions. The remaining amount of US\$81.9 million has been recognized as debt against other noteholders.

- 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 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.

- In October 2020, we completed private placements with GIC and Wells Fargo for subscription of a total of 84,692,839 Class A ordinary shares for an aggregate amount of US\$25 million.
- In March 2021 and June 2021, we entered into a term sheet and definitive agreements, respectively, with NIO Capital and Joy Capital to raise an aggregate amount of up to US\$315 million for the subscription of a total of 917,564,810 senior convertible preferred shares. The first closing in the amount of US\$100 million was completed for the issuance of 291,290,416 senior convertible preferred shares on July 12, 2021. The second closing in the amount of US\$27.5 million, US\$10 million and US\$7.5 million was completed for Uxin Limited's issuance of 80,104,865 senior convertible preferred shares, 29,129,042 senior convertible preferred shares and 21,846,781 senior convertible preferred shares senior convertible preferred shares in November 2021, March 2022 and June 2022, respectively. In July 2022, NIO Capital assigned its rights and obligations to subscribe for 14,564,520 senior convertible preferred shares under the second closing for the total price of US\$5 million to an independent third party. On the same day, we issued 14,564,520 senior convertible preferred shares to the third party and the second closing of the transaction was completed. The two investors have also purchased warrants to purchase 480,629,186 senior convertible preferred shares for an aggregate amount of US\$165 million.
- In June 2022, we entered into definitive agreements with NIO Capital for the subscription of 714,285,714 senior convertible preferred shares of our Company for an aggregate amount of US\$100 million, which will be paid in multiple installments. The 714,285,714 senior convertible preferred shares were issued on July 27, 2022 in connection with the closing and we have received the first installment.
- In July 2022, we issued 183,495,146 Class A ordinary shares to 58.com at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) in exchange for the full release of our obligations to 58.com under the 58.com Notes and certain other historical transactions.
- In August 2022, we issued 36,699,029 Class A ordinary shares to ClearVue at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) in exchange for the full release of our obligations to ClearVue under the ClearVue Notes.
- In April 2023, we and NIO Capital entered into additional agreements regarding the settlement of then outstanding amount of US\$81.6 million of the purchase price under the 2022 Subscription Agreement. Pursuant to these agreements: (i) the payment method of such outstanding purchase price was modified to permit a combination of cash payment and cancellation of indebtedness of us to NIO Capital; and (ii) such outstanding purchase price of US\$81.6 million was partially offset by the cancellation and discharge by NIO Capital of our obligations under the 2024 Notes totaling US\$61.6 million that NIO Capital assigned from Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd. and Magic Carpet International Limited in April 2023. For a detailed description of the terms of the 2024 Notes, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Cash flows and working capital." As a result of and immediately following the foregoing transactions, NIO Capital had fulfilled its obligation in an aggregate amount of US\$80 million of the outstanding purchase price for its subscription of our senior convertible preferred shares. As of the date of this annual report, NIO Capital has fulfilled its obligation in an aggregate amount of US\$81.6 million of the outstanding purchase price and we and NIO Capital have reached an agreement regarding the outstanding purchase price of US\$18.4 million pursuant to the definitive agreements we entered into with NIO Capital in June 2022, under which NIO Capital agreed to fulfil its payment obligations by December 31, 2023. Meanwhile, we also fulfilled all of our obligations under the 2024 Notes of US\$61.6 million.

- As of March 31, 2023, we had an outstanding balance of RMB292.0 million (US\$42.5 million) in long-term borrowings, with a fixed annual interest rate of 5.0%.
- In June 2023, we have entered into a definitive agreement with Alpha and Joy Capital, regarding the warrants issued by the Company to NIO Capital and Joy Capital in 2021. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha acquired from NIO Capital and Joy Capital the right to purchase up to 261,810,806 senior convertible preferred shares of the Company. Alpha and Joy Capital are entitled to, at their discretion, exercise their respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that are not exercised by September 30, 2023, the amendment agreement may be terminated and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS).

As of March 31, 2023, we had RMB92.7 million (US\$13.5 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 operations of RMB717.0 million, RMB143.2 million and RMB137.2 million (US\$20.0 million) for the fiscal years ended March 31, 2021, 2022 and 2023, respectively. Accumulated deficit amounted to RMB15,910.0 million, RMB16,053.3 million and RMB16,946.1 million (US\$2,467.5 million) as of March 31, 2021, 2022 and 2023, respectively. Net current liabilities amounted to RMB314.3 million, RMB424.3 million and RMB322.2 million (US\$46.9 million) as of March 31, 2021, 2022 and 2023, respectively. For a detailed description of management actions to improve liquidity and cash position, please refer to actions disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry”.

As of March 31, 2023, 30.3% 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. Although we consolidated the results of the former VIEs and their subsidiaries, we only had access to the assets or earnings of the former VIEs and their subsidiaries through our historical contractual arrangements with the former VIEs and their shareholders. See “Item 4. Information on the Company—C. Organizational Structure—Historical Contractual Agreements with the Former VIEs and Their Respective Shareholders and the Related Termination Agreements.” 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.”

Uxin Limited 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 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 to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches.

For the fiscal year ended March 31, 2021, 2022 and 2023, Uxin Limited did not make any capital contribution or loans to our PRC subsidiaries or the former VIEs. Our PRC subsidiaries received RMB12.0 million, RMB50.2 million and nil from the former VIEs for the fiscal years ended March 31, 2021, 2022 and 2023, respectively, which include cash advances made by the former VIEs to our PRC subsidiaries for the purchase of cars and/or services from third parties for daily operations. The former VIEs received RMB35.5 million, RMB66.8 million and nil from our PRC subsidiaries for the fiscal years ended March 31, 2021, 2022 and 2023, respectively, which include the repayment of aforementioned cash advances for daily operations. See “Item 4.A. History and Development of the Company—Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses.” We believe the amount of the cash flows between the former VIEs and our PRC subsidiaries were immaterial to our company for each of the fiscal years ended March 31, 2021, 2022 and 2023. There were no other transfers of assets, dividends or distributions made between Uxin Limited, the former VIEs and our PRC subsidiaries and no transfer of cash or other assets, dividends or distributions made to U.S. investors for the fiscal years ended March 31, 2021, 2022 and 2023. There were no other transfers of assets, dividends or distributions made between Uxin Limited, the former VIEs and our PRC subsidiaries and no transfer of cash or other assets, dividends or distributions made to U.S. investors for the fiscal years ended March 31, 2021, 2022 and 2023. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations

Relating to Foreign Exchange”, “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,” and “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.”

A majority of our revenues have been, and we expect they are likely to continue to be, in the form of Renminbi. Under the 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 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.

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

| | For the Fiscal Years Ended March 31, | | | |
|---|---|-------------|-------------|-------------|
| | 2021 | 2022 | 2023 | |
| | RMB | RMB | RMB | US\$ |
| Summary Consolidated Statements of Cash Flow Data: | | | | |
| Net cash used in operating activities | (1,122,308) | (844,962) | (251,140) | (36,568) |
| Net cash generated from/(used in) investing activities | 443,016 | (16,769) | (32,032) | (4,664) |
| Net cash generated from financing activities | 130,317 | 764,422 | 239,985 | 34,944 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (14,741) | (113) | 221 | 32 |
| Net decrease in cash, cash equivalents and restricted cash | (563,716) | (97,422) | (42,966) | (6,256) |
| Cash, cash equivalents and restricted cash at beginning of the period | 797,435 | 233,719 | 136,297 | 19,846 |
| Cash, cash equivalents and restricted cash at end of the period | 233,719 | 136,297 | 93,331 | 13,590 |

Operating Activities

Net cash used in operating activities was RMB251.1 million (US\$36.6 million) for the fiscal year ended March 31, 2023. In the fiscal year of 2023, the difference between our net cash used in operating activities and our net loss of RMB137.2 million (US\$20.0 million) mainly resulted from certain non-cash expenses and non-operating income, including shared-based compensation of RMB47.3 million (US\$6.9 million), and partially offset by fair value impact of the issuance of senior convertible preferred shares of RMB242.7 million (US\$35.3 million) and waiver of operating payables of RMB70.5 million (US\$10.3 million). Changes in the working capital accounts mainly included a decrease of inventory of RMB327.1 million (US\$47.6 million), a decrease of payables, accruals and other current liabilities of RMB204.8 million (US\$29.8 million), a decrease in consideration payable to WeBank of RMB53.4 million (US\$7.8 million). The decrease in inventory was primarily attributable to the new car market volatility in March 2023 which influence the used car market. To stimulate new car sales, some motor factories decreased their sales price which caused potential buyers to become more hesitant in purchasing used cars. The decrease in payables, accruals and other current liabilities and consideration payable to WeBank was mainly due to the settlement of our historical payables and instalment payments based on the agreed-upon schedule with certain suppliers and WeBank.

Net cash used in operating activities was RMB845.0 million for the fiscal year ended March 31, 2022. In the fiscal year of 2022, the difference between our net cash used in operating activities and our net loss RMB143.2 million mainly resulted from certain non-cash expenses and non-operating income, including shared-based compensation of RMB26.5 million, and partially offset by fair value impact of the issuance of senior convertible preferred shares of RMB186.2 million and waiver of operating payables of RMB73.7 million. Changes in the working capital accounts mainly included an increase of inventory of RMB372.1 million, a decrease of payables, accruals and other current liabilities of RMB266.9 million, a decrease in consideration payable to WeBank of RMB81.6 million, and partially offset by a decrease in loans recognized as a result of payments under guarantees of RMB148.7 million. The increase in inventory was primarily attributable to the expansion of

business scale. The decrease in payables, accruals and other current liabilities and consideration payable to WeBank was mainly due to the settlement of our historical payables and instalment payments based on the agreed-upon schedule with certain suppliers and WeBank. The decrease in loans recognized as a result of payments under guarantees was mainly due to our collection of outstanding balance.

Net cash used in operating activities was RMB1,122.3 million for the fiscal year ended March 31, 2021. In the fiscal year of 2021, the difference between our net cash used in operating activities and our net loss RMB421.2 million mainly resulted from certain non-cash expenses and non-operating income, including impairment of net assets transferred of RMB420.0 million, inducement charges of RMB121.1 million, and partially offset by transaction gain from divestiture of transactions of RMB721.2 million and guarantee income of RMB207.8 million, and changes in certain working capital accounts. Changes in the working capital accounts mainly included a decrease in consideration payable to WeBank of RMB334.3 million, a decrease in payables, accruals and other current liabilities of RMB354.7 million, partially offset by decrease in loans recognized as a result of payments under guarantees of RMB134.4 million and increase in amounts due to related parties of RMB69.4 million. The decrease in consideration payable to WeBank was mainly due to the settlement of guarantee liabilities with WeBank. The decrease in payables, accruals and other current liabilities was primarily attributable to the adjustment of our overall business structure. The decrease in loans recognized as a result of payments under guarantees was mainly due to our cease of providing loan-facilitation business and balance of loans recognized as a result of payments under guarantees decrease as our collection of outstanding balance. The increase in amounts due to related parties was primarily attributable to the increase of unpaid advertising service fee to our related party.

Investing Activities

Net cash used in investing activities was RMB32.0 million (US\$4.7 million) for the fiscal year ended March 31, 2023, primarily attributable to purchase of property, equipment and software as we expanded our business.

Net cash used in investing activities was RMB16.8 million for the fiscal year ended March 31, 2022, primarily attributable to the purchase of property, equipment and software which was aligned with the expansion of our business scale.

Net cash generated from investing activities was RMB443.0 million for the fiscal year ended March 31, 2021, primarily attributable to proceeds received from our divestiture of 2B and salvage car business.

Financing Activities

Net cash generated from financing activities was RMB240.0 million (US\$34.9 million) for the fiscal year ended March 31, 2023, primarily attributable to the proceeds from issuance of senior convertible preferred shares and proceeds from borrowings, partially offset by the repayments of borrowings and long-term debt.

Net cash generated from financing activities was RMB764.4 million for the fiscal year ended March 31, 2022, primarily attributable to the proceeds from issuance of senior convertible preferred shares and partially offset by the repayments of borrowings and long-term debt.

Net cash generated from financing activities was RMB130.3 million for the fiscal year ended March 31, 2021, primarily attributable to proceeds from issuance of Class A ordinary shares partially offset by repayment of borrowings.

Off-Balance Sheet Arrangements

We entered into a strategic partnership with Changfeng County Government of Hefei City (“Hefei”) on September 24, 2021 to jointly invest in and build a used car inspection and reconditioning plant. We expect the investment to be approximately RMB2.5 billion (including the investment from us and Hefei). After the completion of the plant, we plan to lease the plant from Hefei and are obligated to pay the rentals for the plant after the right-of-use is transferred to us.

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.

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 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 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 WFOEs 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. 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.

Material Cash Requirements

We made capital expenditures of RMB0.4 million, RMB18.7 million and RMB33.2 million (US\$4.8 million) in the fiscal years ended March 31, 2021, 2022 and 2023, respectively. Our capital expenditures in the fiscal year ended March 31, 2023 were primarily related to procurement of equipment and expenditure regarding construction of IRC in Changfeng, Hefei. Our capital expenditures in the fiscal years ended March 31, 2021, 2022 and 2023 also included 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.

We intend to fund our future capital expenditures with our existing cash balance and anticipated cash flows from operations and financing activities. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

Our material cash requirements as of March 31, 2023 and any subsequent interim period primarily include consideration payable to WeBank, operating lease commitments and capital expenditures.

Consideration payable to WeBank primarily consist of our consideration payable to WeBank of RMB114.4 million to settle our historically facilitated loan's remaining guarantee obligations with WeBank.

Our operating lease commitments primarily consist of our obligations under the lease agreements for our offices and IRCs.

Our capital expenditure is mainly related with the strategic partnership we entered into with Changfeng County Government of Hefei City on September 24, 2021 to jointly invest in and build a used car inspection and reconditioning center.

Other than the above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of March 31, 2023.

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."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the fiscal year ended March 31, 2022 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. Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our judgments and estimates on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, see Note 2 to our consolidated financial statements included elsewhere in this annual report.

Warrant liabilities

In July 2021, we issued warrants to each of NIO Capital and Joy Capital to purchase up to 240,314,593 senior convertible preferred shares for an aggregate amount of US\$165 million. As the senior convertible preferred shares are considered contingently redeemable, the warrants are warrants on redeemable shares and fall within the scope of ASC 480. The warrants are recorded initially at fair value and subsequently remeasured to fair value at each reporting date with the changes in fair value recognized in "Fair value impact of the issuance of senior convertible preferred shares."

The Black-Scholes option pricing model is used to measure the fair value of warrant liabilities. The determination of the fair value is affected by the fair value of senior convertible preferred shares as well as assumptions regarding a number of complex and subjective variables, including risk-free interest rate, expected volatility, dividend yield, expected term, etc. The fair value of warrant liabilities was determined by management with the assistance from an independent valuation firm using management's estimates and assumptions. The assumptions used in the determination of the fair value of warrant liabilities represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the fair value of warrant liabilities could be materially different for any period.

For the purpose of determining the estimated fair value of the warrant liabilities, we believe the expected volatility and expected term are the most critical assumptions. Changes in each assumption could significantly affect the fair value of warrant liabilities and hence the amount of fair value impact of the issuance of senior convertible preferred shares we recognize in our consolidated financial statements. The expected volatility of our future share price was estimated based on the price volatility of the shares of comparable public companies that operate in the same or similar business.

Restricted Share Units with Market Condition

We have granted certain management with restricted share units ("RSU") which vest based upon certain market conditions. The market-based conditions are satisfied upon our achievement of specified fully diluted equity values, as determined based on our stock price.

We account for RSUs with market conditions as equity classified, with the effect of a market condition reflected in the award's fair value on the grant date, in accordance with applicable accounting standards, and recognize the share-based compensation expense over the derived service period determined based on valuation techniques that are used to estimate fair value.

We determine the grant-date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected share price volatility, risk-free interest rates, and expected timing and proceeds received due to the exercise of warrant and settlement of forward contract, which requires us to use judgement to evaluate. If our stock price and any of the assumptions used in the Monte Carlo model changes significantly, share-based compensation expense for future awards may differ materially compared with the awards granted previously.

For the purpose of determining the grant day fair value of RSU, we believe the expected volatility is the most critical assumption. Changes in it could significantly affect the grant day fair value of RSU and hence the amount of share-based compensation we recognize in our consolidated financial statements. The expected volatility of our future share price was estimated based on the price volatility of the shares of comparable public companies that operate in the same or similar business. Our estimation of the grant day fair value of RSU is highly sensitive to the expected volatility. The higher the expected volatility, the higher the grant day fair value of the RSU.

Allowance for current expected credit losses

Our primary receivables, namely loans recognized as a result of payments under guarantees which was resulted from the historical loan-facilitation service we provided, are within the scope of ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”). We have identified the relevant risk characteristics and grouped our receivables by credit status, product types, aging schedule, collateral types and other risk characteristics as appropriate in the calibration and adjustments of these parameters. Receivables with similar risk characteristics have been grouped into the same pools. We also incorporate the forward-looking impacts based on our best estimates of macroeconomic forecasts. Quantitative adjustments are applied to key parameters such as the probability of default, loss given default, and loss rates on a collective basis. We estimate loss rate considering the historical loss information, the recent performance of this portfolio, categories of credit status (normal, attention and secondary), the collateral, and the forecasts of selected macroeconomic factors. This is assessed at each quarter based on our specific facts and circumstances.

Provision for loan recognized as result of payment under the guarantee amounted to RMB10.3 million (US\$1.5 million) are fully provided. Allowance for current expected credit losses is not a critical accounting estimates for the fiscal year 2023.

Recent Accounting Pronouncements

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

Item 6. Directors, Senior Management and Employees**A. Directors and Senior Management**

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

| <u>Directors and Executive Officers</u> | <u>Age</u> | <u>Position/Title</u> |
|---|------------|--|
| Kun Dai | 41 | Chairman of the Board of Directors and Chief Executive Officer |
| Bin Li | 49 | Director |
| Erhai Liu | 55 | Director |
| Cheng Lu | 40 | Independent Director |
| Rong Lu | 52 | Independent Director |
| John Zhuang Yang | 68 | Independent Director |
| Feng Lin | 43 | Chief Financial Officer |
| Zhitian Zhang | 41 | Chief Operating Officer |
| Wenbing Jing | 42 | Chief Strategy Officer |

Mr. Kun Dai is our founder and has served as chairman of our board of directors and chief executive officer since our inception. Mr. Dai has been involved in interact and automobile industries for over ten years. Mr. Dai founded one of China's first online used car websites, CarResume.com, in 2005. From 2007 to 2011, Mr. Dai worked at an NYSE-listed auto information provider, BitAuto, first as deputy general manager and later as vice president. Mr. Dai received a master's degree in Commerce from Cardiff University.

Mr. Bin Li has been serving as our director since July 2021. Mr. Li is the founder of NIO Inc., a NYSE-listed company with stock code NIO and has served as chairman of the board since the inception of NIO and the chief executive officer of NIO since March 2018. In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. and served as its director and president until 2006. From 2010 to 2020, Mr. Li served as chairman of the board of directors at Bitauto Holdings Limited, (previously listed on NYSE with stock code BITA), a former NYSE-listed automobile service company and a leading automobile service provider in China. In 2002, Mr. Li co-founded Beijing Creative & Interactive Digital Technology Co., Ltd. as the chairman of the board of directors and had served as its president and director. Mr. Li received his bachelor's degree in sociology from Peking University.

Mr. Erhai Liu has been serving as our director since July 2021. Mr. Liu is the founding and managing partner of Joy Capital. He has nearly 20 years of investment experience in high-tech and innovative companies. Previously, Mr. Liu was engaged in engineering, R&D, operation and senior management in telecommunication and Internet companies for more than 10 years. Mr. Liu was named as one of the "Global Top 100 Technology Investors" on Forbes Midas List in 2012, and from 2018 to 2020. Mr. Liu holds a master's degree in communications and information system from Xidian University, a master's degree in psychology from Peking University, a master's degree in global finance and an MBA from Fordham University, an EMBA from Tsinghua University, and a bachelor's degree in communication engineering from Guilin University of Electronic Technology.

Mr. Cheng Lu has been serving as our director since July 2021. Mr. Lu is the President and Chief Executive Officer of TuSimple (Nasdaq: TSP), a global self-driving technology company based in San Diego, California. He has over 13 years of experience in strategy and corporate finance in the U.S. and Asia. Prior to TuSimple, Mr. Lu co-founded and was a Partner and Chief Operating Officer of KCA Capital Partners, a private equity investment firm. Prior to this, Mr. Lu worked in Beijing with HOPU Investments and CITIC Capital, and Cerberus Capital Management in New York, which focused on private equity and special situation investments. He started his career in the investment banking division of Citigroup in New York. Mr. Lu received his bachelor's degree in Computer Science and Economics from the University of Virginia and an MBA from the Harvard Business School.

Ms. Rong Lu has been serving as our director since October 2017. Presently, Ms. Lu is an independent venture capitalist investing in technology start-ups in the United States and China. In October 2019, she founded Atypical Ventures, an early-stage technology venture investment firm in China. In 2006, she co-founded DCM China, an early-stage venture capital firm. During her more than 12-year tenure at DCM, Ms. Lu invested in and served as a board member for many companies including Kuaishou, BitAuto Holdings Ltd., E-Commerce China Dangdang Inc., Pactera Technology International Ltd., DXY.cn, and HaoDF.com. She also served as an independent director and on the audit committee of iKang Healthcare Group, Inc. and served as an independent director and chairman of the special committee for iDreamSky Technologies Limited before

those two companies were taken private. Ms. Lu is currently an independent director on the board of Yum China Holdings Inc (NYSE; YUMC). Prior to joining DCM in 2003, Ms. Lu was a Vice President in the technology, media and telecommunications investment banking group of Goldman Sachs & Co. in Menlo Park, California. Ms. Lu received her master's degree in international economics and energy, environment, science and technology from Johns Hopkins University, School of Advanced International Studies and bachelor's degree in economics from the University of Maryland, Baltimore County.

Dr. John Zhuang Yang has been serving as our director since July 2021. Dr. Yang has served as an independent director of New Oriental Education & Technology Group Inc. (NYSE: EDU and SEHK: 9901). Dr. Yang is currently a professor of Management at the National School of Development, Peking University. He also holds a tenured professorship at the Graduate School of Business at Fordham University in New York. Dr. Yang's main research consists of organizational behavior and global leadership, with an extensive focus on China's strategies for multinational companies and strategies for Chinese companies expanding globally. Dr. Yang earned his bachelor's degree from the English Language and Literature Department of Peking University, a master's degree in Sociology from Columbia University, an MPA in International and Public Affairs from the Woodrow Wilson School of Public and International Affairs at Princeton University, and a Ph.D. in Business Administration from Columbia University.

Mr. Feng Lin joined us as vice president of finance in August 2019 and has been serving as our chief financial officer since January 2021. He has over 15 years of experience overseeing finance and operations at multinational corporations across technology, financial, and real estate industries. Prior to joining our company, Mr. Lin was the vice general manager of finance at China Fortune Land Development, where he managed corporate planning and group controlling. Prior to that, he served as finance director at Lenovo, and earlier as financial controller at Microsoft. Mr. Lin had also served at HSBC, Capital One Financial Corporation, and PricewaterhouseCoopers. Mr. Lin holds a double bachelor of science degree in geophysics and economics from Peking University. He received both an MBA degree and an MPP degree from The University of Chicago.

Mr. Zhitian Zhang joined us in April 2012 and has been serving as our chief operating officer since February 2020. Prior to his appointment as the chief operating officer, Mr. Zhang served as president of our online used car transaction business, where he was responsible for operations and sales management, as well as general manager of our sales management center. Prior to joining our company, Mr. Zhang worked for Bitauto Holdings Limited (NYSE: BITA) from 2007 to 2012, first as a director and then as vice general manager of its used car business. Mr. Zhang received his bachelor's degree in Law from the National Police University for Criminal Justice.

Mr. Wenbing Jing rejoined us in November 2021 as our chief strategy officer and has extensive experience in strategy and operation management. Prior to re-joining Uxin, Mr. Jing served as vice president as well as general manager of the used car department at Autohome Inc. (NASDAQ: ATHM). Prior to that, Mr. Jing had served various roles at Uxin from 2011 to 2019, including general manager of Uxin's southern division, and executive president and chief strategy officer of Uxin. Mr. Jing received his master of laws from the school of law of Cardiff University in the United Kingdom.

B. Compensation

Compensation of Directors and Executive Officers

For the year ended March 31, 2023, we paid an aggregate of RMB3.0 million (US\$0.4 million) in cash to our executive officers, and we did not pay any cash compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and consolidated affiliated entity are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable

law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

2018 Amended and Restated Share Incentive Plan

We adopted the 2018 Amended and Restated Share Incentive Plan in February 2018, which was further amended in August 2018 and November 2018, for the purpose of promoting the success and enhance the value of our company, by linking the personal interests of the members of the board, employees, consultants and other individuals to those of our shareholders and, by providing an incentive for outstanding performance, to generate superior returns for our shareholders. We increased the number of shares reserved for future awards under the plan as we amended such plan in November 2018. We refer to the 2018 Amended and Restated Share Incentive Plan, as amended, as the Amended and Restated Plan in this annual report. Under the Amended and Restated Plan, the maximum aggregate number of shares which may be issued pursuant to all awards is 102,040,053 Class A ordinary shares. As of July 31, 2023, 30,354,330 share options have been issued and outstanding under the Amended and Restated Plan. We also issued 4,021,590 restricted share units as of July 31, 2023.

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 to \$1.03 per ordinary share, provided that any participating option holder agrees to amend the number of shares subject to his or her option as determined by the plan administrator.

The following paragraphs summarize the terms of the Amended and Restated Plan.

Types of Awards. The Plan permits the awards of options, stock appreciation right, dividend equivalent right, restricted shares and restricted share units or other right or benefit under the Plan.

Plan Administration. The board or a committee appointed by the board acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the Amended and Restated Plan and any award agreement.

Award Agreement. Awards granted under the Amended and Restated Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant.

Exercise Price. The exercise price of an option will be determined by the plan administrator, but in the case of an award issued in connection with acquisitions, the exercise or purchase price for the award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such award.

Eligibility. We may grant awards to our employees, consultants, and all members of the board, and other individuals.

Term of the Awards. The term of each option or share appreciation right granted under the Amended and Restated Plan shall not exceed ten years from date of the grant.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the relevant award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator. The grantee may designate one or more beneficiaries of the grantee's award in the event of the grantee's death on a beneficiary designation form provided by the administrator.

Termination. The plan shall terminate in February 2028, provided that our board may terminate the plan at any time and for any reason.

We have granted certain management restricted share units upon the satisfaction of certain market-based conditions, which are the achievement of specified fully diluted equity values, as determined based on our stock price. The aggregate number of restricted share units that may be potentially granted if such conditions are satisfied is 7% of all of the outstanding shares of our company as of the date that the conditions are satisfied. As of March 31, 2023, the conditions have not been satisfied and the underlying awards had not been vested.

The following table summarizes the outstanding options and restricted share units that we had granted to our directors and executive officers under the Amended and Restated Plan as of July 31, 2023:

| | Ordinary Shares Underlying Outstanding Options or Restricted Share units | (US\$/Share) Exercise Price | Grant Date | Expiration Date |
|------------------|---|--------------------------------|--|------------------------------------|
| Rong Lu | * | — | Various dates from November 19, 2018 to June 30, 2023 | August 20, 2028 |
| Cheng Lu | * | — | Various dates from September 30, 2022 to June 30, 2023 | August 20, 2028 |
| John Zhuang Yang | * | — | Various dates from September 30, 2022 to June 30, 2023 | August 20, 2028 |
| Feng Lin | * | 0.00003333 to 0.033 | Various dates from August 19, 2019 to June 30, 2021 | August 20, 2028 |
| Zhitian Zhang | * | 0.1 to 1.03 | Various dates from March 26, 2013 to March 1, 2020 | March 25, 2023 and August 20, 2028 |
| Wenbing Jing | * | 0.000001 to 0.0003 | January 1, 2022 and June 16, 2023 | August 20, 2028 |
| Total | * | | | |

* Less than 1% of our total ordinary shares outstanding on as-converted basis.

As of July 31, 2023, other grantees as a group held options to purchase 23,932,500 Class A ordinary shares of our company, with exercise prices ranging from US\$0.0001 to US\$1.03 per share.

C. Board Practices

Board of Directors

Our board of directors consists of six directors. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the board of directors at which such contract or transaction or proposed contract or transaction is considered and voted upon. Any director who is in any way, whether directly or indirectly interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his interest at a meeting of the board. The directors may exercise all the powers of the company to raise or borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, and issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Rong Lu, Cheng Lu and Zhuang Yang. Rong Lu is the chairperson of our audit committee. We have determined that each of Rong Lu, Cheng Lu and Zhuang Yang satisfies the "independence" requirements of Rule 5605 of the Nasdaq Stock Market Rules. We have determined that Rong Lu qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of John Zhuang Yang, Rong Lu and Cheng Lu. John Zhuang Yang is the chairperson of our compensation committee. We have determined that each of John Zhuang Yang, Rong Lu and Cheng Lu. John Zhuang Yang satisfies the "independence" requirements of Rule 5605 of the Nasdaq Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Cheng Lu, John Zhuang Yang and Rong Lu. Cheng Lu is the chairperson of our nominating and corporate governance committee. We have determined that each of Cheng Lu, John Zhuang Yang and Rong Lu satisfies the "independence" requirements of Rule 5605 of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they resign by notice in writing to our company, or are removed from office by an ordinary resolution of the shareholders or by the board. In addition, a director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) is found by our company to be or becomes of unsound mind; (iii) without special leave from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that an office be rated; or (iv) is removed from office pursuant to our current memorandum and articles of association.

Board Diversity

| Board Diversity Matrix (As of July 31, 2023) | | | | |
|--|----------------------------|-------------|-------------------|--------------------------------|
| Country of Principal Executive Offices: | People’s Republic of China | | | |
| Foreign Private Issuer | Yes | | | |
| Disclosure Prohibited Under Home Country Law | No | | | |
| Total Number of Directors | 6 | | | |
| | Female | Male | Non-Binary | Did Not Disclose Gender |
| Part I: Gender Identity | | | | |
| Directors | 1 | 5 | N/A | N/A |
| Part II: Demographic Background | | | | |
| Underrepresented Individual in Home Country Jurisdiction | 0 | | | |
| LGBTQ+ | 0 | | | |

D. Employees

As of March 31, 2023, we had a total of 760 employees. We had a total of 693 employees as of March 31, 2021 and 814 employees as of March 31, 2022.

The following tables give breakdowns of our employees as of March 31, 2023 by function:

| | As of March 31, 2023 |
|---|-----------------------------|
| Functions: | |
| Products and technology | 93 |
| Operations | 47 |
| Car supply and purchase related personnel | 113 |
| Car inspection and inventory related personnel | 201 |
| Sales and pre-sales customer service | 127 |
| Fulfillment and after-sales customer service | 42 |
| Finance and legal | 59 |
| Human Resources, Administration & Corporate Procurement | 35 |
| Corporate communication and marketing | 31 |
| Others | 12 |
| Total | 760 |

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of July 31, 2023 by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own 5% or more of our ordinary shares on an as-converted basis.

The calculations in the table below are based on 3,196,668,081 shares outstanding as of July 31, 2023 (assuming all the outstanding senior convertible preferred shares are converted into Class A ordinary shares at the currently applicable conversion price), comprising of (i) 1,370,143,934 Class A ordinary shares, excluding 1,383,862 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Amended and Restated Plan, (ii) 40,809,861 Class B ordinary shares and (iii) 1,151,221,338 senior convertible preferred shares, which can be converted into 1,785,714,286 Class A ordinary shares at the currently applicable conversion price.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

| | Class A Ordinary Shares | Class B Ordinary Shares | Senior Convertible Preferred Shares | Total Shares (on an as-converted basis) | % † | % of Aggregate Voting Power† |
|--|-------------------------------|-------------------------------|--|---|--------|------------------------------------|
| Directors and Executive Officers**: | | | | | | |
| Kun Dai ⁽¹⁾ | 14,764,090 | 40,809,861 | — | 55,573,951 | 1.7 | 11.9 |
| Bin Li ⁽²⁾ | — | — | 918,189,006 | 1,214,285,714 | 38.0 | 34.1 |
| Erhai Liu ⁽³⁾ | — | — | 437,286,192 | 754,532,666 | 22.1 | 19.9 |
| Cheng Lu | * | — | — | * | * | * |
| Rong Lu | * | — | — | * | * | * |
| John Zhuang Yang | * | — | — | * | * | * |
| Feng Lin | * | — | — | * | * | * |
| Zhitian Zhang | * | — | — | * | * | * |
| Wenbing Jing | * | — | — | * | * | * |
| All Directors and Executive Officers in the aggregate | 26,963,552 | 40,809,861 | 1,355,475,198 | 2,036,591,793 | 59.4 | 63.3 |
| Principal Shareholders: | | | | | | |
| Xin Gao Group Limited ⁽⁴⁾ | — | 40,809,861 | — | 40,809,861 | 1.3 | 11.5 |
| NIO Capital Entities ⁽²⁾ | — | — | 918,189,006 | 1,214,285,714 | 38.0 | 34.1 |
| Astral Success Limited ⁽³⁾ | — | — | 437,286,192 | 754,532,666 | 22.1 | 19.9 |
| GIC Private Limited ⁽⁵⁾ | 235,681,860 | — | — | 235,681,860 | 7.4 | 6.6 |

* Less than 1% of our total outstanding shares.

** Each of Mr. Kun Dai, Mr. Feng Lin, Mr. Zhitian Zhang, Mr. Cheng Lu, Ms. Rong Lu and Mr. John Zhuang Yang's business address is 21/F, Donghuang Building, No. 16 Guangshun South Avenue, Chaoyang District, Beijing, People's Republic of China. Mr. Bin Li's business address is Unit 2412, 24F HKRI Taikoo Hui Center I, 288 Shimen Yi Road, Jing'an District, Shanghai, China 20041. Mr. Erhai Liu's business address is 1501, Greenland Center B, Wangjingdongyuan 4, Chaoyang District, Beijing, People's Republic of China.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group by the sum of (i) 3,196,668,081 shares outstanding as of July 31, 2023 (assuming all the outstanding senior convertible preferred shares are converted into Class A ordinary shares at the currently applicable conversion price), and (ii) the number of ordinary shares underlying the share options or warrants held by such person or group that are exercisable within 60 days after the date of this annual report.

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†† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A, Class B ordinary shares and senior convertible preferred shares, which are convertible into Class A ordinary shares at the currently applicable conversion price, as a single class. Each holder of Class A ordinary shares is entitled to one vote per share and each holder of our Class B ordinary shares is entitled to ten votes per share on all matters submitted to them for a vote. Our Class A ordinary shares, Class B ordinary shares and senior convertible preferred shares, which are convertible into Class A ordinary shares at the currently applicable conversion price, vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

- (1) Represents (i) 40,809,861 Class B ordinary shares directly held by Xin Gao Group Limited, a British Virgin Islands company beneficially owned by Mr. Kun Dai through a trust and of which Mr. Kun Dai is the sole director, and (ii) 14,764,090 Class A ordinary shares directly held by BOCOM International Supreme Investment Limited, a British Virgin Islands company, as reported on the Schedule 13G/A filed by Mr. Dai, among others, on May 27, 2021. Pursuant to the Schedule 13G/A filed by Mr. Dai on July 30, 2020, Gao Li Group Limited, which is wholly owned by Mr. Kun Dai, pledged 17,276,410 Class A ordinary shares pursuant to a share charge in connection with a loan in a maximum principal amount of US\$50 million under a facility agreement entered into with a lender in June 2018. On April 6, 2020, the lender issued an instruction letter to enforce its security interests in the 17,276,410 Class A ordinary shares, and Gao Li Group Limited transferred such shares on July 21, 2020 to the lender. Pursuant to the Schedule 13G/A filed by Mr. Dai on May 27, 2021, Kingkey New Era Auto Industry Global Limited pledged 61,129,800 Class A ordinary shares pursuant to a share charge in connection with a loan in a maximum principal amount of US\$150 million under a facility agreement entered into with certain lenders in December 2017, as amended from time to time. On March 15, 2021, one of the lenders issued a notice declaring that an event of default as defined under the facility agreement has occurred and an acceleration letter demanding immediate payment of the outstanding sum and declaring its intention to enforce its security interests. As a result, Kingkey New Era Auto Industry Global Limited transferred the 61,129,800 Class A ordinary shares it held to such lender on in May 2021. Mr. Kun Dai, together with Mr. Jiarong Chen and JenCap UX, jointly controls the voting power of all shares of Uxin Limited held by BOCOM International Supreme Investment Limited, and is deemed to be the beneficial owner of all shares of Uxin Limited held by BOCOM International Supreme Investment Limited. BOCOM International Supreme Investment Limited pledged 14,764,090 Class A ordinary shares pursuant to a share charge in connection with certain subscription agreement entered into with certain note subscribers in November 2017. On September 2, 2020, one of the note subscribers issued a notice declaring that an event of default as defined under the subscription agreement had occurred and such note subscriber exercised its call option pursuant to the subscription agreement. As of the date of this annual report, BOCOM International Supreme Investment Limited was in discussion with such note subscriber on the details and mechanisms of the potential share transfer. The registered office of Xin Gao Group Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The registered office of BOCOM International Supreme Investment Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Redrock, TPG, 58.com and other existing shareholders.”
- (2) Represents 918,189,006 senior convertible preferred shares, comprising of (i) 889,059,964 senior convertible preferred shares held by Abundant Grace Investment Limited, which are convertible into 1,142,857,143 Class A ordinary shares at the currently applicable conversion price and (ii) 29,129,042 senior convertible preferred shares held by Abundant Glory Investment L.P., which are convertible into 71,428,571 Class A ordinary shares at the currently applicable conversion price. Assuming Alpha and Joy Capital have exercised all their warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company and considering the anti-dilution adjustment to the previously issued preferred shares of the Company, Mr. Bin Li or NIO Capital Entities is expected to beneficially own 3,719,912,473 Class A ordinary shares, representing 50.5% of the Company’s share capital on a fully diluted and as-converted basis. NBNW Investment Limited and Eve One Fund II L.P. comprise the owners of the majority of the voting interest of Abundant Grace Investment Limited. NBNW Investment Limited is a holding company indirectly and wholly owned by a family trust set up by Mr. Bin Li. NIO Capital II LLC is the general partner of Eve One Fund II L.P. and Abundant Glory Investment L.P., and Mr. Bin Li is one of the managers of NIO Capital II LLC. The registered offices of Abundant Grace Investment Limited and Abundant Glory Investment L.P. are at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. The business address of NBNW Investment Limited is P.O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands. The address of Eve One Fund II L.P. is c/o Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, Grand Cayman KY1-1002, Cayman Islands. The address of NIO Capital II LLC is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. The above is based on the Schedule 13D/A filed by Eve One Fund II L.P. on July 7, 2023.
- (3) Represents 437,286,192 senior convertible preferred shares, comprising of (i) 218,467,812 senior convertible preferred shares held by Astral Success Limited, which are convertible into 535,714,286 Class A ordinary shares at the currently applicable conversion price, and (ii) up to 218,818,380 senior convertible preferred shares that may be acquired upon exercise of the warrant by Astral Success Limited pursuant to the warrant agreement entered into with us on July 12, 2021, which was further amended on January 12, 2023 and June 30, 2023. The warrants held by Astra Success Limited are convertible into 218,818,380 Class A ordinary shares at the currently applicable conversion price. Assuming Alpha and Joy Capital have exercised all their warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company and considering the anti-dilution adjustment to the previously issued preferred shares of the Company, Mr. Erhai Liu or Astral Success Limited is expected to beneficially own 1,859,956,236 Class A ordinary shares, representing 25.3% of the Company’s share capital on a fully diluted and as-converted basis. Joy Capital Opportunity, L.P., Joy Capital II, L.P. and Joy Capital III, L.P. comprise the owners of the majority of the voting interest of Astral Success Limited. Joy Capital Opportunity GP, L.P., Joy Capital II GP, L.P. and Joy Capital III GP, L.P. are the respective general partners of Joy Capital Opportunity, L.P., Joy Capital II, L.P. and Joy Capital III, L.P. Joy Capital GP, Ltd. is the general partner of Joy Capital Opportunity GP, L.P., Joy Capital II GP, L.P. and Joy Capital III GP, L.P. Each of these entities are ultimately controlled by Mr. Erhai Liu. Mr. Erhai Liu disclaims beneficial ownership of the securities in us held by each of the above entities, except to the extent of Mr. Erhai Liu’s pecuniary interest therein, if any. The registered office of Astral Success Limited is at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. The address of each of Joy Capital Opportunity, L.P., Joy Capital Opportunity GP, L.P., Joy Capital II, L.P., Joy Capital II GP, L.P., Joy Capital III, L.P., Joy Capital III GP, L.P. and Joy Capital GP, Ltd. is c/o Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The above is based on the Schedule 13D/A filed by Joy Capital Opportunity, L.P. on July 7, 2023.
- (4) Represents 40,809,861 ordinary shares, all of which are directly held by Xin Gao Group Limited, a British Virgin Islands company wholly owned by Mr. Kun Dai. The registered office of Xin Gao Group Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

- (5) Represents 235,681,860 Class A ordinary shares beneficially owned by GIC Private Limited (“GIC”). GIC is a fund manager established under Singapore law with only two clients — the Government of Singapore (“GoS”) and the Monetary Authority of Singapore (“MAS”). Under the investment management agreement with GoS, GIC has been given the sole discretion to exercise the voting rights attached to, and the disposition of, any shares managed on behalf of GoS. As such, GIC has the sole power to vote and power to dispose of the 199,446,270 securities beneficially owned by the GoS. GIC shares power to vote and dispose of 36,235,590 securities beneficially owned by it with MAS. The address of principal business office of GIC is 168 Robinson Road #37-01 Capital Tower Singapore 068912. The above is based on the Schedule 13G/A filed by GIC on February 9, 2023.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. Holders of Class A and Class B ordinary shares vote together as one class on all matters subject to a shareholders’ vote. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. We have also issued senior convertible preferred shares, which are convertible into our Class A ordinary shares. See “Item 10. Additional Information—B. Memorandum and Articles of Association” for a more detailed description of our Class A ordinary shares and Class B ordinary shares.

As of July 31, 2023, 1,371,527,796 of our ordinary shares and 1,151,221,338 of our senior convertible preferred shares were issued and outstanding. To our knowledge, a total of 1,114,008,789 Class A ordinary shares were held by five record holders in the United States, representing approximately 34.8% of our total outstanding ordinary shares, assuming the senior convertible preferred shares are converted into Class A ordinary shares at the currently applicable conversion price (including 1,383,862 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our share incentive plans). One of these holders is The Bank of New York Mellon, the depository of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

In June 2023, we have entered into a definitive agreement with Alpha and Joy Capital, regarding the warrants issued by the Company to NIO Capital and Joy Capital in 2021. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha acquired from NIO Capital and Joy Capital the right to purchase up to 261,810,806 senior convertible preferred shares of the Company. Alpha and Joy Capital are entitled to, at their discretion, exercise their respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that are not exercised by September 30, 2023, the amendment agreement may be terminated and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS). Following the exercise of the aforesaid warrants (assuming all warrants are exercised) and considering the anti-dilution adjustment to the previously issued preferred shares of the Company, NIO Capital, Joy Capital and Alpha are expected to beneficially own 3,719,912,473, 1,859,956,236 and 261,810,806 Class A ordinary shares, respectively, representing 50.5%, 25.3% and 3.6%, respectively, of the Company’s share capital on a fully diluted and as-converted basis.

Except for the above, we are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Historical Contractual Arrangements with Our Variable Interest Entities and Their Shareholders

PRC laws and regulations currently limit foreign ownership of companies that engage in a value-added telecommunications service business or the distribution of media products in China. Due to these restrictions, we operate our relevant business through contractual arrangements between Youxinpai and Yougu, our PRC subsidiaries, Youxin Hulian and Yishouche, the former VIEs, and their respective shareholders. For a description of these contractual arrangements, see “Item 4.C. Information on the Company—Organizational Structure.”

Shareholder Agreements and Registration Rights

We entered into our fourteenth amended and restated shareholders’ agreement on January 2, 2018 with our then-existing shareholders. Pursuant to this shareholders’ agreement, we have granted certain registration rights to preferred shareholders. Set forth below is a description of the registration rights granted under the agreement.

Demand Registration Rights. At any time after the date that is six months after the completion of our initial public offering in June 2018, holders of 30% or more of voting power of the outstanding preferred shares or ordinary shares issued upon the conversion of the preferred shares have the right to request us effect a registration for their shares. Except for certain circumstances where we are entitled to defer a filing, upon receiving a notice of demand registration, we should promptly give a written notice to all other holders of preferred shares or ordinary shares issued upon the conversion of our preferred shares, and make best efforts to register the shares requested to be registered. We are not obligated to effect more than three demand registrations that have been declared and ordered effective.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must afford preferred shareholders or holders of ordinary shares issued upon the conversion of preferred shares an opportunity to participate in that offering. We have the right to terminate or withdraw any registration initiated by us under the piggyback registration rights prior to the effectiveness of such registration. In case of an underwritten offering, the underwriters have the right to exclude the shares requested to be registered in the initial public offering on a pro rata basis, up to 70% of the shares requested to be registered by the holders of piggyback registration rights, subject to certain preconditions.

Form F-3 Registration Rights. Any holders of series A preferred shares or ordinary shares issued upon the conversion of preferred shares may request us to file an unlimited number of registration statements on Form F-3. We should promptly give a written notice to all other preferred shareholders,

Termination of Obligations. The registration rights shall terminate: (i) on the fifth anniversary of the completion of our initial public offering, (ii) upon the termination, liquidation, dissolution of our company, or (iii) if and when in the opinion of our counsel, all such registrable securities proposed to be sold by a shareholder may be sold without registration in any ninety day period pursuant to Rule 144 promulgated under the Securities Act, provided that such counsel is qualified to and experienced in practicing U.S. securities regulations, and we shall provide such opinion of our counsel to the shareholder.

Loans to Related Parties

On May 28, 2018, Xin Gao Group Limited surrendered 19,226,040 ordinary shares, 3,313,980 Series A preferred shares and 8,424,970 Series C-1 preferred shares in the company to us to repay all of the outstanding principal and accrued interest owed to us by Xin Gao Group Limited, Gao Li Group Limited and Mr. Kun Dai in an aggregate amount of approximately US\$114.0 million. The number of shares surrendered was calculated based on an estimated settlement price of US\$3.68069 per share, which was the purchase price in our last round of preferred shares financing prior to our initial public offering. We also agreed with Xin Gao Group Limited and Mr. Kun Dai that if the offering price per ordinary share in our initial public offering was lower than the estimated settlement price, we would have the right to unilaterally redeem and cancel additional shares beneficially owned by Mr. Kun Dai so that the value of the total shares surrendered and cancelled will be equal to the total loan amount owed to us based on the final price of our initial public offering. As a result, 7,025,849 additional ordinary shares held by Xin Gao Limited were further surrendered immediately prior to the completion of our initial public offering in June 2018.

Share Conversion Agreement with Fairlubo's shareholders

On June 8, 2018, we entered into an amended and restated share conversion agreement with the Fairlubo shareholders who have the right to convert their shares in Fairlubo into the shares of our company under the Fairlubo shareholders' agreement. Pursuant to the share conversion agreement, the Fairlubo shareholders agree that, concurrently with the completion of our initial public offering, all their shares in Fairlubo will be converted into such number of Class A ordinary shares of our company that is equal to the quotient of the value of the Fairlubo shares at the time divided by the public offering price of this offering. The Fairlubo shareholders have agreed with us that the value of the Fairlubo shares at the time shall be the higher of (i) the value of the Fairlubo shares as determined by an independent appraiser jointly approved by certain shareholders holding at least two-thirds of the issued and outstanding series B preferred shares of Fairlubo, and (ii) the total investment amount paid by the Fairlubo shareholders plus an internal return rate of 50% per annum calculated from January 21, 2016, the date of their investment, to June 1, 2018, which amounts to approximately US\$39.1 million in the aggregate. Upon the completion of our initial public offering in June 2018, we issued 13,026,713 Class A ordinary shares to certain Fairlubo shareholders at the initial public offering price of US\$9.00 per ADS as a result of the share conversion.

Transactions with Redrock, TPG, 58.com and other existing shareholders

Convertible Note Purchase Agreement

We entered into a convertible note purchase agreement (the "NPA") with Redrock Holding Investment 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) (collectively, the "Purchasers") and Mr. Kim Dai (the "Founder") on May 29, 2019. Pursuant to the NPA, we issued convertible notes in an aggregate principal amount of US\$230 million to the Purchasers through a private placement on June 10, 2019. For a detailed description of the terms of the convertible notes, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Cash flows and working capital."

Investors' Rights Agreement

In connection with the NPA, we entered into an investors' rights agreement (the "IRA") with Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd., 58.com Holdings Inc. (each a "Key Investor"). Mr. Kun Dai, Xin Gao Group Limited, Gao Li Group Limited and JenCap UX on June 10, 2019.

Pursuant to the IRA, during the three years following the issuance of the notes pursuant to the NPA, which may be extended by another two years if all Key Investors agree to extend (the "Period"), the Company's board of directors (the "Board") shall consist of eight directors, among which, subject to certain limitations set forth in the Investors' Rights Agreement, each of the Key Investors and Mr. Kun Dai shall be entitled to nominate one director, the Key Investors shall be entitled to collectively nominate two independent directors, Mr. Kim Dai shall be entitled to nominate one independent director, and the Board shall appoint the eighth director. Each party to the IRA has agreed that it or he will exercise its or his respective voting rights to (i) elect the directors nominated by each of the Key Investors and Mr. Kun Dai (each a "Director Nominating Party") to the Board, (ii) remove such director from the Board if the Director Nominating Party so determines, and (iii) replace such director as nominated by the Director Nominating Party in the event of a vacancy. The IRA also provides for certain corporate governance arrangements during the Period.

During the Period, for so long as the Key Investors hold in aggregate no less than 30% of the aggregate principal amount of the 2024 Notes they hold on June 10, 2019, the Board shall maintain an executive committee (the “Executive Committee”) consisting of directors nominated by each of the Key Investors and the Founder, to oversee certain matters of our company.

In addition, during the Period, without the affirmative prior written consent or approval of the required number of Key Investors as provided for in the IRA, we shall not take any actions with respect to certain prescribed matters.

The Founder, Xin Gao Group Limited and Gao Li Group Limited also agreed that during the Period, (i) they will not transfer any of their shares without the prior written consent of each of the Key Investors, and (ii) the Founder shall not and shall cause Xin Gao not to convert any Class B ordinary share of Company held by Xin Gao into Class A ordinary share.

On July 12, 2021, the IRA was terminated and shall have no further effect by way of a termination agreement.

Transactions with 58.com

Divestiture of 2B Business and Business Cooperation on C2B Business

In March 2020, we entered into definitive agreements to divest our 2B business to 58.com. See “Item 4. Information on the Company—A. History and Development of the Company— Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses—Divestiture of 2B business.” As part of the transaction, we also entered into a business cooperation agreement with 58.com pursuant to which we will provide 58.com with information related to used cars for sale by individuals from April 1, 2020 to March 31, 2021. We sold inventory leads of RMB10.9 million for the fiscal year 2021 and 176 thousand to 58.com for the fiscal year 2022 to 58.com.

Other Transactions with 58.com

In the fiscal years ended March 31, 2021, 2022 and 2023, 58.com provided advertising and other services to us at arm’s length in the amount of RMB89.8 million, nil and nil, respectively.

In the fiscal years ended March 31, 2021, 2022 and 2023, inventory leads sold to 58.com amounted to RMB10.9 million, RMB0.2 million and nil, respectively.

On July 19, 2022, we issued 183,495,146 Class A ordinary shares to 58.com in exchange for the full release of our obligations to 58.com under the 58.com Notes and certain other historical transactions. These shares were issued at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change). The 58.com Notes were extinguished upon such issuance of shares.

Transactions with Weiche

In the fiscal year ended March 31, 2022, Weiche provided advertising services to us at arm’s length in the amount of RMB351 thousand.

Transactions with NIO Capital and Joy Capital

The second closing for the amounts of US\$27.5 million, US\$10 million and US\$7.5 million were completed in November 2021, March 2022 and June 2022, respectively, pursuant to the financing transaction entered into among us, NIO Capital and Joy Capital in June 2021.

On January 12, 2023, we entered into an amendment agreement with NIO Capital and Joy Capital to extend the expiration date of certain warrants from January 12, 2023 to January 12, 2024, which entitled the warrants holders to subscribe to our convertible preferred shares of up to US\$165 million.

Transaction with NIO Capital

On June 30, 2022, we entered into a definitive agreement, or the 2022 Subscription Agreement, with affiliates of an existing shareholder, NIO Capital, pursuant to which, NIO Capital has agreed to subscribe 714,285,714 senior convertible preferred shares for an aggregate amount of US\$100 million, which will be paid in multiple installments. The 714,285,714

senior convertible preferred shares were issued on July 27, 2022 in connection with the closing. Pursuant to the then-effective certificate of designation of senior convertible preferred shares of our company, the issuance of the senior convertible preferred shares on July 27, 2022 in connection with the closing of the foregoing transaction has led to a reduction in the conversion price, from US\$0.3433 per Class A ordinary share to US\$0.14 per Class A ordinary share, of the senior convertible preferred shares issued pursuant to the 2021 Subscription Agreement we entered into with certain investors in June 2021 and then outstanding. The fair value impact of the triggered down round feature amounted to RMB755.6 million and was recorded as a charge to accumulated deficit and a credit to additional-paid in capital.

On April 4, 2023, we and NIO Capital entered into certain additional agreements in connection with the 2022 Subscription Agreement. Pursuant to these agreements: (i) the payment method of such outstanding purchase price was modified to permit a combination of cash payment and cancellation of indebtedness of us to NIO Capital; and (ii) the then outstanding purchase price of US\$81.6 million under the 2022 Subscription Agreement was partially offset by the cancellation and discharge by NIO Capital of our obligations under the 2024 Notes totaling US\$61.6 million that NIO Capital assigned from Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd. and Magic Carpet International Limited in April 2023. For a detailed description of the terms of the 2024 Notes, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Cash flows and working capital.” As a result of and immediately following the foregoing transactions, NIO Capital had fulfilled its obligation in an aggregate amount of US\$80 million of the outstanding purchase price for its subscription of our senior convertible preferred shares. As of the date of this annual report, NIO Capital fulfilled its obligation in an aggregate amount of US\$81.6 million. We and NIO Capital have reached an agreement regarding the outstanding purchase price of US\$18.4 million as of the date of this annual report pursuant to the definitive agreements we entered into with NIO Capital in June 2022, under which NIO Capital agreed to fulfil its payment obligations by December 31, 2023.

Transaction with Joy Capital and Alpha

In June 2023, we have entered into a definitive agreement with Alpha and Joy Capital, regarding the warrants issued by the Company to NIO Capital and Joy Capital in 2021. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha acquired from NIO Capital and Joy Capital the right to purchase up to 261,810,806 senior convertible preferred shares of the Company at a modified exercise price of US\$0.0457 per share (equivalent to US\$1.37 per ADS). Joy Capital only assigned a portion of its warrants under this amended agreement. Alpha and Joy Capital (either together or separately), are entitled to, at their discretion, exercise the respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that are not exercised by September 30, 2023, the amendment agreement may be terminated and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS).

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

Share Incentives

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

We and certain of our current and former officers and directors were 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 on August 5, 2019, and on March 9, 2020, the Court granted in part and denied in part our motion to dismiss. 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 23, 2021, we settled the two cases for a total sum of US\$9.5 million approved by court, out of which US\$6.5 million were covered by our insurance policy and we made a contribution for US\$3.0 million. 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 were named as a defendant in two putative shareholder class action lawsuits in the past that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.”

We are also subject to ongoing 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, our business, results of operations and financial condition could be materially and adversely affected.”

Dividend Policy

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We have not declared or paid any dividends on our ordinary shares, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange—Regulations on Dividend Distribution.” If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying our ADSs to the depository, as the registered holder of such ordinary shares, and the depository then will pay such amounts to the ADS holders in proportion to ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our ADSs, each representing three of our Class A ordinary shares, have been listed on Nasdaq since June 27, 2018. Our ADSs trade under the symbol “UXIN.”

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on Nasdaq since June 27, 2018 under the symbol “UXIN.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Act (As Revised) of the Cayman Islands, which is referred to as the Companies Act below, and the common law of the Cayman Islands.

Memorandum and Articles of Association and Ordinary Shares

The following are summaries of material provisions of our current memorandum and articles of association, insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as our board of directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act, as amended from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Management and Employees—C. Board Practices.”

Ordinary Shares

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of shareholders. We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Conversion

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon (i) any direct or indirect sale, transfer, assignment or disposition of Class B ordinary shares by a holder thereof or the direct or indirect transfer or assignment of the voting power attached to such Class B ordinary shares through voting proxy or otherwise to any person or entity that is not an Affiliate (as defined in our memorandum and articles of association) of such holder, or (ii) the direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B ordinary shares that is an entity to any person that is not an Affiliate of such holder, such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our memorandum and articles of association. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend shall exceed the amount recommended by our directors. Under the laws of the Cayman Islands, our company may declare and pay a dividend only out of funds legally available, namely out of either our profit or share premium account, provided that in no circumstances may a dividend be paid if, immediately after this payment, this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Dividends received by each Class B ordinary share and Class A ordinary share in any dividend distribution shall be the same.

Voting Rights

Our Class A ordinary shares and Class B ordinary shares and our senior convertible preferred shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law or provided for in our memorandum and articles of association or the Amended and Restated Certificate of Designation (as defined below). In respect of matters requiring shareholders’ vote, each Class A ordinary share is entitled to one vote, each Class B ordinary share is entitled to ten votes, and each senior convertible preferred share is entitled to that number of votes equal to the largest number of whole Class A Ordinary Shares into which each such senior convertible preferred share could be converted. Voting at any shareholders’ meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any shareholder who holds not less than 10% of the votes attaching to the total shares which are present in person or by proxy at the meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our memorandum and articles of association. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association. Holders of our shares may, among other things, divide or combine all or any of our company’s share capital by ordinary resolution.

General Meetings of Shareholders

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman of our board of directors or by a resolution passed by a majority of our board of directors. Advance notice of at least seven (7) calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder holding shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to the issued and outstanding shares in our company entitled to vote at general meetings, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Holders of our senior convertible preferred shares shall be included for the purposes of determining whether the quorum requirement is satisfied.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our memorandum and articles of association provide that upon the requisition of shareholders representing in aggregate not less than a majority of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, our board is obliged to call an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of Ordinary Shares

Subject to the restrictions in our memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required; and
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four.
- a fee of such maximum sum as the Nasdaq Stock Market LLC may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Stock Market LLC, be suspended and our register of members closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor our register of members closed for more than 30 days in any year as our board may determine.

Liquidation

On a return of capital or the winding up of our company, and subject to the rights of the senior convertible preferred shares as set out in the Amended and Restated Certificate of Designation (as defined below), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors or by the shareholders by special resolution. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if our company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (subject to any rights or restrictions for the time being attached to any class or series), may only be materially adversely varied with the consent in writing of the holders of all of the issued shares of that class or series or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class or series. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to such existing class of shares, or the redemption or purchase of any shares of any class by our company. The rights of the holders of our shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Issuance of Additional Shares

Our memorandum and articles of association authorize our board of directors to issue additional Class A ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

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Our memorandum and articles of association also authorize our board of directors to authorize the division of our shares into any number of classes and the different classes shall be authorized, established and designated (or re-designated as the case may be), and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different classes may be fixed and determined by our board of directors. Our directors may issue shares with such preferred or other rights, all or any of which may be greater than the rights of our ordinary shares, at such time and on such terms as they may think appropriate. Our directors may issue from time to time one or more series of preferred shares in their absolute discretion and without approval of our shareholders, and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Issuance of preferred shares may dilute the voting power of holders of Class A ordinary shares.

Inspection of Books and Records

Holders of our Class A ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association, special resolutions passed by our shareholders, and our register of mortgages and charges). However, we will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);

- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of our company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Changes in Capital

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Register of Members

Under Companies Act, we must keep a register of members and there should be entered therein:

- the names and addresses of the members, together with a statement of the shares held by each member, and such statement shall confirm (i) of the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members should be deemed as a matter of Cayman Islands law to have legal title to the shares as set against its name in the register of members. The shareholders recorded in our register of members are deemed to have legal title to the shares set against their name in the register of members.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Amended and Restated Certificate of Designation and Preferred Shares

We have issued senior convertible preferred shares on July 12, 2021, which originally had the rights, preferences, privileges and restrictions set out in the Certificate of Designation dated July 12, 2021 and approved by a resolution of our board of directors (the “Prior Certificate of Designation”). On the same day, we also issued warrants to purchase senior convertible preferred shares. We subsequently issued additional senior convertible preferred shares in November 2021, March 2022, and June and July 2022. On July 29, 2022, we approved, authorized and adopted an Amended and Restated Certificate of Designation (the “Amended and Restated Certificate of Designation”), which amended, restated, superseded and replaced in its entirety the Prior Certificate of Designation, to the intent and effect that all senior convertible preferred shares (including all senior convertible preferred shares then issued and outstanding) have the rights, preferences, privileges and restrictions set out in the Amended and Restated Certificate of Designation.

The following summarizes the key rights, preferences, privileges and restrictions on our senior convertible preferred shares:

Dividend

Each senior convertible preferred share has a par value of US\$0.0001 per share and a stated value equal to US\$0.3433 per share (with respect to each senior preferred share issued or issuable pursuant to the 2021 Subscription Agreement and/or upon the exercise of the warrants issued pursuant to the 2021 Subscription Agreement) or \$0.14 per share (with respect to each senior preferred share issued or issuable pursuant to the 2022 Subscription Agreement). If we declare any dividend, the holders of senior convertible preferred shares shall be entitled to receive, on parity with each other holders and in preference to ordinary shares and/or other junior securities, dividends at the rate of 8% per annum of the applicable stated value.

Voting Rights

Each holder of each senior convertible preferred share shall be entitled to vote that number of votes equal to the largest number of whole shares of Class A ordinary shares into which each such senior convertible preferred share could be converted.

Liquidation

Upon any liquidation, dissolution or winding-up of our company, each holder of senior convertible preferred share, *pari passu* with other holders and in preference to the holders of junior securities, shall be entitled to receive an amount equal to 150% of the applicable stated value per senior convertible preferred share held by ordinary shares and/or such holder, plus any accrued and unpaid dividends.

Conversion

Each senior convertible preferred share shall be convertible, at any time at the option of the holder at its sole discretion, into that number of Class A ordinary shares or ADSs determined by dividing the applicable stated value of such senior convertible preferred share by the conversion price (the “Conversion Price”), which shall initially be the stated value and is subject to adjustments (including those as described in “Subsequent Equity Sales and Anti-Dilution Adjustments” below) from time to time.

Redemption Right

Upon the occurrence of certain events, our company shall redeem all or part of the senior convertible preferred shares upon written notice of each holder of senior convertible preferred shares. The redemption price shall equal to the sum of (i) the aggregate amount of the applicable stated value, as adjusted, plus (ii) an amount accruing at a compound annual rate of 8% of such stated value for a period commencing from the original issue date and ending on the redemption closing date, plus (iii) any accrued but unpaid dividends, provided that, to the extent that the applicable stated value of a senior preferred share has not been fully paid at the time of the redemption, the redemption price for such senior convertible preferred share shall be calculated based on the part of the applicable stated value that has been paid (including the par value).

Subsequent Equity Sales and Anti-Dilution Adjustments

If, at any time while any senior convertible preferred shares are outstanding, we or any of our subsidiaries, as applicable, sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or

announces any sale, grant or any option to purchase or other disposition), any (a) ordinary shares, or (b) any rights, options or warrants to acquire ordinary shares and any depositary shares (including, without limitation, the ADSs), notes, debentures, preference shares or other equity securities or rights, which are ultimately convertible or exercisable into, or exchangeable for, ordinary shares (“Ordinary Share Equivalents”) entitling any person to acquire ordinary shares or ADSs at an effective price per share that is lower than the then applicable Conversion Price (such lower price, the “Base Conversion Price” and such issuances, collectively, a “Dilutive Issuance”) of such senior convertible preferred share, then simultaneously with the consummation (or, if earlier, the announcement) of each Dilutive Issuance, the applicable Conversion Price for such senior convertible preferred shares shall be reduced to equal the Base Conversion Price, subject to certain exceptions.

C. Material Contracts

Other than in the ordinary course of business and other than those described in this item, “Item 4. Information on the Company” or “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

Certain Agreements with GIC

In October 2020, we entered into a series of agreements with GIC Private Limited in connection with a private placement. Set forth below is a summary of certain of the agreements.

Share Subscription Agreement. On October 5, 2020, we entered into a share subscription agreement with GIC, pursuant to which GIC subscribed for 50,813,008 of our newly issued Class A ordinary shares for an amount of US\$15 million. GIC also agreed, for a period of 180 days commencing from the closing date, not to transfer, sell or dispose of any of the newly subscribed shares except to its affiliates.

Registration Rights Agreement. On October 8, 2020, we entered into a registration rights agreement with GIC, pursuant to which, on or no later than three business days after (i) the date of the filing of the annual report on Form 20-F for the fiscal year ended March 31, 2021 and (ii) July 31, 2021, we shall prepare and file with the SEC a registration statement on Form F-3 for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act. GIC also has piggyback registration rights.

Share Subscription Agreement with Wells Fargo

On October 5, 2020, we entered into a share subscription agreement with Wells Capital Management, Inc., pursuant to which Wells Fargo subscribed for 33,879,831 of our newly issued Class A ordinary shares for an amount of US\$10 million. Wells Fargo also agreed, for a period of 180 days commencing from the closing date, not to transfer, sell or dispose of any of the newly subscribed shares with limited exceptions.

Certain Agreements with NIO Capital and Joy Capital

In June 2021, we entered into a share purchase agreement with, and issued warrants to, Abundance Grace Investment Limited, an affiliate of NIO Capital, and Astral Success Limited, an affiliate of Joy Capital, in connection with a financing transaction.

Share Subscription Agreement. On June 14, 2021, we entered into a share subscription agreement with NIO Capital and Joy Capital. Pursuant to the share subscription agreement, NIO Capital and Joy Capital agreed to subscribe for 436,935,624 of our newly issued senior convertible preferred shares for an aggregate amount of US\$150 million. On July 12, 2021, the first closing was completed for an aggregate amount of US\$100 million for the issuance of 291,290,416 senior convertible preferred shares. The second closing in the amount of US\$27.5 million and US\$10 million US\$7.5 million was completed for the issuance of 80,104,865, 29,129,042 and 21,846,781 senior convertible preferred shares in November 2021, March 2022 and June 2022, respectively. Each of NIO Capital and Joy Capital also agreed, for a period of 180 days commencing from July 12, 2021, not to transfer, sell or dispose of any of the newly subscribed shares with limited exceptions. In July 2022, NIO Capital assigned its rights and obligations to subscribe for 14,564,520 senior convertible preferred shares under the second closing for the total price of US\$5 million to an independent third party. On the same day, we issued 14,564,520 senior convertible preferred shares to the third party and the second closing of the transaction was completed.

Warrant. On July 12, 2021, we issued warrants to each of NIO Capital and Joy Capital. Pursuant to the warrants, each of NIO Capital and Joy Capital has the right to purchase up to 240,314,593 senior convertible preferred shares with an exercise price of US\$0.3433, exercisable, at the option of the holder, at any time and from time to time on or prior to 5 p.m. (New York City time) of January 12, 2023.

In June 2022, we entered into a share subscription agreement, or the 2022 Subscription Agreement, with Abundance Grace Investment Limited, an affiliate of NIO Capital, in connection with another round of financing transaction.

Share Subscription Agreement. On June 30, 2022, we entered into a share subscription agreement with NIO Capital, or the 2022 Subscription Agreement, pursuant to which NIO Capital agreed to subscribe for 714,285,714 of our newly issued senior convertible preferred shares for an aggregate amount of US\$100 million, which will be paid in multiple installments. The 714,285,714 senior convertible preferred shares were issued on July 27, 2022 in connection with the closing. Pursuant to the then-effective certificate of designation of senior convertible preferred shares of our company, the issuance of the senior convertible preferred shares on July 27, 2022 in connection with the closing of the foregoing transaction has led to a reduction in the conversion price, from US\$0.3433 per Class A ordinary share to US\$0.14 per Class A ordinary share, of the senior convertible preferred shares issued pursuant to the 2021 Subscription Agreement we entered into with certain investors in June 2021 and then outstanding. The fair value impact of the triggered down round feature amounted to RMB755.6 million and was recorded as a charge to accumulated deficit and a credit to additional-paid in capital.

Set forth below is a summary of certain other agreements in connection with the above transactions.

Amended and Restated Investors' Rights Agreement. On July 27, 2022, we entered into an investors' rights agreement with NIO Capital and Joy Capital, which amended and restated the investor's rights agreement on July 12, 2021. Pursuant to the amended and restated investors' rights agreement, NIO Capital and Joy Capital enjoy certain information rights, co-sale rights and rights of first refusal. In addition, they agreed to certain lock-up and transfer restrictions. During the lock-up period, upon the occurrence of certain events, the 40,809,861 Class B ordinary shares beneficially owned by Mr. Kun Dai will be automatically converted into an equal number of Class A ordinary shares.

Voting Agreement. On July 27, 2022, we entered into an additional voting agreement with NIO Capital and Joy Capital, pursuant to which, each of NIO Capital and Joy Capital is entitled to nominate one director of our company under certain conditions. In addition, NIO Capital and Joy Capital are entitled to jointly nominate two independent directors of our company under certain conditions. Mr. Kun Dai is entitled to nominate one director and one independent director under certain conditions.

Registration Rights Agreement. On July 27, 2022, we entered into a registration rights agreement with NIO Capital. Pursuant to the registration rights agreement, on or no later than three business days after the earlier of (i) the date of the filing of the annual report on Form 20-F for the fiscal year ended March 31, 2022 and (ii) July 31, 2022, we shall prepare and file with the SEC a registration statement on Form F-3 for an offering of registrable securities to be made on a continuous basis pursuant to Rule 415 under the Securities Act. NIO Capital also has piggyback registration rights under this registration rights agreement.

Amendment Agreement. On January 12, 2023, we entered into an amendment agreement with Abundance Grace Investment Limited, an affiliate of NIO Capital, and Astral Success Limited, an affiliate of Joy Capital, to extend the expiration date of certain warrants issued in the share purchase agreement entered into in June 2021 from January 12, 2023 to January 12, 2024, which entitled the warrants holders to subscribe to our convertible preferred shares of up to US\$165 million.

Supplementary Agreement. On April 4, 2023, we and NIO Capital entered into a Supplementary Agreement and certain other ancillary agreement, pursuant to which the payment method of purchase price payable under the 2022 Subscription Agreement is revised to permit a combination of cash payment and cancellation of indebtedness of us to NIO Capital. NIO Capital fulfilled its obligations to pay a portion of the remaining outstanding purchase price for its subscription of senior convertible preferred shares of us under the 2022 Subscription Agreement, based on further agreed-upon schedule.

Warrant Amendment. On June 30, 2023, we have entered into a definitive agreement with Alpha and Joy Capital, regarding the warrants issued by the Company to NIO Capital and Joy Capital in 2021. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha acquired warrants from NIO Capital and Joy Capital which provide the right to purchase up to 261,810,806 senior convertible preferred shares of the Company at a modified exercise price of US\$0.0457 per share (equivalent to US\$1.37 per ADS). Joy Capital only assigned a

portion of its warrants under this amended agreement. Alpha and Joy Capital are entitled to, at their discretion, exercise their respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 no later than September 30, 2023. With respect to the warrants that are not exercised by September 30, 2023, the amendment agreement may be terminated and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS).

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange.”

E. Taxation

The following summary of the principal Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People’s Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or our shareholders levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares or the ADSs, nor will gains derived from the disposal of our ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax.

People’s Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that Uxin Limited is not a PRC resident enterprise for PRC tax purposes. Uxin Limited is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Uxin Limited meets all of the conditions above. Uxin Limited is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. For the same reasons, we believe our other entities outside of China are

not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that Uxin Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are deemed to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% which in the case of dividends may be withheld at source. Any PRC tax liability may be reduced by an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of Uxin Limited would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that Uxin Limited is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, Uxin Limited, is not deemed to be a PRC resident enterprise, holders of our ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or the ADSs. SAT Public Notice 7 further clarifies that, if a non-resident enterprise derives income by acquiring and selling shares in an offshore listed enterprise in the public market, such income will not be subject to PRC tax. In addition, SAT Public Notice 37 provided certain key changes to the previous withholding regime, such as (i) the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends, (ii) non-resident enterprises are not obligated to report tax to relevant authorities if their withholding agents fail to perform the withholding obligation is removed. However, there is uncertainty as to the application of SAT Public Notice 37 and SAT Public Notice 7, we and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Public Notice 37 and SAT Public Notice 7 and we may be required to expend valuable resources to comply with SAT Public Notice 37 and SAT Public Notice 7 or to establish that we should not be taxed under SAT Public Notice 37 and SAT Public Notice 7. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC shareholders.”

United States Federal Income Taxation

The following discussion is a summary of material U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or Class A ordinary shares by a U.S. Holder (as defined below) that holds the ADSs or Class A ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the PRC and the United States (the “Treaty”), all as of the date hereof, any of which is subject to differing interpretations or change, possibly with retroactive effect. This discussion, moreover, does not address the U.S. federal estate, gift, and alternative minimum tax considerations, Medicare tax on certain net investment or any state, local and non-U.S. tax considerations. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;

- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities, “individual retirement accounts” or “Roth IRAs”;
- persons who acquired their ADSs or Class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- persons that hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- persons that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of the total combined voting power or value of our stock; or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or Class A ordinary shares through such entities, all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of the ADSs or Class A ordinary shares.

For purposes of this discussion, a “U.S. Holder” is a person that is, for U.S. federal income tax purposes, a beneficial owner of our ADSs or Class A ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created in, or organized under the law of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding the ADSs or Class A ordinary shares and their partners are urged to consult their tax advisors regarding an investment in the ADSs or Class A ordinary shares.

Passive Foreign Investment Company Consideration

A non-U.S. corporation, such as our company, will be a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of passive income, or (ii) 50% or more of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). Passive income generally includes dividends, interest, royalties, rents, and capital gains. For purposes of these calculations, a non-U.S. corporation will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

We do not believe that we were a PFIC for our taxable year ended March 31, 2023. However, because the determination of whether we have been or will become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets and the value of our assets from time to time, there can be no assurance that we have not been or will not be a PFIC in any taxable year. In prior Annual Reports on Form 20-F for, we stated that we believed that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2019, and that it is possible that one or more of our subsidiaries were also PFICs for such year for U.S. federal income tax purposes.

Our PFIC status may depend on the average value of our goodwill. If the value of our assets (including our goodwill) is determined by reference to our market capitalization, fluctuations in the market price of our ADSs may result in us becoming a PFIC for the current or future taxable years. The market price of our ADSs may continue to fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. In addition, if our revenue from activities that produce passive income increases relative to our revenue from activities that produce non-passive income, our risk of becoming a PFIC may substantially increase. If we are a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we generally would continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares even if we cease to meet the threshold requirements for PFIC status. As noted above, we believed we were a PFIC for our taxable year ended December 31, 2019. If we were a PFIC for 2019, we will generally continue to be treated as a PFIC with respect to a U.S. Holder that owned our ADSs or Class A ordinary shares during any portion of that year, even if we are not a PFIC for any other taxable year, unless the U.S. Holder made or makes a “deemed sale” election with respect to our ADSs or Class A ordinary shares. Under a deemed sale election, the U.S. Holder will be deemed to have sold such ADSs or Class A ordinary shares at their fair market value and any gain recognized on such deemed sale will be treated as an “excess distribution,” as described below. As a result of this election, the U.S. Holder will have additional basis (to the extent of any gain recognized in the deemed sale) and, solely for purposes of the PFIC rules, a new holding period in the ADSs or Class A ordinary shares. U.S. Holders that owned our shares in 2019 are urged to consult their tax advisors regarding the potential application of the deemed sale election rules to their particular circumstances.

If we are a PFIC for any taxable year during which a U.S. Holder owns our ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect regardless of whether we remain a PFIC on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder to the extent that it is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or Class A ordinary shares. Under the PFIC rules:

- such excess distribution and/or gain will be allocated ratably over the U.S. Holder’s holding period for the ADSs or Class A ordinary shares;
- such amount allocated to the current taxable year and any taxable years in the U.S. Holder’s holding period prior to the first taxable year in which we become a PFIC (each, a “pre-PFIC year”), will be taxable as ordinary income;
- such amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- an interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” in a PFIC may make a mark-to-market election with respect to such stock. The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. Our ADSs, but not our Class A ordinary shares, are traded on the NASDAQ Global Select Market, which is a qualified exchange for these purposes, and, consequently, we anticipate that our ADSs should qualify as being regularly traded, but no assurances are given in this regard. If a U.S. Holder makes this election with respect to the ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss in each such taxable year the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of the ADSs and we cease to be a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that we are not a

PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of the ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

There is no provision in the Code, Treasury regulations or other official guidance that would permit U.S. Holders to make a mark-to-market election for any lower-tier PFICs that we may own, the shares of which are not regularly traded. Therefore, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

If we are a PFIC (or with respect to a particular U.S. Holder are treated as a PFIC) for a taxable year of ours in which we pay a dividend or for the prior taxable year, the favorable tax rate described above with respect to "qualified dividend income" paid to certain non-corporate U.S. Holders will not apply.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the U.S. Holder must generally file an annual report containing such information as the United States Treasury Department may require. Each U.S. Holder should consult its tax advisor regarding the U.S. federal income tax consequences of owning and disposing of the ADSs or Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election.

Dividends

The following discussion is subject to the discussion under "*—Passive Foreign Investment Company Considerations*" below.

Any cash distributions (including the amount of any PRC tax withheld) paid on the ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, it is expected that any distributions we pay will be reported by financial intermediaries to U.S. Holders as dividends. The amount of any dividend income paid in non-U.S. currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Individuals and other non-corporate U.S. Holders will be subject to tax at the lower capital gains tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) the ADSs or Class A ordinary shares, as applicable, on which the dividends are paid are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty (the "Treaty"), (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed above) for the taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. Our ADSs are listed on the Nasdaq Global Select Market, which is an established securities market in the United States, and the ADSs are expected to be readily tradable. Although the law in this regard is not entirely clear, since we do not expect our Class A ordinary shares will be listed on any securities market, we do not believe that Class A ordinary shares that are not represented by ADSs will generally be considered to be readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Furthermore, in our Annual Report on Form 20-F for 2019, we stated that we believed that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2019. Each U.S. Holder should consult its tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or Class A ordinary shares. Dividends received on the ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation”), a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs or Class A ordinary shares. In this event, it is unclear whether U.S. Holders would be entitled to claim benefits under the Treaty. For U.S. foreign tax credit purposes, dividends paid on the ADSs or Class A ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. Subject to applicable limitations, which vary depending upon the U.S. Holder’s circumstances, and the discussion below regarding certain Treasury regulations, PRC taxes withheld from dividend payments (at a rate not exceeding any applicable Treaty rate) will be creditable against a U.S. Holder’s U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable, the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets these requirements. The Internal Revenue Service recently released a notice allowing taxpayers to temporarily apply certain former or modified rules for claiming foreign tax credits for taxable years beginning on or after December 28, 2021, and ending on or before December 31, 2023 (which notice further states that the Internal Revenue Service and the Treasury Department are considering proposing amendments to the applicable Treasury regulations). If a U.S. Holder does not elect to claim a foreign tax credit, such holder may be able to instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

The following discussion is subject to the discussion under “—Passive Foreign Investment Company Considerations” below.

A U.S. Holder will generally recognize gain or loss upon the sale or other disposition of our ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder’s adjusted tax basis in such ADSs or Class A ordinary shares. The gain or loss will generally be capital gain or loss. Individuals and other non-corporate U.S. Holders who have held the ADS or Class A ordinary shares for more than one year will generally be eligible for reduced tax rates. The deductibility of a capital loss may be subject to limitations.

As described in “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation,” if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, gains from the disposition of the ADSs or Class A ordinary shares may be subject to PRC income tax. In this event, it is unclear whether U.S. Holders would be entitled to claim benefits under the Treaty. Under the Code, capital gains of U.S. persons are generally treated as U.S. source income. However, if a U.S. Holder is eligible for the benefits of the Treaty, such holder may be able to elect to treat such gain as PRC source income under the Treaty and claim a foreign tax credit in respect of any PRC taxes on such disposition gains. Pursuant to certain Treasury regulations, however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or Class A ordinary shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex, and as noted above under “—Dividends,” the Internal Revenue Service recently released a notice which may modify the application of the Treasury regulations discussed above. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit or deduction in light of their particular circumstances, including the applicability of the notice, their eligibility for benefits under the Treaty, the Treaty’s resourcing rule, the obligation to report a Treaty-based return position and any limitation on the creditability or deductibility of any PRC tax on disposition gains in their particular circumstances.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other “exempt recipient” and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

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Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of Class A ordinary shares or non-U.S. accounts through which ADSs or Class A ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to ADSs and Class A ordinary shares.

E. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC our registration statement on Form F-1 (Registration No. 333-225266), as amended, including the annual report contained therein, to register the issuance and sale of our ordinary shares represented by ADSs in relation to our initial public offering. We have also filed with the SEC the registration statement on Form F-6 (Registration No. 333-225594) to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is March 31. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish the Bank of New York Mellon, the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <http://ir.xin.com>. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

We may invest in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Foreign Exchange Risk

Substantially all of our revenues and expenses are denominated in RMB. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or the ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of March 31, 2023, we had RMB-denominated cash and cash equivalents and restricted cash RMB28.7 million, and U.S. dollar-denominated cash balances of US\$9.4 million. Assuming we had converted RMB28.7 million into U.S. dollars at the exchange rate of RMB6.8676 for US\$1.00 as of March 31, 2023, our U.S. dollar cash balance converted from RMB-denominated cash and cash equivalents would have been US\$4.2 million. If the RMB had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance converted from RMB-denominated cash and cash equivalents would have been US\$3.8 million instead. Assuming we had converted US\$9.4 million into RMB at the exchange rate of RMB6.8676 for US\$1.00 as of March 31, 2023, our RMB cash balance converted from U.S. dollar-denominated cash balances would have been RMB64.6 million. If the RMB had depreciated by 10% against the U.S. dollar, our RMB cash balance converted from U.S. dollar-denominated cash balances would have been RMB71.0 million instead.

Inflation

To date, inflation in the PRC has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2019, 2020 and 2021 were increases of 4.5%, 0.2% and 1.5%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in the PRC. For example, certain operating costs and expenses, such as employee compensation and office operating expenses may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash and cash equivalents and short-term investments, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposure to higher inflation in China.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS holders May Have to Pay

An ADS holder will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs):

| Persons depositing or withdrawing Class A ordinary shares or ADS holders must pay: | For: |
|---|--|
| \$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | Issuance of ADSs, including issuances resulting from a distribution of Class A ordinary shares or rights or other property |
| | Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates |
| \$0.05 (or less) per ADS | Any cash distribution to ADS holders |
| A fee equivalent to the fee that would be payable if securities distributed to you had been Class A ordinary shares and the Class A ordinary shares had been deposited for issuance of ADSs | Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| \$0.05 (or less) per ADS per calendar year | Depositary services |
| Registration or transfer fees | Transfer and registration of Class A ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw Class A ordinary shares |
| Expenses of the depositary | Cable and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars |
| Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or Class A ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes | As necessary |
| Any charges incurred by the depositary or its agents for servicing the deposited securities | As necessary |

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us annually for our expenses incurred in connection with investor relationship programs and any other program related to our ADS facility and the travel expense of our key personnel in connection with such programs. The depositary has also agreed to provide additional payments to us based on the applicable performance indicators relating to our ADS facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors. In April 2022, we received approximately US\$2.0 million (after tax) reimbursement from the depositary for our expenses incurred in connection with investor relationship programs related to the ADS facility and the travel expense of our key personnel in connection with such programs. We did not receive any reimbursement from the depositary after the ADS Ratio Change. Except for the accrued and unpaid amount prior to the date of the ADS Ratio Change, the depositary shall no longer pay any reimbursement to us after the ADS Ratio Change.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

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

None.

Item 15. Controls and Procedures

A. Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were ineffective as of March 31, 2023, because of the material weakness in our internal control over financial reporting described below. However, we believe that the consolidated financial statements included in this annual report on Form 20-F correctly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material respects.

B. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. GAAP, and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements. Our management evaluated the effectiveness of our internal control over financial reporting as of March 31, 2023, as required by Rule 13a-15(c) of the Exchange Act, based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was ineffective as of March 31, 2023 due to a material weakness identified in our internal control over financial reporting as described below.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Internal Control Over Financial Reporting

During the audit of our financial statements for the fiscal year ended March 31, 2023, we determined that one material weakness (initially identified in connection with the audit for the years ended December 31, 2016 and 2017) remains unremediated at the end of fiscal year 2023. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified is related to the lack of sufficient accounting staff and management resources with appropriate knowledge of U.S. GAAP and SEC reporting and compliance requirements.

We are in the process of implementing a number of measures to address the material weakness identified, including: (i) hire more qualified financial and reporting personnel, including financial reporting manager, equipped with relevant U.S. GAAP and SEC reporting experiences and qualifications to strengthen the financial reporting function and to set up financial and system control framework; (ii) implement regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel; and (iii) enhance our process and controls in dealing with non-recurring and complex transactions.

Another material weakness (also initially identified in connection with the audit for the years ended December 31, 2016 and 2017) was related to insufficient documented financial closing policies and procedures, specifically those related to period end expenses cut-off and accruals. This material weakness was remediated as of March 31, 2022 through the implementation of a number of measures, including: (1) the establishment of sufficient and formal financial closing policies and procedures, especially those related to period end expenses cut-off and accruals, and (2) the allocation of resources to enhance the internal audit function to ensure proper design and implementation of our accounting policies and financial reporting procedures.

We cannot assure you that we will remediate our remaining material weakness in a timely manner. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. See “Risk Factors—Risks Related to Our Business and Industry—If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.”

C. Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our company’s internal control over financial reporting as of March 31, 2023, as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

D. Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Rong Lu, an independent director (under the standards set forth in Nasdaq Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act) and member of our audit committee, is an audit committee financial expert.

Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in June 2018. We have posted a copy of our code of business conduct and ethics on our website at <http://irxin.com>.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal external auditors, for the periods indicated.

| | In the Fiscal Year ended March 31, 2021 | In the Fiscal Year ended March 31, 2022 | In the Fiscal Year ended March 31, 2023 |
|-------------------------------|--|--|--|
| Audit fees ⁽¹⁾ | US\$818,096 | US\$1,381,856 | US\$1,295,940 |
| All other fees ⁽²⁾ | — | — | — |

-
- (1) "Audit fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC. In the fiscal year of 2021, 2022 and 2023, the audit refers to financial audit.
- (2) "All other fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain financial due diligence projects, permissible services to review and comment on internal control design over financial reporting and other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, including audit services, audit-related services, tax services and other services as described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

As a Cayman Islands company listed on Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards.

Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided letters to the Nasdaq Stock Market certifying that under Cayman Islands law, (i) we are not required to hold annual shareholders meetings every year; (ii) shareholder approval is not required for the adoption or amendment of an equity compensation plan; (iii) shareholder approval is not required for 20% share issuance at a price that is less than the minimum price as required in Nasdaq Rule 5635(d); (iv) we are not required to maintain a majority independent board as required in Nasdaq Rule 5605(b)(1); (v) shareholder approval is not required for issuance or potential issuance of securities that will result in a change of control as required in Nasdaq Rule 5635(b); and (v) we are not required to ensure that voting rights of existing shareholders of publicly traded common stock registered under Section 12 of the Securities Exchange Act of 1934 of the United States cannot be disparately reduced or restricted through any corporate action or issuance.

We followed and intend to continue to follow our home country practice in lieu of the requirement to hold an annual meeting of shareholders no later than one year after the end of a fiscal year under Nasdaq Rule 5620(a). We also followed home country practice in connection with the transaction with NIO Capital and Joy Capital in June 2021, the transaction with NIO Capital in July 2022 and the adoption of our 2018 Second Amended and Restated Share Incentive Plan in November 2018 in each case without seeking shareholder approval. In addition, in connection with the transaction with Alpha and Joy Capital in June 2023 regarding certain warrants initially issued by us to NIO Capital and Joy Capital in 2021, we have relied on home country practices in lieu of (i) Nasdaq's requirement that voting rights of existing shareholders of publicly traded common stock registered under Section 12 of the Securities Exchange Act of 1934 of the United States cannot be disparately reduced or restricted through any corporate action or issuance; (ii) Nasdaq's requirement that shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the company and (iii) Nasdaq's requirement that shareholder approval is required prior to issuance at a price that is less than the minimum price requirements stipulated by the Nasdaq Rule 5635(d). Lastly, we have relied on home country practice and our board of directors does not consist of a majority of independent directors. In addition, we rely on home country practice so that our board of directors does not consist of a majority of independent directors.

Other than the practices described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under Nasdaq Stock Market Rules.

However, if we choose to follow other home country practice in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.”

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections

On August 26, 2022, we were conclusively identified by the SEC under the HFCAA as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completed by the PCAOB in connection with our filing of our annual report on the Form 20-F for the fiscal year ended March 31, 2022. Our registered public accounting firm is headquartered in mainland China.

As of the date of this annual report and to our best knowledge:

- (i) none of our shares or the shares of our operating entities are owned by governmental entities in the PRC or the Cayman Islands;
- (ii) none of the governmental entities in the applicable foreign jurisdiction with respect to our registered public accounting firm have a controlling financial interest in us or any of our operating entities;
- (iii) none of the members of the board of directors of our company or the board of directors of our operating entities is an official of the Chinese Communist Party; and
- (iv) the currently effective Articles of Association of our company or equivalent organizing documents of our operating entities do not contain any charter of the Chinese Communist Party, including the text of any such articles or organizing documents.

We have not relied upon any legal opinions or third-party certifications, such as affidavits, as the basis for our disclosure under this Item 16.I.

Item 16J. Insider Trading Policies

Not applicable.

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 the former VIEs, as applicable, are included at the end of this annual report.

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Item 19. Exhibits

| Exhibit Number | Description of Document |
|-----------------------|--|
| 1.1 | <u>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)</u> |
| 1.2 | <u>Certificate of Designation of Senior Convertible Preferred Shares of the Registrant dated July 12, 2021 (incorporated by reference to Exhibit 1.2 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021)</u> |
| 1.3 | <u>Form of Warrant to Purchase Senior Convertible Preferred Shares of the Registrant dated July 12, 2021 (incorporated by reference to Exhibit 1.3 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021)</u> |
| 1.4 | <u>Amended and Restated Certificate of Designation of Senior Convertible Preferred Shares of the Registrant dated July 27, 2022 (incorporated by reference to Exhibit 1.4 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022)</u> |
| 2.1 | <u>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)</u> |
| 2.2 | <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> |
| 2.3 | <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> |
| 2.4 | <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> |
| 3.1 | <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> |
| 4.1 | <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> |
| 4.2 | <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> |
| 4.3 | <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> |
| 4.4 | <u>English translation of the Amended and Restated Exclusive Business Cooperation Agreement between Youxinpai and Youxin Huliaan 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> |

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- 4.5 [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\)](#)
- 4.6 [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\)](#)
- 4.7 [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\)](#)
- 4.8 [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\)](#)
- 4.9 [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\)](#)
- 4.10 [English translation of the Amended and Restated Exclusive Option Agreement among Youxinpai, Youxin Hulian 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\)](#)
- 4.11 [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\)](#)
- 4.12 [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\)](#)
- 4.13 [English translation of the Equity Interest Pledge Agreement among Yougu, Yishouche and Mr. Kw 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\)](#)
- 4.14 [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\)](#)
- 4.15 [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\)](#)
- 4.16 [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\)](#)

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- [333-225266](#)), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018).
- 4.17 [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\)](#)
- 4.18 [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\) Exhibit](#)
- 4.19 [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\)](#)
- 4.20 [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\)](#)
- 4.21 [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 \(incorporated by reference to Exhibit 4.35 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 29, 2019\)](#)
- 4.22 [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\)](#)
- 4.23 [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\)](#)
- 4.24† [Convertible Note Purchase Agreement \(First Closing\) by and between the Registrant and PacificBridge Asset Management dated July 12, 2019 \(incorporated by reference to Exhibit 4.29 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.25† [Convertible Note Purchase Agreement \(Second Closing\) by and between the Registrant and PacificBridge Asset Management dated July 12, 2019 \(incorporated by reference to Exhibit 4.30 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.26† [Amendment to Convertible Note Purchase Agreement \(Second Closing\) by and between the Registrant and PacificBridge Asset Management dated August 13, 2019 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](#)

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- [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\)](#)
- 4.27† [Convertible Note Purchase Agreement \(Third Closing\) by and between the Registrant and PacificBridge Asset Management dated July 12, 2019 \(incorporated by reference to Exhibit 4.32 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.28† [Amendment to Convertible Note Purchase Agreement \(Third Closing\) by and between the Registrant and PacificBridge Asset Management dated August 13, 2019 \(incorporated by reference to Exhibit 4.33 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.29† [Second Amendment to Convertible Note Purchase Agreement \(Third Closing\) by and between the Registrant and PacificBridge Asset Management dated October 10, 2019 \(incorporated by reference to Exhibit 4.34 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.30† [Asset Transfer Agreement by and among the Registrant, Tianjin Wuba Rongxin Information Technology Co., Ltd. and certain other parties dated September 30, 2019 \(incorporated by reference to Exhibit 4.35 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.31† [Supplementary Agreements to Assets Transfer Agreement by and among the Registrant, Tianjin Wuba Rongxin Information Technology Col, Ltd. and certain other parties dated April 23, 2020 \(incorporated by reference to Exhibit 4.36 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.32† [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 \(incorporated by reference to Exhibit 4.37 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.33† [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 \(incorporated by reference to Exhibit 4.38 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.34† [Business Cooperation Agreement by and among the Registrant, Beijing 58 Paipai Information Technology Co., Ltd. and certain other parties dated April 14, 2020 \(incorporated by reference to Exhibit 4.39 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020\)](#)
- 4.35 [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 \(incorporated by reference to Exhibit 4.40 of the transition report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 24, 2020\)](#)
- 4.36 [Agreement to Convertible Promissory Note by and between the Registrant and PacificBridge Asset Management dated July 23, 2020 \(incorporated by reference to Exhibit 4.41 of the transition report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 24, 2020\)](#)
- 4.37 [Agreement to Convertible Promissory Note by and between the Registrant and PacificBridge Asset Management dated July 23, 2020 \(incorporated by reference to Exhibit 4.42 of the transition report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 24, 2020\)](#)
- 4.38 [Share Subscription Agreement by and between the Registrant and GIC Private Limited dated October 5, 2020 \(incorporated by reference to Exhibit 4.38 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)

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- 4.39 [Registration Rights Agreement by and between the Registrant and GIC Private Limited dated October 8, 2020 \(incorporated by reference to Exhibit 4.39 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.40 [Share Subscription Agreement by and between the Registrant and Wells Capital Management, Inc. on behalf of Wells Fargo Emerging Markets Equity Fund, Emerging Markets Equity Fund, a series of 525 Market Street Fund, LLC and Emerging Markets Equity CIT dated October 5, 2020 \(incorporated by reference to Exhibit 4.40 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.41 [Share Subscription Agreement by and among the Registrant, Astral Success Limited and Abundant Grace Investment Limited dated June 14, 2021 \(incorporated by reference to Exhibit 4.41 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.42 [Investors' Rights Agreement by and among the Registrant, Kun Dai, Xin Gao Group Limited, Astral Success Limited and Abundant Grace Investment Limited dated July 12, 2021 \(incorporated by reference to Exhibit 4.42 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.43 [Voting Agreement by and among the Registrant, Kun Dai, Xin Gao Group Limited, Astral Success Limited, Abundant Grace Investment Limited, Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd. and 58.com Holding Inc. dated July 12, 2021 \(incorporated by reference to Exhibit 4.43 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.44 [Registration Rights Agreement by and among the Registrant, Astral Success Limited and Abundant Grace Investment Limited dated July 12, 2021 \(incorporated by reference to Exhibit 4.44 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.45 [Supplemental Agreement in connection with the Convertible Note Purchase Agreement and Convertible Promissory Notes by and among the Registrant, Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd., 58.com Holdings Inc., Kun Dai, Xin Gao Group Limited, Gao Li Group Limited, ClearVue UXin Holdings, Ltd. and Magic Carpet International Limited dated June 17, 2021 \(incorporated by reference to Exhibit 4.45 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.46 [Termination Agreement by and among the Registrant, Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd., 58.com Holdings Inc., Kun Dai, Xin Gao Group Limited, Gao Li Group Limited and JenCap UX dated July 12, 2021 \(incorporated by reference to Exhibit 4.46 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on July 30, 2021\)](#)
- 4.47 [English Summary of Material Contract Terms of the Investment Cooperation Agreement between Changfeng County Government of Hefei City and Uxin \(Hefei\) Automobile Intelligent Remanufacturing Co., Ltd. \(incorporated by reference to Exhibit 4.8 of the current report on Form 6-K filed by the Registrant with the Securities and Exchange Commission on December 7, 2021\)](#)
- 4.48 [English Translation of Termination Agreement among Youxinpai, Youxin Hulian and its shareholders dated March 31, 2022 \(incorporated by reference to Exhibit 4.48 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.49 [English Translation of Termination Agreement among Yougu, Yishouche and its shareholders dated March 31, 2022 \(incorporated by reference to Exhibit 4.49 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.50† [Share Subscription Agreement between the Registrant and Abundant Grace Investment Limited on June 30, 2022 \(incorporated by reference to Exhibit 4.50 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)

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- 4.51 [Amended and Restated Investors' Rights Agreement by and among the Registrant, Kun Dai, Xin Gao Group Limited, Astral Success Limited, Abundant Grace Investment Limited and Abundant Glory Investment L.P. dated July 27, 2022 \(incorporated by reference to Exhibit 4.51 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.52 [Registration Rights Agreement by and among the Registrant and Abundant Grace Investment Limited dated July 27, 2022 \(incorporated by reference to Exhibit 4.52 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.53† [Voting Agreement by and among the Registrant, Kun Dai, Xin Gao Group Limited, Astral Success Limited, Abundant Grace Investment Limited and Abundant Glory Investment L.P. dated July 27, 2022 \(incorporated by reference to Exhibit 4.53 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.54† [Framework Agreement among the Registrant, 58.com and other parties dated July 18, 2022 \(incorporated by reference to Exhibit 4.54 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.55 [Note Conversion and Share Exchange Letter dated July 18, 2022 \(incorporated by reference to Exhibit 4.55 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on August 1, 2022\)](#)
- 4.56* [Amendment Agreement to the Warrant among the Registrant and Abundant Glory Investment L.P. dated January 12, 2023](#)
- 4.57* [Amendment Agreement to the Warrant among the Registrant and Abundant Grace Investment Limited dated January 12, 2023](#)
- 4.58* [Amendment Agreement to the Warrant among the Registrant and Astral Success Limited dated January 12, 2023](#)
- 4.59* [Supplementary Agreement among the Registrant and Abundant Grace Investment Limited dated April 4, 2023](#)
- 4.60*† [Agreement in Relation to Amendment to and Exercise of Warrants Issued by Uxin Limited by and among Uxin Limited, Astral Success Limited and Alpha Wealth Global Limited dated June 30, 2023](#)

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| 8.1* | List of Principal Subsidiaries of the Registrant |
| 11.1 | 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) |
| 12.1* | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1** | Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2** | Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1* | Consent of PricewaterhouseCoopers Zhong Tian LLP |
| 15.2* | Consent of Beijing DOCVIT Law Firm |
| 15.3* | Consent of JunHe LLP |
| 15.4** | Submission under Item 16I(a) of Form 20-F in relation to the Holding Foreign Companies Accountable Act |
| 101.INS* | Inline XBRL Instance Document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document 140 |
| 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 (embedded within the Inline XBRL document) |

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* 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 annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Uxin Limited

By: /s/ Kun Dai

Name: Kun Dai

Title: Chairman and Chief Executive Officer

Date: August 14, 2023

UXIN LIMITED

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| Consolidated Statements of Comprehensive Loss for the fiscal years ended March 31, 2021, 2022 and 2023 | F-8 |
| Consolidated Statements of Changes in Shareholders' Deficit for the fiscal year ended March 31, 2021, 2022 and 2023 | F-10 |
| Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2021, 2022 and 2023 | F-12 |
| Notes to the Consolidated Financial Statements | F-16 |

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Uxin Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Uxin Limited and its subsidiaries (the “Company”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive loss, changes in shareholders’ deficit and cash flows for each of the three years in the period ended March 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO because a material weakness in internal control over financial reporting existed as of that date related to the Company’s lack of sufficient accounting staff and management resources with appropriate knowledge of U.S. GAAP and the Securities and Exchange Commission reporting and compliance requirements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15B. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the fiscal year 2023 consolidated financial statements, and our opinion regarding the effectiveness of the Company’s internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Substantial Doubt about the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred net losses since inception and incurred cash outflows from operating activities during the fiscal year ended March 31, 2023. In addition, the Company has an accumulated deficit and net current liabilities as of March 31, 2023. These events and conditions raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter is also discussed below as a critical audit matter.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in management’s report referred to above. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

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Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Going concern assessment

As discussed in Note 1 management assessed the Company's ability to meet its maturing obligations and working capital requirements and performed an evaluation of whether management's business and financing plans would be sufficient to conclude the Company could continue as a going concern over the next twelve months. The Company's plans include steps to improve cash flows from operations and to obtain additional capital, which include significant, subjective assumptions that are subject to uncertainty. These assumptions include: (i) achievement of an increase in gross margin on automobile sales, increasing demand for used cars, reduction of cost control and cash outflows from operations, and overall planned profit improvement over the next twelve months; (ii) management's ability to satisfactorily complete lease negotiations with the lessor of the new inspection and reconditioning center in Hefei; (iii) renewal of existing the inventory-pledging and working capital loan facilities; and (iv) availability of financing from the exercise of warrants that is not already contractually committed at terms that are favorable to the Company and in amounts that are sufficient to meet the Company's needs over the next twelve months. Management has concluded that these uncertainties cast substantial doubt on the Company's ability to meet its maturing obligations and working capital requirements over the next twelve months, which would impact the Company's ability to continue as a going concern. The consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. This matter is also described in the Substantial Doubt about the Company's Ability to Continue as a Going Concern section of our report.

The principal considerations for our determination that performing procedures relating to the going concern assessment is a critical audit matter are the significant estimations and judgments by management when developing its forecasted cash flows

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included in the going concern assessment. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to management's business and financing plans and forecasted cash flows.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of internal controls relating to management's going concern assessment, including the Company's controls over the preparation of the business and financing plans and forecasted cash flows. These procedures also included, among others, (i) testing management's process for developing business and financing plans and forecasted cash flows included in the going concern assessment; (ii) testing the completeness, accuracy, and relevance of underlying data, including lease and financing agreements, used in developing the forecasted cash flows; and (iii) evaluating the reasonableness of the estimations and judgements made by management in evaluating whether the business and financing plans will be effectively implemented.

/s/PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
August 14, 2023

We have served as the Company's auditor since 2017.

UXIN LIMITED

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2022 AND 2023

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

| | March 31, 2022 | March 31, 2023 | |
|---|-------------------|-------------------|--------------------|
| | RMB | RMB | US\$ (Note 2.7) |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 128,021 | 92,713 | 13,500 |
| Restricted cash | 8,276 | 618 | 90 |
| Accounts receivable, net | 832 | 790 | 115 |
| Inventory, net | 426,257 | 110,893 | 16,147 |
| Loans recognized as a result of payments under guarantees, net of provision for credit losses of RMB324,371 and RMB10,337 as of March 31, 2022 and 2023, respectively | 54,888 | — | — |
| Other receivables, net of provision for credit losses of RMB30,251 and RMB26,541 as of March 31, 2022 and 2023, respectively | 166,006 | 15,345 | 2,234 |
| Forward contract assets | 36 | — | — |
| Prepaid expenses and other current assets | 90,012 | 61,390 | 8,939 |
| Total current assets | 874,328 | 281,749 | 41,025 |
| Non-current assets: | | | |
| Property, equipment and software, net | 34,531 | 63,725 | 9,279 |
| Long-term investments | 288,756 | 288,712 | 42,040 |
| Other non-current assets | 24,000 | — | — |
| Right-of-use assets, net | 29,584 | 84,461 | 12,298 |
| Total non-current assets | 376,871 | 436,898 | 63,617 |
| Total assets | 1,251,199 | 718,647 | 104,642 |

UXIN LIMITED

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2022 AND 2023

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

| | March 31, 2022 | March 31, 2023 | |
|--|-------------------|-------------------|--------------------|
| | RMB | RMB | US\$ (Note 2.7) |
| LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT | | | |
| Current liabilities | | | |
| Accounts payable | 92,534 | 80,668 | 11,746 |
| Guarantee liabilities | 179 | — | — |
| Other payables and other current liabilities | 674,333 | 344,502 | 50,163 |
| Warrant liabilities | 196,390 | 8 | 1 |
| Short-term borrowing | — | 20,000 | 2,912 |
| Current portion of long-term borrowing | 233,000 | — | — |
| Current portion of long-term debt | 102,206 | 158,736 | 23,114 |
| Total current liabilities | 1,298,642 | 603,914 | 87,936 |
| Non-current liabilities | | | |
| Consideration payable to WeBank | 107,642 | 58,559 | 8,527 |
| Operating lease liabilities | 10,866 | 77,462 | 11,279 |
| Long-term borrowing | — | 291,950 | 42,511 |
| Long-term debt | 817,648 | 264,560 | 38,523 |
| Total non-current liabilities | 936,156 | 692,531 | 100,840 |
| Total liabilities | 2,234,798 | 1,296,445 | 188,776 |

UXIN LIMITED

**CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2022 AND 2023**

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

| | March 31, 2022 | March 31, 2023 | |
|--|--------------------|--------------------|--------------------|
| | RMB | RMB | US\$ (Note 2.7) |
| Commitments | | | |
| Mezzanine equity | | | |
| Senior convertible preferred shares (US\$0.0001 par value, 1,000,000,000 and 1,720,000,000 shares authorized as of March 31, 2022 and 2023, respectively; 400,524,323 and 1,151,221,338 shares issued and outstanding as of March 31, 2022 and 2023, respectively) | 526,484 | 1,245,721 | 181,391 |
| Subscription receivable from shareholders | — | (550,074) | (80,097) |
| Total Mezzanine equity | 526,484 | 695,647 | 101,294 |
| Shareholders' deficit | | | |
| Ordinary shares (US\$0.0001 par value, 9,000,000,000 and 8,280,000,000 shares authorized as of March 31, 2022 and 2023, respectively; 1,146,044,859 Class A ordinary shares and 1,370,016,554 Class A ordinary shares issued and outstanding as of March 31, 2022 and 2023, respectively; 40,809,861 Class B ordinary shares issued and outstanding as of March 31, 2022 and 2023) | 782 | 806 | 117 |
| Additional paid-in capital | 14,254,109 | 15,451,803 | 2,249,957 |
| Accumulated other comprehensive income | 288,461 | 220,185 | 32,061 |
| Accumulated deficit | (16,053,272) | (16,946,064) | (2,467,538) |
| Total UXIN LIMITED shareholders' deficit | (1,509,920) | (1,273,270) | (185,403) |
| Non-controlling interests | (163) | (175) | (25) |
| Total shareholders' deficit | (1,510,083) | (1,273,445) | (185,428) |
| Total liabilities, mezzanine equity and shareholders' deficit | 1,251,199 | 718,647 | 104,642 |

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

UXIN LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
 (All amounts in thousands, except for share and per share data, unless otherwise noted)

| | For the fiscal years ended March 31, | | | |
|--|--------------------------------------|------------------|------------------|-----------------|
| | 2021 | 2022 | 2023 | |
| | RMB | RMB | RMB | US\$ |
| | | | | (Note 2.7) |
| Revenues: | | | | |
| Retail vehicle sales | 463,547 | 780,371 | 1,312,857 | 191,167 |
| Wholesale vehicle sales | 51,249 | 823,466 | 707,385 | 103,003 |
| Commission revenue | 41,939 | — | — | — |
| Value-added service revenue | 35,248 | — | — | — |
| Others | 65,425 | 32,279 | 38,999 | 5,679 |
| Total Revenues | 657,408 | 1,636,116 | 2,059,241 | 299,849 |
| Cost of revenues | (673,711) | (1,588,398) | (2,033,797) | (296,144) |
| Gross (loss)/profit | (16,303) | 47,718 | 25,444 | 3,705 |
| Operating expenses: | | | | |
| Sales and marketing | (339,013) | (222,139) | (236,307) | (34,409) |
| Research and development | (74,137) | (36,200) | (37,704) | (5,490) |
| General and administrative | (277,925) | (151,024) | (164,505) | (23,954) |
| (Provision for)/reversal of credit losses, net | (91,593) | 687 | (13,844) | (2,016) |
| Total operating expenses | (782,668) | (408,676) | (452,360) | (65,869) |
| Other operating income, net | 246,346 | 82,017 | 69,990 | 10,191 |
| Loss from continuing operations | (552,625) | (278,941) | (356,926) | (51,973) |
| Interest income | 45,140 | 3,660 | 603 | 88 |
| Interest expenses | (95,953) | (41,222) | (21,243) | (3,093) |
| Other income | 15,672 | 5,227 | 17,088 | 2,488 |
| Other expenses | (7,890) | (8,925) | (24,153) | (3,517) |
| Foreign exchange losses | (15,887) | (9,336) | (2,457) | (358) |
| Fair value impact of the issuance of senior convertible preferred shares | — | 186,231 | 242,733 | 35,345 |
| Losses from extinguishment of debt | — | — | (2,778) | (405) |
| Inducement charge of convertible notes | (121,056) | — | — | — |
| Loss from continuing operations before income tax expense | (732,599) | (143,306) | (147,133) | (21,425) |

UXIN LIMITED

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
(All amounts in thousands, except for share and per share data, unless otherwise noted)**

| | For the fiscal years ended March 31, | | | |
|---|--------------------------------------|------------------|------------------|--------------------|
| | 2021 RMB | 2022 RMB | 2023 RMB | US\$ (Note 2.7) |
| Income tax expense | (33) | (245) | (366) | (53) |
| Dividend from long-term investment | — | — | 10,374 | 1,510 |
| Equity in income/(loss) of affiliates, net of tax | 15,657 | 328 | (44) | (6) |
| Net loss from continuing operations | (716,975) | (143,223) | (137,169) | (19,974) |
| Less: net loss attributable to non-controlling interests shareholders | (9) | — | (12) | (2) |
| Net loss from continuing operations, attributable to UXIN LIMITED | (716,966) | (143,223) | (137,157) | (19,972) |
| Deemed dividend to preferred shareholders due to triggering of a down round feature | — | — | (755,635) | (110,029) |
| Net loss from continuing operations, attributable to ordinary shares | (716,966) | (143,223) | (892,792) | (130,001) |
| Discontinued operations | | | | |
| Net income from discontinued operations, net of tax | 295,744 | — | — | — |
| Net income from discontinued operations | 295,744 | — | — | — |
| Net income from discontinued operations attributable to UXIN LIMITED | 295,744 | — | — | — |
| Net loss | (421,231) | (143,223) | (137,169) | (19,974) |
| Less: net loss attributable to non-controlling interests shareholders | (9) | — | (12) | (2) |
| Net loss attributable to UXIN LIMITED | (421,222) | (143,223) | (137,157) | (19,972) |
| Deemed dividend to preferred shareholders due to triggering of a down round feature | — | — | (755,635) | (110,029) |
| Net loss attributable to ordinary shareholders | (421,222) | (143,223) | (892,792) | (130,001) |
| Net loss | (421,231) | (143,223) | (137,169) | (19,974) |
| Other comprehensive income/(loss) | | | | |
| Foreign currency translation, net of nil tax | 110,983 | 70,714 | (68,276) | (9,942) |
| Total comprehensive loss | (310,248) | (72,509) | (205,445) | (29,916) |
| Less: total comprehensive loss attributable to non-controlling interests shareholders | (9) | — | (12) | (2) |
| Total comprehensive loss attributable to UXIN LIMITED | (310,239) | (72,509) | (205,433) | (29,914) |
| Net loss from continuing operations, attributable to ordinary shareholders | (716,966) | (143,223) | (892,792) | (130,001) |
| Net income from discontinued operations, attributable to ordinary shareholders | 295,744 | — | — | — |
| Net loss attributable to ordinary shareholders | (421,222) | (143,223) | (892,792) | (130,001) |
| Weighted average shares outstanding – basic | 1,100,650,208 | 1,168,419,750 | 1,344,536,565 | 1,344,536,565 |
| Weighted average shares outstanding – diluted | 1,330,913,033 | 1,354,506,021 | 1,344,536,565 | 1,344,536,565 |
| Net (loss)/income per share for ordinary shareholders, basic | | | | |
| Continuing operations | (0.65) | (0.12) | (0.66) | (0.10) |
| Discontinued operations | 0.27 | — | — | — |
| Net (loss)/income per share for ordinary shareholders, diluted | | | | |
| Continuing operations | (0.65) | (2.07) | (0.66) | (0.10) |
| Discontinued operations | 0.22 | — | — | — |

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

UXIN LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
(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 interests | Total shareholders' deficit |
|--|---|---------------|-------------------------------|---|------------------------|---|----------------------------------|-----------------------------------|
| | Number of shares | Amount RMB | | | | | | |
| Balance as of March 31, 2020 | 887,667,457 | 581 | 13,036,989 | 106,764 | (15,488,827) | (2,344,493) | (154) | (2,344,647) |
| Foreign currency translation adjustments | — | — | — | 110,983 | — | 110,983 | — | 110,983 |
| Net loss | — | — | — | — | (421,222) | (421,222) | (9) | (421,231) |
| Issuance of ordinary shares due to exercise of the share options | 3,791,290 | 2 | 1,909 | — | — | 1,911 | — | 1,911 |
| Issuance of Class A ordinary shares (Note 19) | 84,692,839 | 57 | 169,442 | — | — | 169,499 | — | 169,499 |
| Share-based compensation | — | — | (19,122) | — | — | (19,122) | — | (19,122) |
| Conversion of convertible notes | 136,279,973 | 93 | 506,659 | — | — | 506,752 | — | 506,752 |
| Balance as of March 31, 2021 | <u>1,112,431,559</u> | <u>733</u> | <u>13,695,877</u> | <u>217,747</u> | <u>(15,910,049)</u> | <u>(1,995,692)</u> | <u>(163)</u> | <u>(1,995,855)</u> |
| Balance as of March 31, 2021 | 1,112,431,559 | 733 | 13,695,877 | 217,747 | (15,910,049) | (1,995,692) | (163) | (1,995,855) |
| Foreign currency translation adjustments | — | — | — | 70,714 | — | 70,714 | — | 70,714 |
| Net loss | — | — | — | — | (143,223) | (143,223) | — | (143,223) |
| Issuance of ordinary shares due to exercise of the share options | 7,432,870 | 6 | 15,707 | — | — | 15,713 | — | 15,713 |
| Share-based compensation | — | — | 26,534 | — | — | 26,534 | — | 26,534 |
| Debt restructuring gain from equity holders of the Company (Note 13) | — | — | 61,018 | — | — | 61,018 | — | 61,018 |
| Contribution from a shareholder due to the Restructuring (Note 2.3) | — | — | 8,000 | — | — | 8,000 | — | 8,000 |
| Conversion of convertible notes (Note 13) | 66,990,291 | 43 | 446,973 | — | — | 447,016 | — | 447,016 |
| Balance as of March 31, 2022 | <u>1,186,854,720</u> | <u>782</u> | <u>14,254,109</u> | <u>288,461</u> | <u>(16,053,272)</u> | <u>(1,509,920)</u> | <u>(163)</u> | <u>(1,510,083)</u> |

UXIN LIMITED

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023**
(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 interests | Total shareholders' deficit |
|--|---|---------------|-------------------------------|---|------------------------|---|----------------------------------|-----------------------------------|
| | Number of shares | Amount RMB | | | | | | |
| Balance as of March 31, 2022 | 1,186,854,720 | 782 | 14,254,109 | 288,461 | (16,053,272) | (1,509,920) | (163) | (1,510,083) |
| Foreign currency translation adjustments | — | — | — | (68,276) | — | (68,276) | — | (68,276) |
| Net loss | — | — | — | — | (137,157) | (137,157) | (12) | (137,169) |
| Deemed dividend to preferred shareholders due to triggering of a down round feature (Note 18) | — | — | 755,635 | — | (755,635) | — | — | — |
| Issuance of ordinary shares due to exercise of the share options | 3,777,520 | 2 | 41 | — | — | 43 | — | 43 |
| Share-based compensation | — | — | 47,313 | — | — | 47,313 | — | 47,313 |
| Issuance of ordinary shares to 58.com Holdings Inc. and ClearVue Uxin Holdings, Ltd. ("ClearVue") (Note 13) | 220,194,175 | 22 | 394,705 | — | — | 394,727 | — | 394,727 |
| Balance as of March 31, 2023 | <u>1,410,826,415</u> | <u>806</u> | <u>15,451,803</u> | <u>220,185</u> | <u>(16,946,064)</u> | <u>(1,273,270)</u> | <u>(175)</u> | <u>(1,273,445)</u> |

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

UXIN LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
(All amounts in thousands, except for share and per share data, unless otherwise noted)

| | For the fiscal years ended March 31, | | | |
|---|--------------------------------------|-----------|-----------|--------------------|
| | 2021 | 2022 | 2023 | |
| | RMB | RMB | RMB | US\$ (Note 2.7) |
| Cash flows from operating activities: | | | | |
| Net loss (continuing and discontinued operations) | (421,231) | (143,223) | (137,169) | (19,974) |
| Adjustments to reconcile net loss to net cash generated from operating activities: | | | | |
| Shared-based compensation | (19,122) | 26,534 | 47,313 | 6,890 |
| Depreciation and amortization of property, equipment and software | 46,391 | 14,265 | 13,355 | 1,945 |
| Amortization of intangible assets | 111 | 27 | — | — |
| Amortization of right-of-use assets | 10,950 | 15,373 | 17,489 | 2,547 |
| Loss/(gains) from disposal of property, equipment and software | 6,568 | (1,494) | 670 | 98 |
| Equity in (income)/loss of affiliates | (15,657) | (328) | 44 | 6 |
| Inventory valuation adjustments | 16,279 | 14,223 | (12,003) | (1,748) |
| Provision for/(reversal of) credit losses | 91,593 | (687) | 13,844 | 2,016 |
| Guarantee income | (207,825) | (126) | (46) | (7) |
| Discounting impact of non-current consideration payables | (30,898) | 11,986 | 8,486 | 1,236 |
| Fair value impact of the issuance of senior convertible preferred shares (Note 13, 18) | — | (186,231) | (242,733) | (35,345) |
| Gains from waiver of operating payables (Note 14) | — | (73,747) | (70,500) | (10,266) |
| Losses from extinguishment of debt | — | — | 2,778 | 405 |
| Goodwill impairment | 9,541 | — | — | — |
| Impairment of net assets transferred | 420,000 | — | — | — |
| Transaction gain from divestiture transactions, net (Note 3) | (721,211) | — | — | — |
| Inducement charge of convertible notes | 121,056 | — | — | — |

UXIN LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
 (All amounts in thousands, except for share and per share data, unless otherwise noted)

| | For the fiscal years ended March 31, | | | |
|--|--------------------------------------|------------------|------------------|-----------------|
| | 2021 | 2022 | 2023 | |
| | RMB | RMB | RMB | US\$ |
| | | | | (Note 2.7) |
| Changes in operating assets and liabilities: | | | | |
| Receivables, prepaid expenses and other current assets | 48,250 | 51,824 | 28,268 | 4,116 |
| Amounts due from related parties | 36,664 | 3,817 | — | — |
| Amounts due to related parties | 69,434 | — | — | — |
| Loans recognized as a result of payments under guarantees | 134,380 | 148,708 | 14,330 | 2,087 |
| Advance to sellers | 83,537 | — | — | — |
| Financial lease receivables | 8,510 | 10 | — | — |
| Inventory | (75,552) | (372,120) | 327,083 | 47,627 |
| Payables, accruals and other current liabilities net of discounting impact | (354,669) | (266,922) | (204,786) | (29,819) |
| Deposit of interests from consumers and payable to financing partners | (18,032) | — | — | — |
| Deferred revenue | (27,052) | (5,247) | (4,140) | (603) |
| Consideration payable to WeBank, net of discounting impact | (334,323) | (81,604) | (53,423) | (7,779) |
| Net cash used in operating activities | (1,122,308) | (844,962) | (251,140) | (36,568) |
| Cash flows from investing activities: | | | | |
| Proceeds from disposal of property, equipment and software | 13,357 | 1,885 | 494 | 72 |
| Purchase of property, equipment and software | (413) | (18,654) | (33,196) | (4,834) |
| Proceeds from disposal of subsidiaries | 130,000 | — | 670 | 98 |
| Proceeds from disposal of 2B business | 300,072 | — | — | — |
| Net cash generated from/(used in) investing activities | 443,016 | (16,769) | (32,032) | (4,664) |

UXIN LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
 (All amounts in thousands, except for share and per share data, unless otherwise noted)

| | For the fiscal years ended March 31, | | | |
|--|--------------------------------------|-----------------|-----------------|--------------------|
| | 2021 | 2022 | 2023 | |
| | RMB | RMB | RMB | US\$ (Note 2.7) |
| Cash flows from financing activities: | | | | |
| Proceeds from borrowings | — | — | 313,000 | 45,576 |
| Repayment of borrowings | (41,094) | (79,560) | (234,050) | (34,080) |
| Repayment of long-term debt | — | (58,956) | (51,882) | (7,555) |
| Proceeds from exercise of share options | 1,912 | 15,713 | 42 | 6 |
| Proceeds from issuance of Class A ordinary shares | 169,499 | — | — | — |
| Proceeds from the issuance of senior convertible preferred shares in conjunction with warrants | — | 887,225 | 212,875 | 30,997 |
| Net cash generated from financing activities | 130,317 | 764,422 | 239,985 | 34,944 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (14,741) | (113) | 221 | 32 |
| Net decrease in cash, cash equivalents and restricted cash | (563,716) | (97,422) | (42,966) | (6,256) |
| Cash, cash equivalents and restricted cash at beginning of the period | 797,435 | 233,719 | 136,297 | 19,846 |
| Cash, cash equivalents and restricted cash at end of the period | 233,719 | 136,297 | 93,331 | 13,590 |

UXIN LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021, 2022 AND 2023
(All amounts in thousands, except for share and per share data, unless otherwise noted)

| | For the fiscal years ended March 31, | | | |
|--|--------------------------------------|--------|---------|--------------------|
| | 2021 | 2022 | 2023 | |
| | RMB | RMB | RMB | US\$ (Note 2.7) |
| Supplemental disclosure of cash flow information | | | | |
| - Cash paid for income tax | 22 | 179 | 222 | 32 |
| - Cash paid for interest (Note 9) | 19,717 | 5,111 | 58,945 | 8,583 |
| Supplemental schedule of non-cash investing and financing activities | | | | |
| - Unreceived disposal consideration | 129,307 | — | — | — |
| - Net settlement of long-term debt with unreceived disposal consideration (Note 5) | — | 45,350 | — | — |
| - Conversion of long-term debt into Class A ordinary shares (Note 13) | — | — | 511,318 | 74,454 |

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 the former variable interest entities (“VIEs”). The Company, its subsidiaries and the former consolidated VIEs are collectively referred to as the “Group”.

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

The Group’s principal operations 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. Since September 2020, the Group has shifted to an “inventory-owning” model where the Group sells its own inventory of used vehicles. Prior to these Divestiture Transactions, as disclosed in the 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).

China’s used car market follows clear seasonal patterns where the fourth quarter is typically the peak season and the first quarter is typically slower due to the Chinese New Year Holiday. The Company decided to change its fiscal year end from December 31 to March 31, effective April 1, 2020, in order to focus on strategic planning for each new fiscal year during the off peak first quarter.

Divestiture Transactions

On March 24, 2020, the Company entered into definitive agreements with 58.com and its affiliates (“58.com”) to sell its 2B online used car auction business in exchange for a total gross consideration of US\$105 million (equivalent to RMB740.3 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 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 guarantees 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 primarily operated its cross-regional online used car transaction business (2C). Since September 2020, the Group started to shift to the “inventory-owning” model where the Group sells its own inventory of used vehicles, and this model has been further updated since March 2021 when the Group started to acquire used vehicles directly from individuals.

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

As of March 31, 2023, the Company's principal subsidiaries are as follows:

| Subsidiaries | Place of incorporation | Date of incorporation or acquisition | Percentage of direct or indirect equity ownership | Principal activities |
|---|-------------------------------|---|--|-----------------------------|
| Youxin (Ningbo) Information Technology Co., Ltd. | Ningbo | July 15, 2020 | 100 % | Vehicle sales |
| Youxin (Hefei) Automobile Intelligent Remanufacturing Co., Ltd. | Hefei | September 8, 2021 | 100 % | Vehicle sales |
| Youche (Hainan) Information Technology Co., Ltd. | Hainan | November 30, 2021 | 100 % | Vehicle sales |
| Hefei Youquan Information Technology Co., Ltd. | Hefei | December 13, 2021 | 100 % | Vehicle sales |
| Youfang (Beijing) Information Technology Co., Ltd. | BeiJing | March 25, 2016 | 100 % | Vehicle sales |
| Youtang (Shaanxi) Information Technology Co., Ltd. | Xi'an | May 12, 2022 | 100 % | Vehicle sales |

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 used to operate online platforms that provided internet information services and engaged in other foreign-ownership-restricted businesses through certain PRC domestic companies, whose equity interests were held by certain management members of the Company ("Nominee Shareholders"). The Company obtained control, as determined under US GAAP, over these PRC domestic companies ("former VIEs") by entering into a series of contractual arrangements, including exclusive options agreements, power of attorney, exclusive business cooperation agreements (which includes arrangements which provide for services to these domestic companies), equity pledge agreements and loan agreements, with these PRC domestic companies and their respective Nominee Shareholders. Historically, we, through Yougu (Shanghai) Information Technology Co., Ltd. and Youxinpai (Beijing) Information Technology Co., Ltd., had a series of contractual arrangements with the former VIEs and the shareholders of the former VIEs until the Company conducted a series of restructuring transactions in March 2022 to terminate the historical contractual arrangements with the former VIEs, which have become the Company's wholly-owned subsidiaries, effective from March 31, 2022 ("Restructuring"). As a result of these historical contractual arrangements, we were able to direct the activities of and derive the economic benefits from the former VIEs and were considered the primary beneficiary of the former VIEs, and we have consolidated the financial results of these companies in our consolidated financial statements (through the date of our Restructuring) in accordance with U.S. GAAP. Neither Uxin Limited nor its investors have had an equity ownership in, direct foreign investment in, or control, other than as defined under U.S. GAAP, through contractual arrangements with, the former VIEs. The contractual arrangements were not equivalent to an equity ownership in the business of the former VIEs and their subsidiaries in China. After the Restructuring, we continue to consolidate the financial results of these companies in our consolidated financial statements as they have become our wholly owned subsidiaries.

Prior to the Divestiture Transactions, the Group primarily operated 2B and 2C online platforms through one of the former VIEs, Youxin Internet (Beijing) Information Technology Co., Ltd. ("Youxin Hulian") via the contractual agreements. In January 2015, the MIIT eliminated the restrictions on foreign ownership in the SHFTZ Notice for enterprises in the Shanghai Pilot Free Trade Zone that provide online data processing and transaction processing services (operating E-commerce) under value-added telecommunications services. Certain eligible WFOEs and subsidiaries of WFOEs of the Company applied for and obtained the VATS Licenses to operate the 2B and 2C online platforms since 2015 and 2016 and through the Divestiture Transactions. After the Divestiture Transactions, the current business, mainly including the retail and wholesale business, is operated by the Company's subsidiaries.

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Pursuant to the Restructuring, the wholly owned subsidiaries that previously had contractual arrangements with the former VIEs and their respective shareholders purchased all equity interests held by such shareholders in the former VIEs. Accordingly, all contractual arrangements that enabled such shareholders to exercise effective control over the former VIEs, receive substantially all of the economic benefits of the former VIEs and have exclusive options to purchase all or part of the equity interests in the former VIEs, were effectively terminated on March 31, 2022.

Liquidity

The Company has incurred net losses since inception and, as of March 31, 2023, had an accumulated deficit in the amount of approximately RMB16.9 billion. The Company's current liabilities exceeded its current assets by approximately RMB322.2 million as of March 31, 2023. The Company's cash balance as of March 31, 2023 was approximately RMB92.7 million, and its operating cash outflow during the fiscal year ended March 31, 2023 was approximately RMB251.1 million. Accordingly, management assessed the Company's ability to meet its maturing obligations and working capital requirements over the next twelve months. This assessment included an evaluation of whether management's business and financing plans would be sufficient to conclude the Company could continue as a going concern.

The Company's plans include steps to improve cash flows from operations and to obtain additional capital from external investors and other parties. A summary of those plans includes:

Improvement in cash flows from operations:

- An increase in the gross margin on automobile sales, which management believes should improve after increasing demand following the lifting of COVID restrictions in mainland China.
- Optimizing the cost structure of the Company to reduce expenses, and to reduce cash outflows including those related to future lease payments through ongoing negotiations with the lessor of the new inspection and reconditioning center ("IRC") in Hefei.

Additional financing:

- As of March 31, 2023, the Company was entitled to a consideration receivable of US\$81.6 million due from NIO Capital for the subscription of its senior convertible preferred shares. Pursuant to additional agreements entered into in April 2023, US\$61.6 million out of this consideration receivable was offset with the Company's long-term debt of US\$61.6 million owed to NIO Capital and US\$1.6 million was received in cash in April 2023. The remaining consideration receivable of US\$18.4 million, pursuant to these additional agreements, is due to be received from NIO Capital no later than December 31, 2023.
- Pursuant to assignment and amendment agreements dated June 30, 2023, Alpha Wealth Global Limited ("Alpha") acquired from NIO Capital and Joy Capital the warrant right to purchase up to 261,810,806 senior convertible preferred shares of the Company at a modified exercise price of US\$0.0457 per share (equivalent to US\$1.37 per American depositary shares ("ADS")). Joy Capital only assigned a portion of its warrants under this amended agreement. Alpha and Joy Capital (either together or separately) are entitled, at their discretion, to exercise the respective warrants in full to subscribe for an aggregate amount of US\$21,964,754 of the Company's senior convertible preferred shares no later than September 30, 2023. With respect to the warrants that are not exercised by September 30, 2023, the amendment agreement may be terminated, and the exercise price for such warrants will resume to US\$0.3433 per share (equivalent to US\$10.3 per ADS).
- The Company has completed, or plans to complete, financing transactions with banks as follows:

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- (i) In March 2023, the Company obtained inventory-pledging facilities with two reputable banks in the PRC pursuant to which the banks will finance the Company's future purchases of used car inventories, up to an aggregate amount of RMB250 million (equivalent to approximately US \$36.4 million).
- (ii) On June 28, 2023, the Company entered into a supplemental agreement with WeBank to extend the repayment of RMB30 million (equivalent to approximately US \$4.4 million) that was due on June 30, 2023. Pursuant to the agreement, the repayment will be divided into 6 monthly instalments of RMB5 million (equivalent to approximately US\$0.7 million) from June 2023 to November 2023;
- (iii) The Company plans to seek renewal of its working capital facility (RMB50 million, equivalent to approximately US\$7.3 million) when it becomes due in November 2023.

The Company's plans include significant, subjective assumptions that are subject to uncertainty. These assumptions include increasing demand for used cars over the next twelve months, renewing the inventory-pledging and working capital facilities and achieving the planned profit improvement, as well as management's ability to satisfactorily negotiate final lease terms (relating to the Hefei IRC) that help facilitate the Company's intention to reduce costs and reduce cash outflows from operations. In addition, financing from the exercise of warrants that is not already contractually committed may not be available at terms that are favourable to the Company, or in amounts that are not sufficient to meet the Company's needs over the next twelve months.

Management has concluded that these uncertainties cast substantial doubt on the Company's ability to meet its maturing obligations and working capital requirements over the next twelve months, which would impact the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

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.

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 Sheets.

In the consolidated statements of comprehensive loss, results from discontinued operations are 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.

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 guarantees starting from the three months ended December 31, 2019 (Note 3). Results of operations related to the discontinued operations have been recorded in “loss from discontinued operations” in the Consolidated Statements of Comprehensive Loss.

Divestiture of 2B business

March 24, 2020, the Company entered into definitive agreements with 58.com to sell its 2B online used car auction business. The transaction contemplated under the definitive agreements was closed in April 2020 (Note 3). Results of operations related to discontinued operations have been recorded in “loss from discontinued operations” in the Consolidated Statements of Comprehensive Loss.

2.3 Basis of consolidation

The Group’s consolidated financial statements include the financial statements of the Company, its subsidiaries and the former VIEs for which the Company is the primary beneficiary.

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.

A VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or its subsidiary is the primary beneficiary of the entity.

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

2.4 Use of estimates

UXIN LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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. 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. Accounting estimates reflected in the Group's consolidated financial statements include, but are not limited to, the fair value of senior convertible preferred shares, warrant liabilities, forward contracts, share-based compensation arrangements, fair value of the long-term investment, provision for credit losses for loans recognized as a result of payments under guarantees and other receivables, the useful lives of property, equipment and software, incremental borrowing rate applied in lease accounting, inventory provision and valuation allowances for deferred tax assets. Given that changes in circumstances, facts and experience may cause the Group to revise its estimates, actual results could differ from those estimates.

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 are comprised of cash and cash equivalents, accounts receivable, loans recognized as a result of payments under guarantees, current portion of long-term borrowings, accounts payable, guarantee liabilities, warrant liabilities and forward contracts. As of March 31, 2022 and 2023, except for warrant liabilities and forward contracts which are measured at fair value, the carrying values approximated the fair values of these instruments because of their generally short maturities. The warrant liabilities and forward contracts were recorded at the fair value at the inception date and classified as a Level 3 measurement.

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 quoted by authoritative banks prevailing on the transaction dates. Exchange gains and losses resulting from those foreign currency transactions denominated in a currency other than the functional currency 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)

The financial statements of the Group are translated from the functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gain and loss are translated into RMB using the periodic average exchange rates. The resulting foreign currency translation adjustments are recorded in accumulated other comprehensive income as a component of shareholders' deficit.

2.7 Convenience translation

Translations of 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 fiscal year ended March 31, 2023 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.8676 on March 31, 2023 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. 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, 2023, or at any other rate.

2.8 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.

2.9 Restricted cash

As of March 31, 2022 and 2023, restricted cash primarily represents cash reserved in relation to certain litigations.

2.10 Inventory

Inventory consists primarily of used vehicles and is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification and includes acquisition cost, direct and indirect reconditioning costs and inbound transportation expenses. Net realizable value represents the estimated selling price less costs to complete, dispose and transport the vehicles. Each reporting period the Company recognizes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value in the cost of revenues in the Consolidated Statements of Comprehensive Loss. Total carrying amount of used vehicles was RMB426.3 million and RMB110.9 million as of March 31, 2022 and 2023, respectively. Total amount of inventory write-downs recorded for used vehicles were RMB4.7 million, RMB14.2 million and RMB30.2 million for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

2.11 Guarantee liabilities

Before the three months ended December 31, 2019, the third-party financing partners offered financing solutions to the buyers (the "Borrowers") and the Company was required to provide a guarantee in the event of Borrower default. The balances as of March 31, 2022 represent the Company's remaining guarantee obligations in relation to the historically facilitated loans.

2.12 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 |

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| | |
|-----------------------|---|
| Software | 5 years |
| Leasehold improvement | lesser of the term of the lease or the estimated useful lives of the assets |

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

2.13 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.

The Company also holds investments in privately held companies in the form of equity securities without readily determinable fair values and in which the Company does not have a controlling interest or significant influence. In accordance with ASC 321 Investment- Equity Securities, investments in equity securities without readily determinable fair values are initially recorded at cost and are subsequently adjusted to fair value for impairments and price changes from observable transactions in the same or a similar security from the same issuer. No impairment of long-term investments was recognized for the fiscal years ended March 31, 2021, 2022 and 2023.

Pursuant to ASC 321, for equity investments measured at fair value with changes in fair value recorded in earnings, the Company does not assess whether those securities are impaired. Based on ASU 2016-01, the Company will be able to elect to record equity investments without readily determinable fair values and not accounted for by the equity method either at fair value with changes in fair value recognized in net income or at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer (“measurement alternative”). For equity investments without readily determinable fair value for which the Company has elected to use the measurement alternative, at each reporting period, the Company makes a qualitative assessment of whether the investment is impaired at each reporting date, applying significant judgement in considering various factors and events including a) adverse performance of investees, credit rating, asset quality, or business prospects of the investee; b) adverse industry developments affecting investees; and c) adverse regulatory, social, economic or other developments affecting investees. If a qualitative assessment indicates that the investment is impaired, the Company estimates the investment’s fair value in accordance with the principles of ASC 820. If the fair value is less than the investment’s carrying value, the Company recognizes an impairment loss in earnings equal to the difference between the carrying value and fair value.

2.14 Impairment of long-lived assets

Long-lived assets including property, equipment and software 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. When these events occur, the Group will assess whether an impairment of the long-lived assets in question exists by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the asset, the Group recognizes an impairment loss based on the excess of the carrying value of the asset over the fair value of the asset. No impairment of long-lived assets was recognized for the fiscal years ended March 31, 2021, 2022 and 2023.

2.15 Revenue recognition

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 methods 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 standalone 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.

Online used car transaction services (formerly known as “2C cross-regional business”)

The Company uses www.xin.com as its 2C online platform, which assists in publishing the used cars of car dealers (the “Dealer”) for consumers (the “Consumer”). 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 and repair service:** is provided for selected cars sold with Uxin’s certificate program to provide certain warranty service, including one-year or 20,000-kilometer warranty covering repair of 15 major structural components.

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. The Company may sell the Broker transaction service alone but does not sell the Value-added service or warranty service individually. Value-added service and warranty service are sold together with the Commission-related service. Each of these services is identified as a separate 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.

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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.

Vehicle sales business since September 2020

Retail vehicle sales business

The Company sells used vehicles directly to its customers through its e-commerce platform (www.xin.com). The Company procures used cars by analyzing the extensive user behavioral, used car and transactional data aggregated on its platform over the years. This enables the Company to selectively build its inventory of used cars with value-for-money performance and have greater flexibility in offering more competitive pricing to individual consumer (the "Consumer").

The prices of used vehicles are set forth in the customer contracts at stand-alone selling prices which are agreed upon prior to delivery. The Company satisfies its performance obligation for used vehicles sales when the Consumer obtains control of the underlying vehicles. The Company receives payment for used vehicle sales directly from the Consumer at the time of sale. Payments received prior to delivery or pick-up of used vehicles are recorded as "Other payables and other current liabilities" within the Consolidated Balance Sheets.

Wholesale vehicle sales business

The Company sells vehicles to wholesalers through offline dealership. These vehicles sold to wholesalers are primarily acquired from individuals that do not meet the Company's retail standards to list and sell through its e-commerce platform, and therefore, sold through offline dealership. The Company satisfies its performance obligation and recognizes revenue for wholesale vehicle sales at the point in time when the wholesale purchasers obtain control of the underlying vehicles. The payments are received when the vehicles are sold.

Others

Other revenue is immaterial for the fiscal years ended March 31, 2021, 2022 and 2023, respectively. It mainly represented the commissions earned from the Group's financing and insurance partners from introducing them to the Company's retail customers with financing needs, as well as revenues earned from warranty services.

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, 2022 and 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was RMB4.1 million and RMB2.3 million, respectively, reflecting the Group's remaining obligations. The Group expects to recognize approximately 100% of the revenue over the next 12 months.

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2.16 Value-added-tax (“VAT”) and surcharges

The Company’s subsidiaries and the former 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 (%) |
|---------------------|-------------------------|
| Vehicle sales | 0.5% - 6% |
| 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.

2.17 Cost of revenues

Prior to September 2020, cost of revenues 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.

Starting from September 2020, the Company started to build its own used vehicles inventory. After then, cost of revenues includes the cost to acquire used vehicles and direct and indirect vehicle reconditioning costs associated with preparing the vehicles for resale and warranty services. Cost of revenues also includes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

2.18 Sales and marketing expenses

Sales and marketing expenses primarily consist of salaries and benefits expenses for sales and marketing personnel, advertising and promotion expenses and warranty expenses. Advertising and promotion expenses primarily include branding advertisements, online traffic acquisition costs and costs incurred in other marketing activities. Due to the adoption of the inventory-owing model since September 2020, most salaries and benefits for employees engaged in aftersales services and costs relating to outbound logistics were classified as “sales and marketing expense” whereas before such costs were classified as “cost of revenues”.

Advertising costs are expensed as incurred. For those advertisements that are extended over a period of time, the advertising costs are recognised ratably over the beneficial period. The total amounts charged to the Consolidated Statements of Comprehensive Loss amounted to approximately RMB128.9 million, RMB58.7 million and RMB46.9 million for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

2.19 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 the consolidated financial statements.

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2.20 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.

2.21 Share-based compensation

The Company grants share options, restricted shares and restricted share units (“RSUs”) to eligible employees, director and executive officers. All share-based awards are measured at fair value on the grant date. The share-based compensation expenses have been categorized as either cost of revenues, sales and marketing expenses research and development expenses, or general and administrative expenses, depending on the job functions of the grantees.

Share Options Granted

The Company follows ASC 718 to determine whether a share option should be classified and accounted for as a liability award or equity award. All grants of share-based awards 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.

The binomial option-pricing model is used to measure the value of share options. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee and nonemployee share option exercise behaviour, risk-free interest rates and expected dividend yield. Binomial option-pricing model incorporates the assumptions about grantees’ future exercise patterns. The fair value of these awards was determined by management with the assistance from an independent valuation firm using management’s estimates and assumptions.

Restricted Shares and RSUs

For the restricted shares, the awards are measured at fair value on the grant date. Share-based compensation expense is recognized using the straight-line method over the requisite service period or immediately at the grant date if no vesting conditions are required.

For grants of RSUs with certain market conditions, it is classified as equity awards and recognized in the financial statements based on their grant date fair values which are determined using the Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, risk-free interest rates, and expected timing and proceeds received due to the exercise of warrants and settlement of forward contracts (Note 18). Related expenses are recognized over the derived service period determined based on valuation techniques that are used to estimate fair value and is not adjusted if the market condition is not met, so long as the requisite service is provided.

The assumptions used in share-based compensation expense recognition represent management’s best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive share-based awards. In accordance with ASU 2016-09, the Group made an entity-wide accounting policy election to account for forfeitures when they occur.

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2.22 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 statements 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. Undistributed earnings are expected to be indefinitely reinvested for the foreseeable future, if any.

2.23 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, including senior convertible preferred shares, 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. The diluted loss per share is calculated by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method or the if-converted method based on the nature of such securities. 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.

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2.24 Operating leases

The Company adopted ASC 842, Leases, on January 1, 2019 on a 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 Sheets. 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 leases 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 Sheets. 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.

2.25 Provision for credit losses

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 accounts receivable, loans recognized as a result of payments under guarantees and other receivables as of the balance sheet dates. 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.

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 loans recognized as a result of payments under guarantees and financial lease receivables, the loss rate method is applied as the comprehensive product impact of Probability of Default ("PD") and Loss Given Default ("LGD").
- The roll rate model is adopted for accounts receivable; while for some other receivables which cannot be pooled with financial assets with similar risk characteristics, the reserve for credit losses is 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, accounts receivable aging schedule, collateral types and other risk characteristics as appropriate in the calibration and adjustments of these parameters.

2.26 Accounting of down round features

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The Company assesses whether there are circumstances that trigger the down round feature for convertible preferred shares. When the down round features are triggered, the Company considers the provision of ASC 260-10-30-1 and measures the value of the effect of the feature as the difference between (a) the fair value of the issued financial instrument (without the down round feature) with a conversion or exercise price corresponding to the stated conversion or exercise price before the conversion or exercise price reduction and (b) the fair value of the issued financial instrument (without the down round feature) with a conversion or exercise price corresponding to the reduced conversion or exercise price upon the down round feature being triggered. The excess value of the convertible preferred shares resulting from the triggering of the down round feature as determined on the measurement date shall be a deemed dividend to the preferred shareholders, which should be deducted to arrive at net income/(loss) to ordinary shareholders from continuing operations. Therefore, recognition of the fair value of the down round feature results in a charge to returned earnings/(accumulated deficit) and a credit to additional paid-in capital in permanent equity rather in mezzanine equity.

2.27 Recent accounting pronouncements

New and Amended Standards Adopted by the Group

In August 2020, the FASB issued ASU 2020-06, “Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity,”. For convertible instruments, the accounting update reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current U.S. GAAP. The accounting update amends the guidance for the derivatives scope exception for contracts in an entity’s own equity to reduce form-over-substance-based accounting conclusions. The accounting update also simplifies the diluted earnings per share calculation in certain areas. For public business entities, the update is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The Group adopted the ASU on April 1, 2022. The impact of the adoption was not material.

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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 fiscal year ended March 31, 2021 RMB |
|---|---|
| Revenues | |
| To consumers | |
| Transaction facilitation revenue | — |
| Loan facilitation revenue | — |
| Total revenues | — |
| Cost of revenues | — |
| Gross profit | — |
| Operating expenses | |
| Sales and marketing | — |
| Research and development | — |
| General and administrative | — |
| Losses from guarantee liabilities | — |
| Impairment for net assets transferred | (420,000) |
| Total operating expenses | (420,000) |
| Loss from operations | (420,000) |
| Interest income, net | — |
| Other expenses, net | — |
| Loss from the divestiture of 2C intra-regional and loan facilitation business | (14,745) |
| Foreign exchange gain | — |
| Loss from discontinued operations before income tax expense | (434,745) |
| Income tax expense | — |
| Net loss from discontinued operations | (434,745) |

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 March 31, 2020. During the fiscal year ended March 31, 2021, the “Net assets transferred” was further impaired in the value due to the ongoing negative impacts from the COVID-19 pandemic and the continuously deteriorated quality of the underlying pre-transferred net assets.

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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. The transaction was completed on April 14, 2020 for a total consideration of US\$105.0 million (equivalent to RMB740.3 million), and a total of RMB736.0 million disposal gain was recognized from the divestiture of 2B business and was recorded in discontinued operations. Results of the discontinued operations of 2B business were as follows:

| | For the fiscal year ended March 31, 2021 RMB |
|--|---|
| Transaction facilitation revenue | 5,198 |
| Cost of revenues | (1,384) |
| Gross profit | 3,814 |
| Operating expenses | |
| Sales and marketing | (8,063) |
| Research and development | — |
| General and administrative | (1,218) |
| Provision for credit losses | — |
| Total operating expenses | (9,281) |
| Gain from the divestiture of 2B business | 735,956 |
| Net income from discontinued operations | 730,489 |

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

| | For the fiscal year ended March 31, 2021 RMB |
|---------------------------------------|---|
| Net cash used in operating activities | (9,491) |

4. LOANS RECOGNIZED AS A RESULT OF PAYMENTS UNDER GUARANTEES

The Group used to provide loan facilitation related guarantee service before April 2020. The third-party financing partners offered financing solutions to the Borrowers and the Group was required to provide a guarantee. In the event of a payment default from the Borrower, the Group was required to repay the monthly instalment 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.

| | March 31, 2022 RMB | March 31, 2023 RMB |
|---|-----------------------------------|-----------------------------------|
| Loans recognized as a result of payments under guarantees | 379,259 | 10,337 |
| Less: provision for credit losses | (324,371) | (10,337) |
| | 54,888 | — |

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An aging analysis of loans recognized as result of payments under guarantees was as follows:

| | <u>March 31, 2022</u> | <u>March 31, 2023</u> |
|-----------------------|---------------------------|---------------------------|
| | RMB | RMB |
| Up to 6 months | 70,188 | 1,756 |
| 6 months to 12 months | 7,555 | 460 |
| Over 12 months | 301,516 | 8,121 |
| | <u>379,259</u> | <u>10,337</u> |

The Group relies on the consumers' credit history, loan-to-value ratio and other certain application information to evaluate and rank their respective 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 loans recognized as a result of payments under guarantees by grade of monitored credit risk quality indicator as of March 31, 2022 and 2023 were listed as below:

| | <u>March 31, 2022</u> | <u>March 31, 2023</u> |
|-----------|---------------------------|---------------------------|
| | RMB | RMB |
| Normal | 10,267 | — |
| Attention | 121,209 | — |
| Secondary | 247,783 | 10,337 |
| | <u>379,259</u> | <u>10,337</u> |

The movement of provision for credit losses for the fiscal years ended March 31, 2021, 2022 and 2023 was as follows:

| | <u>For the fiscal years ended March 31,</u> | | |
|--|---|------------------|-----------------|
| | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| | RMB | RMB | RMB |
| Beginning balance of the period | (2,190,575) | (1,182,609) | (324,371) |
| Additions | (68,578) | — | — |
| Provision for credit losses | (29,272) | (94) | (1,770) |
| Write-offs | 252,508 | 13,093 | 308,847 |
| Bought out by certain non-bank financing institutions without recourse | 845,305 | 821,496 | — |
| Payments from the borrowers or other recoveries | 8,003 | 23,743 | 6,957 |
| Ending balance of the period | <u>(1,182,609)</u> | <u>(324,371)</u> | <u>(10,337)</u> |

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The following table explains the changes in the provision of credit losses by grade of monitored credit risk quality indicator as of March 31, 2023:

| | Normal RMB | Attention RMB | Secondary RMB | Total RMB |
|---|---------------|------------------|------------------|--------------|
| Beginning balance of the period | (1,805) | (74,783) | (247,783) | (324,371) |
| (Provision for)/reversal of credit losses | (8,126) | (4,844) | 11,200 | (1,770) |
| Write-offs | 3,341 | 74,519 | 230,987 | 308,847 |
| Payments from the borrowers or other recoveries | — | 297 | 6,660 | 6,957 |
| Transfer from Normal to Secondary | 6,590 | — | (6,590) | — |
| Transfer from Attention to Secondary | — | 4,811 | (4,811) | — |
| Ending balance of the period | — | — | (10,337) | (10,337) |

5. OTHER RECEIVABLES, NET

| | March 31, 2022 RMB | March 31, 2023 RMB |
|---------------------------------------|--------------------------|--------------------------|
| Rental and other deposits | 39,697 | 26,418 |
| Staff advance | 15,742 | 13,890 |
| Unreceived disposal consideration (i) | 93,988 | — |
| Others | 46,830 | 1,578 |
| | 196,257 | 41,886 |
| Less: provision for credit losses | (30,251) | (26,541) |
| | 166,006 | 15,345 |

(i) In July 2022, the Company and 58.com have mutually released the other party from claims arising out of certain obligations under certain historical transactions. Therefore, unreceived consideration from the divestiture of 2B business due from 58.com of RMB84.3 million was settled (Note 13).

In addition, the other receivables of RMB9.7 million due from Boche related to that entity's acquisition of the Company's salvage care related business was received in August 2022.

The movement of the provision for credit loss for the fiscal years ended March 31, 2021, 2022 and 2023 was as follows:

| | For the fiscal years ended March 31, | | |
|--|--------------------------------------|-------------|-------------|
| | 2021 RMB | 2022 RMB | 2023 RMB |
| Beginning balance of the period | (51,666) | (20,980) | (30,251) |
| Addition | (1,104) | (3,494) | (12,400) |
| Write-off | 31,790 | 679 | 16,110 |
| Reclassified from amounts due from related parties | — | (6,456) | — |
| Ending balance of the period | (20,980) | (30,251) | (26,541) |

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

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| | March 31, 2022 | March 31, 2023 |
|--|-------------------|-------------------|
| | RMB | RMB |
| VAT-input deductible | 54,728 | 54,601 |
| Prepaid rental expense | 2,469 | 2,537 |
| Prepaid marketing expense | 7,877 | 2,009 |
| Prepaid consulting and professional service fees | 5,383 | 1,247 |
| Prepaid insurance cost | 4,973 | 139 |
| Prepaid financial advisory service fee (i) | 12,000 | — |
| Others | 2,582 | 857 |
| | <u>90,012</u> | <u>61,390</u> |

(i) The Company entered into a long-term strategic cooperation agreement with Golden Pacer in April 2020, and an aggregate amount of RMB60.0 million as prepayment was made in exchange for a 5-year financial solution advisory services from Golden Pacer (an affiliate of 58.com). In July 2022, the Company and 58.com have mutually released the other party from claims arising out of certain obligations under certain historical transactions. Therefore, prepaid financial advisory service fee of RMB12.0 million was released, and the related services will no longer be rendered (Note 13).

7. PROPERTY, EQUIPMENT AND SOFTWARE, NET

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

| | March 31, 2022 | March 31, 2023 |
|---|-------------------|-------------------|
| | RMB | RMB |
| Cost | | |
| Leasehold improvement | 174,466 | 178,023 |
| Electronic equipment | 53,194 | 51,748 |
| Software | 26,018 | 26,953 |
| Vehicles and motors | 4,478 | 4,057 |
| Furniture | 3,508 | 2,151 |
| Construction in progress | 7,218 | 43,489 |
| Total property, equipment and software | <u>268,882</u> | <u>306,421</u> |
| Less: accumulated depreciation and amortization | | |
| Leasehold improvement | (165,858) | (174,014) |
| Electronic equipment | (50,651) | (49,008) |
| Software | (14,055) | (16,630) |
| Vehicles and motors | (1,269) | (1,908) |
| Furniture | (2,518) | (1,136) |
| Total accumulated depreciation and amortization | <u>(234,351)</u> | <u>(242,696)</u> |
| Net book value | <u>34,531</u> | <u>63,725</u> |

The total amounts charged to the Consolidated Statements of Comprehensive Loss for depreciation and amortization expense are approximately RMB46.4 million, RMB14.3 million and RMB13.4 million for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

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8. LONG-TERM INVESTMENTS

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

| | <u>March 31,</u> <u>2022</u> <u>RMB</u> | <u>March 31,</u> <u>2023</u> <u>RMB</u> |
|---|---|---|
| <i>Equity investments accounted for using the equity method</i> | | |
| Beijing Gangjian Shoubao Cultural Media Center LLP ("Gangjian Shoubao") | 4,500 | 4,500 |
| Weiche Information Technology Co., Ltd. ("Weiche") | 1,495 | 1,451 |
| | <u>5,995</u> | <u>5,951</u> |
| <i>Equity investments accounted for using the measurement alternative</i> | | |
| Jincheng Consumer Finance (Sichuan) Co., Ltd. ("Jincheng") | <u>282,761</u> | <u>282,761</u> |
| Total long-term investments | <u>288,756</u> | <u>288,712</u> |

Major investments of the Company during the fiscal years ended March 31, 2021, 2022 and 2023 are summarized as follows:

Equity investments accounted for using the equity method

Investment in Gangjian Shoubao

In April 2019, the Company invested in Gangjian Shoubao, 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 acquired 40% of ordinary equity interest of Weiche, a professional information technology company focusing on technology development and technology consulting service. The Company exercises significant influence in Weiche and therefore accounts for this as a long-term investment using equity method.

Equity investments accounted for using the measurement alternative

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 RMB233.0 million. The Company exercises significant influence in Jincheng and therefore accounted for this as a long-term investment using equity method. In early 2021, as the Group completed the divestiture of its historical loan-facilitation business and, the Group proposed to Jincheng its desire to give up its board seat in Jincheng. The administration process was completed in March 2021. After that, the Group could no longer execute significant influence over Jincheng. The Group accounted for the investment using the alternative method measurement, and no measurement events were identified during the fiscal years ended March 31, 2022 and 2023. In July 2022, the Group received a cash dividend from Jincheng amounting to RMB10.4 million.

In November 2022, the Company entered into a definitive agreement with a third-party, pursuant to which the equity interest of Jincheng with carrying amount of RMB282.8 million was pledged to obtain a loan with RMB292.0 million principal bearing 5% annum interest rate, and due in December 2024.

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9. BORROWINGS

The following table presents short-term and long-term borrowings from commercial banks or other institutions as of March 31, 2022 and 2023.

| Funding Partners | Fixed annual interest rate | Terms | March 31, | March 31, |
|--|----------------------------|------------------------------|----------------|----------------|
| | | | 2022 | 2023 |
| | | | RMB | RMB |
| Short-term borrowing | 4.50% | within 12 months | — | 20,000 |
| Current portion of long-term borrowing | 5.00% | matured on December 15, 2022 | 233,000 | — |
| Long-term borrowings | 5.00% | 2 years | — | 291,950 |
| | | | <u>233,000</u> | <u>311,950</u> |

Short-term borrowings outstanding as of March 31, 2023 was dominated in RMB. The Group obtained a working capital facility of RMB50.0 million from China Merchants Bank (“CMB”) in November 2022, of which RMB20.0 million had been drawn down in November 2022, and the remaining amount can be drawn as needed within the 1-year period of credit.

Long-term borrowing outstanding as of March 31, 2023 was pledged with the equity interest the Group holds in an investment. The long-term borrowing will be due in December 2024. The long-term borrowing of RMB233.0 million and cumulative interest of RMB58.9 million due in December 2022, had been fully repaid on time on December 15, 2022 upon receipt of the proceeds from the new loan agreement.

The weighted average interest rate for the outstanding borrowings was approximately 5.0% and 5.0% as of March 31, 2022 and 2023, respectively.

10. GUARANTEE LIABILITIES

| | March 31, | March 31, | | |
|-------------------------------------|------------|-----------|-----|-----|
| | 2022 | 2023 | | |
| | | | RMB | RMB |
| Guarantee liabilities – stand ready | 46 | — | | |
| Guarantee liabilities – contingent | 133 | — | | |
| | <u>179</u> | <u>—</u> | | |

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

| | For the fiscal years ended | | |
|---------------------------------|----------------------------|-----------|----------|
| | March 31, | | |
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Beginning balance of the period | 207,997 | 172 | 46 |
| Guarantee income (i) (Note 14) | (207,825) | (126) | (46) |
| Ending balance of the period | <u>172</u> | <u>46</u> | <u>—</u> |

The movement of guarantee liabilities - contingent was as follows:

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| | For the fiscal years ended March 31, | | |
|--|--------------------------------------|------------|----------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Beginning balance of the period | 702,952 | 2,269 | 133 |
| Guarantee liabilities settled | (68,578) | — | — |
| Guarantee liabilities released to WeBank (i) | (630,733) | — | — |
| Provision for credit losses | (1,372) | (2,136) | (133) |
| Ending balance of the period | <u>2,269</u> | <u>133</u> | <u>—</u> |

(i) In order to settle the Company’s remaining guarantee liabilities, the Company entered into a supplemental agreement on April 23, 2020 (the “2020 April Agreement”) with WeBank with regards to the Company’s historically-facilitated loans. Pursuant to the 2020 April Agreement, WeBank agreed to set a cap on the amount of cash the Company would use to fulfil its guarantee obligations from 2020 to 2022. Subsequently on July 23, 2020, the Company entered into another supplemental agreement (the “2020 July Agreement”) with WeBank, which amended and restated the 2020 April Agreement. Pursuant to the 2020 July Agreement, the Company will pay an aggregate amount of RMB372.0 million to WeBank from 2020 to 2025 as a guarantee settlement with a maximum annual settlement amount of no more than RMB84.0 million. Upon the signing of the 2020 July Agreement, the Company was no longer subject to guarantee obligations in relation to its historically facilitated loans for WeBank under the condition that the Company made the instalments based on the agreed-upon schedule in the 2020 July Agreement.

Subsequently on June 21, 2021, the Company entered into another supplemental agreement with WeBank and under this supplemental agreement a total of RMB48.0 million instalment payments was waived immediately upon the effectiveness of this supplemental agreement. The effectiveness of this supplemental agreement was conditioned on the closing of the first tranche of financing with NIO Capital and Joy Capital. The first tranche of financing closed on July 12, 2021 and therefore this supplemental agreement became effective on July 12, 2021, and related waived payment, total amount of RMB73.7 million, was recorded in “other operating income”.

Pursuant to the July Agreement, total outstanding payables was RMB114.4 million as of March 31, 2023, out of which RMB58.6 million was recorded in “consideration payable to WeBank” and the remaining was recorded in “other payables and other current liabilities” (Note 11, 12).

11. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

| | March 31, 2022 | March 31, 2023 |
|---|-------------------|-------------------|
| | RMB | RMB |
| Tax payables | 68,720 | 66,010 |
| Accrued service fee for IT and other professional support | 53,285 | 65,514 |
| Consideration payable to WeBank, current (Note 12) | 53,162 | 55,887 |
| Deposits | 60,014 | 40,162 |
| Accrued advertising expenses (i) | 268,455 | 34,942 |
| Accrued service fee for transaction support | 39,132 | 24,386 |
| Deferred revenue | 18,049 | 13,909 |
| Accrued salaries and benefits | 13,815 | 13,834 |
| Operating lease liabilities, current | 10,994 | 7,667 |
| Interest payable | 50,969 | 4,457 |
| Accrued legal proceedings and litigations | 420 | — |
| Others | 37,318 | 17,734 |
| | <u>674,333</u> | <u>344,502</u> |

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(i) Pursuant to a contractual payment schedule contained in a supplemental agreement in June 2021 and an extended payment term arrangement included in an extension agreement signed with one of the Company's suppliers in December 2022, the Company repaid RMB100.0 million to this supplier during the fiscal year ended March 31, 2023 and the remaining RMB56.1 million due to the same supplier had been waived by this supplier and an equivalent gain from such waiver was recorded in other operating income.

In addition to the above transaction, in July 2022, the Company and another supplier, 58.com, mutually released the other party from claims arising out of certain obligations under certain historical transactions. Therefore, accrued advertising expenses of RMB69.4 million recorded as of March 31, 2022 and due to 58.com were settled in connection with this arrangement. (Note 13).

12. CONSIDERATION PAYABLE TO WEBANK

| | <u>March 31,</u> <u>2022</u> <u>RMB</u> | <u>March 31,</u> <u>2023</u> <u>RMB</u> |
|--|---|---|
| Consideration payable to WeBank in total (Note 10) | 160,804 | 114,446 |
| Less: current portion (recorded in "other payables and other current liabilities" (Note 11)) | <u>(53,162)</u> | <u>(55,887)</u> |
| | <u>107,642</u> | <u>58,559</u> |

13. LONG-TERM DEBT

| | <u>March 31,</u> <u>2022</u> <u>RMB</u> | <u>March 31,</u> <u>2023</u> <u>RMB</u> |
|-----------------------------------|---|---|
| Current portion of long-term debt | 102,206 | 158,736 |
| Long-term debt | <u>817,648</u> | <u>264,560</u> |
| | <u>919,854</u> | <u>423,296</u> |

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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 2024 Notes (which represents an initial conversion price of US\$3.09 per ADS) upon maturity.

On June 14, 2021, the Company entered into agreements with NIO Capital and Joy Capital, pursuant to which both investors have agreed to invest in the Company’s senior convertible preferred shares a total of up to US\$315 million in the Company. As one of the pre-closing conditions of the new round of financing, on the same day, the Company entered into a supplemental agreement with the 2024 Notes holders. Pursuant to the supplemental agreement, 30% of the outstanding 2024 Notes principal amount, a total of US\$69 million, would be automatically converted into a total of 66,990,291 Class A ordinary shares at a price of US\$1.03 per Class A ordinary share (US\$30.9 per ADS or US\$3.09 per ADS prior to the ADS Ratio Change) upon the first closing date of the new round of financing. On October 12, 2022, the Company announced a change in ADS to Class A ordinary share ratio from each ADS representing three Class A ordinary shares to each ADS representing 30 Class A ordinary shares, effective from October 28, 2022 (“ADS Ratio Change”). This change has been reflected retroactively in the financial statements and notes thereto. On July 12, 2021, the date of the issuance of senior convertible preferred shares, the aforementioned conversion was completed, and related Class A ordinary shares were issued. The remaining principal amount, a total of US\$161 million, was also modified to be repaid by installments by Company from July 2021 to June 2024, recorded as other non-current liabilities, and the 2024 Notes holders are not able to execute conversion rights anymore.

On July 18 and August 29, 2022, the Company issued 183,495,146 and 36,699,029 Class A ordinary shares with par value of US\$0.0001 per share to 58.com and ClearVue in exchange for the full release of the Company’s obligations under the 2024 Notes issued to 58.com and ClearVue on June 10, 2019. These shares were issued at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) with a fair value of RMB308.2 million and RMB62.8 million, respectively. As a result, the 2024 Notes issued to 58.com and ClearVue amounting to US\$63.0 million and US\$12.6 million, respectively were extinguished upon such issuance of shares.

In connection with the foregoing transaction, the Company and 58.com have mutually released the other party from claims arising out of certain obligations under certain additional historical transactions. 58.com released the Company’s from its long-term debt of RMB424.9 million and other payables and other current liabilities of RMB69.4 million. The Company, in turn, released 58.com from amounts owed, including other receivables of RMB114.1 million, loans recognized as a result of payments under guarantees of RMB41.9 million, other non-current assets of RMB21.0 million and prepaid expense and other current assets of RMB12.0 million.

As a result of the Company’s issuance of 183,495,146 Class A ordinary shares to 58.com and the mutual release between 58.com and the Company for certain obligation above, the Group recognized losses from extinguishment of debt of RMB2.8 million for the fiscal year ended March 31, 2023.

The long-term debt of RMB59.0 million and RMB51.9 million were repaid for the fiscal years ended March 31, 2022 and 2023, respectively.

14. OTHER OPERATING INCOME, NET

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| | For the fiscal year ended March 31, | | |
|---|-------------------------------------|---------------|---------------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Gains from waiver of operating payables (i) | 2,010 | 73,747 | 70,500 |
| Government grant | 15,392 | 1,895 | 5,252 |
| Guarantee income (Note 10) | 207,825 | 126 | 46 |
| Income from sale of loans recognized as a result of payments under guarantees | 21,119 | 26,279 | — |
| Transfer-out of unused VAT-input deductible | — | (20,030) | — |
| Others | — | — | (5,808) |
| | <u>246,346</u> | <u>82,017</u> | <u>69,990</u> |

(i) The Company entered into supplemental agreements with several suppliers in May and June 2021, pursuant to which the Company would be exempted, conditionally, from the repayment of other payables of approximately RMB120.4 million. In this regard, the Company satisfied certain necessary payment conditions during the fiscal year ended March 31, 2022 which resulted in RMB64.3 million in other payables being waived pursuant to the relevant supplier agreements. The waiver of this payable balance resulted in a gain recorded in the same fiscal year. Additional payment conditions were met during fiscal year ended March 31, 2023, resulting in an incremental RMB56.1 million in payables waived pursuant to the operative supplier agreements. The waiver of this additional payables balance resulted in a gain recorded in the same fiscal year. In addition, the Company continued to negotiate with other suppliers to settle long-aged payables, resulting in additional wavier gains of RMB2.0 million, RMB9.4 million and RMB14.4 million recorded for the fiscal year ended March 31, 2021, 2022 and 2023 accordingly.

15. OPERATING LEASE

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

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

| | March 31, 2022 | March 31, 2023 |
|---|-------------------|-------------------|
| | RMB | RMB |
| Right-of-use assets | 29,584 | 84,461 |
| Operating lease liabilities - current | 10,994 | 7,667 |
| Operating lease liabilities - non-current | 10,866 | 77,462 |
| Total operating lease liabilities | <u>21,860</u> | <u>85,129</u> |
| Weighted average remaining lease term | 2.25 | 8.64 |
| Weighted average incremental borrowing rate | 5.19 % | 5.13 % |

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Total operating lease costs were RMB36.3 million for the fiscal year ended March 31, 2021 including RMB33.0 million recorded from continuing operations and RMB3.3 million from discontinued operations. Total short-term lease costs were RMB11.7 million for the fiscal year ended March 31, 2021, including RMB8.4 million recorded from continuing operations and RMB3.3 million from discontinued operations.

Total operating lease costs were RMB19.8 million for the fiscal year ended March 31, 2022. Total short-term lease costs were RMB3.3 million for the fiscal year ended March 31, 2022.

Total operating lease costs were RMB23.4 million for the fiscal year ended March 31, 2023. Total short-term lease costs were RMB5.9 million for the fiscal year ended March 31, 2023.

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

| | For the fiscal year ended March 31, | | |
|--|--|-------------|-------------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Cash paid for amounts included in the measurement of lease liabilities | 13,599 | 23,547 | 10,231 |
| Right-of-use assets obtained in exchange for operating lease liabilities | 46,829 | 23,628 | 84,947 |

Maturities of operating lease liabilities are as follows:

| | March 31, 2023 |
|----------------------------------|-----------------------|
| | RMB |
| Fiscal year ended March 31, 2024 | 11,174 |
| Fiscal year ended March 31, 2025 | 8,821 |
| Fiscal year ended March 31, 2026 | 9,263 |
| Thereafter | 76,411 |
| Total operating lease payments | 105,669 |
| Less: imputed interest | (20,540) |
| Total lease liabilities | 85,129 |

16. RELATED PARTY BALANCES AND TRANSACTIONS

The table below sets forth the major related parties and their relationships with the Group as of March 31, 2022 and 2023:

| <u>Name of related parties</u> | <u>Relationship with the Group</u> |
|---------------------------------------|--|
| 58.com Holdings Inc. | Non-controlling shareholder since July, 2022 |
| NIO Capital and Joy Capital | Holders of senior convertible preferred shares |
| Weiche | Equity-method investee of the Company |

Except for senior convertible preferred shares, warrants and forward contracts issued to NIO Capital and Joy Capital (Note 18), major related party balance as of March 31, 2022 and 2023 and major transactions for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

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Transactions with related parties

| | For the fiscal year ended March 31, | | |
|--|-------------------------------------|------------|----------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| <i>Advertising service provided by the related parties</i> | | | |
| 58.com | 89,843 | — | — |
| Weiche | — | 351 | — |
| | <u>89,843</u> | <u>351</u> | <u>—</u> |
| <i>Inventory leads sold to the related party</i> | | | |
| 58.com | <u>10,869</u> | <u>176</u> | <u>—</u> |
| <i>Gain from the divestiture of 2B business (Note 3)</i> | | | |
| 58.com | <u>735,956</u> | <u>—</u> | <u>—</u> |

17. 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. ("Youxinpai") and Youfang (Beijing) Information Technology Co., Ltd. ("Youfang") have been qualified as "high and new technology enterprise" ("HNTE") and enjoys a preferential income tax rate of 15% from 2019 to 2021. Youxin Internet (Beijing) Information Technology Co., Ltd. ("Youxin Hulian") has been qualified HNTE and enjoys a preferential income tax rate of 15% from 2020 to 2022. Currently, Youfang is in the process of applying for the renewal of HNTE, and if requalified, it will enjoy a preferential income tax rate of 15% in 2023.

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

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As of March 31, 2023, the major tax jurisdictions of the Group are China and Hong Kong, and the tax year is the calendar year.

Composition of income tax expense

The current and deferred portions of income tax expense included in the Consolidated Statements of Comprehensive Loss during the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

| | For the fiscal year ended March 31, | | |
|-----------------------------|-------------------------------------|-------|-------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Current income tax expense | (33) | (245) | (366) |
| Deferred income tax expense | — | — | — |
| Total income tax expense | (33) | (245) | (366) |

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

The following table sets forth a reconciliation between the statutory PRC EIT rate of 25% and the effective tax rate:

| | For the fiscal year ended March 31, | | |
|----------------------------------|-------------------------------------|---------|---------|
| | 2021 | 2022 | 2023 |
| | | | |
| Statutory income tax rate 25.0% | 25.0% | 25.0% | 25.0% |
| Permanent differences | (17.0)% | (42.0)% | (3.3)% |
| Effect of different tax rate (i) | (0.7)% | 12.4% | 36.7% |
| Change of valuation allowance | (7.3)% | 4.8% | (58.1)% |
| Effective tax rate | 0.0% | 0.2% | 0.3% |

(i) The effect of different tax rate is attributed to varying rates in other jurisdictions where the Group is established, such as the Cayman Islands or Hong Kong, and the preferential tax rate certain entities in the Group enjoys.

Deferred tax assets and deferred tax liabilities

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

| | March 31, | March 31, |
|-----------------------------------|-------------|-------------|
| | 2022 | 2023 |
| | RMB | RMB |
| Deferred tax assets | | |
| Net operating loss carry forwards | 1,449,953 | 1,591,988 |
| Deductible advertising expense | 551,431 | 582,306 |
| Provision for credit losses | 94,706 | 13,421 |
| Accruals | — | — |
| Less: valuation allowance | (2,096,090) | (2,187,715) |
| Net deferred tax assets | — | — |

Movement of valuation allowance

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| | For the fiscal year ended March 31, | | |
|------------------------------------|-------------------------------------|--------------------|--------------------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Balance at beginning of the period | (1,974,108) | (2,005,864) | (2,096,090) |
| Changes of valuation allowance | (31,756) | (90,226) | (91,625) |
| Balance at end of the period | <u>(2,005,864)</u> | <u>(2,096,090)</u> | <u>(2,187,715)</u> |

As of March 31, 2023, the Group had net operating loss carry forwards of approximately RMB6,420.0 million which arose from the subsidiaries established in the PRC. For all subsidiaries in China, the loss carry forwards will expire from 2023 to 2027.

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 its net 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 March 31, 2022 and 2023.

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18. SENIOR CONVERTIBLE PREFERRED SHARES AND WARRANTS***2021 Subscription Agreement***

In June 2021, the Company entered into shares subscription agreements, respectively, with NIO Capital and Joy Capital for an aggregate investment amount of up to US\$315.0 million for the subscription of senior convertible preferred shares. The first closing in the amount of US\$100.0 million was completed for the issuance of 291,290,416 senior convertible preferred shares on July 12, 2021. On the same day, the Company also issued warrants to each of NIO Capital and Joy Capital to purchase up to 240,314,593 senior convertible preferred shares for an aggregate amount of US\$165.0 million which was included in the aforementioned US\$315.0 million. Each investor has the option to exercise the warrants within 18 months of the first closing date. In January 2023, the Company entered into a new agreement with NIO Capital and Joy Capital to extend the expiration date of the forementioned warrants from January 12, 2023 to January 12, 2024.

For the second closing in the amount of US\$50.0 million, US\$27.5 million, US\$10.0 million and US\$7.5 million were received in November 2021, March 2022 and June 2022 and, accordingly, a total of 80,104,865 senior convertible preferred shares, 29,129,042 and 21,846,781 senior convertible preferred shares were issued, respectively. In July 2022, NIO Capital assigned its rights and obligations to an independent third party to subscribe for 14,564,520 senior convertible preferred shares for a total price of US\$5.0 million under the second tranche. On the same day, the Company received US\$5.0 million. Following this closing, the second tranche of this financing transaction for the amount of US\$50.0 million has been completed.

2022 Subscription Agreement

In June 2022, the Company entered into another definitive agreement with affiliates of an existing shareholder, NIO Capital. Pursuant to the definitive agreement, NIO Capital has agreed with the Company for the subscription of 714,285,714 senior convertible preferred shares for an aggregate amount of US\$100.0 million, which will be paid in multiple instalments. The first payment for the par value of these preferred shares of US\$71.4 thousand were made by NIO Capital in July 2022. In October 2022 and March 2023, total of US\$9.9 million and US\$8.4 million was paid by NIO Capital. The remaining US\$81.6 million was recorded in "Subscription receivable from shareholders" and reflected as a deduction from mezzanine equity as at March 31, 2023. Subsequently on April 4, 2023, NIO Capital, NBNW Investment Limited ("NBNW", an affiliate of NIO Capital) and the long-term debt holders of the Company, namely WP, TPG, and Magic Carpet, entered into assignment agreements to assign all the rights under the then outstanding long-term debt of US\$61.6 million to NBNW and then further assign to NIO Capital. Concurrently, the Company entered into a supplemental agreement with NIO Capital, agreed to offset its subscription receivable by US\$61.6 million with its obligation under long-term debt due to NIO Capital after the assignment. This supplemental agreement resulted in a remaining US\$20 million amount due to the Company from NIO Capital relating to the aforementioned senior convertible shares subscription agreement. In April 2023, US\$1.6 million was received, with the remaining subscription receivable of US\$18.4 million expected to be received no later than December 31, 2023.

The major rights, preferences and privileges of the senior convertible preferred shares under the 2022 Subscription Agreement and 2021 Subscription Agreement are as follows:

Conversion rights

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Each senior convertible share shall be convertible, at any time and from time to time from and after the applicable original issue date of 2021 Subscription Agreement and 2022 Subscription Agreement. The original conversion price for each senior convertible preferred share shall be US\$0.3433 per Class A ordinary share or US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) for 2021 Subscription Agreement. According to 2022 Subscription Agreement, the conversion price for each senior convertible preferred share shall be US\$0.14 per Class A ordinary shares or US\$4.2 per ADS (or US\$0.42 per ADS prior to the ADS Ratio Change) , and the conversion price for each senior convertible preferred share issued pursuant to the 2021 Subscription Agreement and outstanding as of the Closing shall be adjusted to US\$0.14 per Class A ordinary shares or US\$4.2 per ADS (or US\$0.42 per ADS prior to the ADS Ratio Change) upon the Closing. The conversion price for each senior convertible preferred share which may be issued upon the exercise of the warrants or pursuant to the 2021 Subscription Agreement after the Closing shall initially be US\$0.3433 per Class A ordinary shares or US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) as adjusted from time to time. The conversion price is adjusted in the occurrence of a) share dividends and share splits; b) subsequent equity sales; c) subsequent rights offerings.

The conversion price down round feature is triggered when the Company provides for a lower conversion price in subsequent convertible preferred offerings. The provision of a lower conversion price results in the repricing of existing convertible preferred offerings to match any such lower stated conversion rate.

Voting rights

Holder of each senior convertible preferred share shall be entitled to vote that number of votes equal to the largest number of whole shares of Class A ordinary shares into which each such senior convertible preferred shares could be converted.

Dividends

Each senior convertible preferred share shall have the right to receive dividends, on as converted and non-cumulative basis, when, as and if declared by the Board. No dividend shall be paid on the ordinary shares at any time unless and until all dividends on the senior convertible preferred share have been paid in full. No dividends on preferred and ordinary shares have been declared since the issuance date until March 31, 2023.

Liquidation Preference

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, each senior convertible preferred shareholder shall be entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to one hundred and fifty percent (150%) of applicable stated value, per senior convertible preferred share held by such holder, plus any accrued and unpaid dividends, before any distribution or payment shall be made to the holders of any junior securities.

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Redemption Rights

At any time and from time to time, upon written notice of each holder of senior convertible preferred share, the Company shall redeem all or part of the senior convertible preferred share held by such holder at the redemption price (as defined below), provided that any of the following events occurs: (i) any material breach of any of the representations, warranties or covenants by the Company; (ii) any conviction of breaches or violation of Applicable Law by the Company which is reasonably expected to have a material adverse effect; (iii) during the principal lock-up period, all or part of the 40,809,861 Class B ordinary shares held by the principal parties shall be subject to enforcement, foreclosure, freezing order or other judicial measures; (iv) the principal's employment with the Company shall be terminated for whatever reason; (v) the Company shall fail to have available a sufficient number of authorized and unreserved Class A ordinary shares to issue to such holder upon a conversion hereunder; (vi) there shall have occurred a bankruptcy event; (vii) the ADSs shall fail to be listed or quoted for trading on a trading market for more than five (5) Trading Days, which need not be consecutive trading days; (viii) the electronic transfer by the Company of ADSs through the depository trust company or another established clearing corporation is no longer available or is subject to a "chill"; (ix) with respect to the Senior Preferred Shares issued pursuant to the 2022 Subscription Agreement only, the Company shall receive any notice (whether written or not) from any holder of a 2024 Note declaring accelerate payment of its outstanding principal and interests accruing thereon under the 2024 Note held by it based on occurrence of any Event of Default under the 2024 Notes (whether actual or alleged).

Redemption price is defined as sum of the aggregate amount of the stated value (as adjusted for any share dividends, combinations, splits, recapitalizations and the like), plus an amount accruing at a compound annual rate of eight percent (8%) of such stated value for a period of time commencing from the original issue date and ending on the redemption closing date plus any accrued but unpaid dividends.

Accounting for senior convertible preferred share and warrants

The Company classified the senior convertible preferred shares in the mezzanine equity section of the consolidated balance sheets because certain redemption features allow the senior convertible preferred shareholders to force the Company to redeem the preferred shares and therefore, the senior convertible preferred shares are considered contingently redeemable upon the occurrence of certain liquidation events outside of the Company's control. The senior convertible preferred share is carried at the amount recorded at inception and no accretion to the redemption value is needed until it becomes probable that the preferred shares will become redeemable. Continual evaluation is performed to assess whether probable of becoming redeemable.

The Company classified the warrants in the warrant liabilities and recorded at fair value initially with subsequent changes in fair value recorded in the profit and loss as warrants issued with redeemable share are liabilities within the scope of ASC 480. Warrants issued in connection with debt or equity, if the warrants are classified as a liability and recorded at fair value with changes in fair value recorded in the profit and loss, then the proceeds should be allocated first to the warrants based on their fair value (not relative fair value). The residual should be allocated to the base debt or equity instrument. Therefore, all proceeds were allocated to warrants on July 12, 2021 as the fair value of the warrants on that day was higher than total proceeds received. Besides, financial liabilities that are required to be measured at fair value should be recorded at fair value with the excess of the fair value over the net proceeds received recognized as a loss in the profit and loss.

The Company classified the obligation for the second closing as forward contracts as the investors were obligated to purchase and the Company was required to issue the shares within that twelve-month period since the first closing date. Forward contracts were recorded at fair value initially with subsequent fair value changes to be recorded through profit and loss.

The Company determined that, upon closing, the reduction of the conversion price for senior convertible preferred shares related to the 2022 Subscription Agreement triggered the down round feature operative within the 2021 Subscription Agreement. The fair value impact related to the reduction in the conversion price of the senior convertible preferred shares related to the 2022 Subscription Agreement, amounting to RMB755.6 million, was recorded as a charge to accumulated deficit and a credit to additional paid in capital in permanent equity.

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The Company received a total of US\$7.5 million and US\$5 million in June 2022 and July 2022 respectively. As a result, a total of RMB45.1 million related with the second closing of 2021 subscription and RMB124.1 million (US\$18.4 million) related with the 2022 subscription were recorded at “Mezzanine equity” at the corresponding fair values on the applicable closing dates. The total fair value impact during the fiscal year ended March 31, 2023 was RMB242.7 million (US\$35.3 million), respectively, and recorded under “Fair value impact of the issuance of senior convertible preferred shares”.

The Company’s senior convertible preferred shares activities for the fiscal years ended March 31, 2022 and 2023 are summarized below (except the fair value of the down round feature which solely affected the classification of permanent equity):

The movements of mezzanine equity during the fiscal year ended March 31, 2022 and 2023 were as follows:

| | <u>Mezzanine Equity</u> |
|---|-------------------------|
| | <u>RMB</u> |
| Beginning balance as of March 31, 2021 | — |
| Issuance of senior convertible preferred shares | 239,452 |
| Fair value impact recorded upon cash receipt for subscription | 287,032 |
| Ending balance as of March 31, 2022 | <u>526,484</u> |
| Issuance of senior convertible preferred shares | 758,252 |
| Subscription receivable from shareholders | (550,074) |
| Fair value impact recorded upon cash receipt for subscription | (39,015) |
| Ending balance as of March 31, 2023 | <u>695,647</u> |

The roll forward of Level 3 financial instruments, including both warrant liabilities and forward contracts, during the fiscal year ended March 31, 2022 and 2023 was as follows:

| | <u>Warrant liabilities</u> | <u>Forward contract assets</u> |
|---|----------------------------|--------------------------------|
| | <u>RMB</u> | <u>RMB</u> |
| Fair value of Level 3 financial instruments as of March 31, 2021 | — | — |
| Issuance of warrants | 647,850 | — |
| Fair value of warrants and forward contracts at issuance | 1,800,147 | 735,244 |
| Settlement of forward contracts | — | (287,032) |
| The change in fair value of financial instruments | (2,224,660) | (441,088) |
| Foreign currency translation | (26,947) | (7,160) |
| Fair value of Level 3 financial instruments as of March 31, 2022 | <u>196,390</u> | <u>(36)</u> |
| Settlement of forward contracts | — | 39,015 |
| The change in fair value of financial instruments | (204,687) | (38,046) |
| Foreign currency translation | 8,305 | (933) |
| Fair value of Level 3 financial instruments as of March 31, 2023 | <u>8</u> | <u>—</u> |

The composition of the fair value impact of the issuance of senior convertible preferred shares during the fiscal year ended March 31, 2022 and 2023 was as follows:

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| | For the fiscal year ended March 31, | |
|---|-------------------------------------|---------|
| | 2022 | 2023 |
| | RMB | RMB |
| Fair value impact of the warrants | 424,513 | 204,687 |
| Fair value impact of the forward contracts | (294,156) | 38,046 |
| Gain from the TDR of the 2024 Notes (Note 13) | 55,874 | — |
| | 186,231 | 242,733 |

The forward contracts and warrants are not traded in an active securities market. In terms of forward contracts, discounted cash flow model was applied to estimate its fair value using the risk-free interest rate as the discount rate.

For the warrants, with the assistance from an independent valuation firm, the Company estimated its fair value using the Black-Scholes option pricing model using the following main assumptions:

| | For the fiscal year ended March 31, 2023 |
|---|---|
| Risk-free interest rate | 2.53%~4.74% |
| Expected volatility | 45.91%~49.01% |
| Dividend yield | 0% |
| Expected term (in years) | 0.28~1.03 |
| Fair value of underlying senior convertible preferred share | US\$0.07~US\$0.20 |

19. ORDINARY SHARES

As of March 31, 2022 and 2023, 9,000,000,000 and 8,280,000,000 ordinary shares had been authorized respectively. A total of 1,410,826,415 ordinary shares, par value US\$0.0001 per share, consists of 1,370,016,554 Class A ordinary shares and 40,809,861 Class B ordinary shares, had been issued and outstanding as of March 31, 2023. A total of 1,186,854,720 ordinary shares, par value US\$0.0001 per share, consists of 1,146,044,859 Class A ordinary shares and 40,809,861 Class B ordinary shares, had been issued and outstanding as of March 31, 2022. Each Class B ordinary share was entitled to 10 votes, while each Class A ordinary shares was entitled to one vote.

A total of 1,112,431,559 ordinary shares, par value US\$0.0001 per share, consists of 1,071,621,698 Class A ordinary shares and 40,809,861 Class B ordinary shares, had been issued and outstanding as of March 31, 2021. 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.

In June 2021, the Company entered into a supplemental agreement with 2024 Notes holders. Pursuant to the supplemental agreement, 30% of the outstanding 2024 Notes principal amount would be converted into a total of 66,990,291 Class A ordinary shares at a price of US\$1.03 per Class A ordinary share upon the first closing. On July 12, 2021, the aforementioned conversion was completed and a total of 66,990,291 Class A ordinary shares were issued.

In July 2022, the Company entered into a definitive agreement with 58.com, pursuant to which the Company issued 183,495,146 Class A ordinary shares with par value of US\$0.0001 per share to 58.com in exchange for the full release of the Company's obligations under the 2024 Notes issued to 58.com amounting to US\$63.0 million on June 10, 2019. These shares were issued at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change).

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In August 2022, the Company entered into a definitive agreement with ClearVue, pursuant to which the Company issued 36,699,029 Class A ordinary shares with par value of US\$0.0001 per share to ClearVue in exchange for the full release of the Company's obligations under the 2024 Notes issued to ClearVue amounting to US\$12.6 million on June 10, 2019. These shares were issued at a price equivalent to US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) with a fair value of RMB62.8 million.

Effective October 28, 2022 the Company changed its ADS to Class A ordinary share ratio from each ADS representing three Class A ordinary shares to each ADS representing 30 Class A ordinary shares ("the ADS Ratio Change"). The ADS Ratio Change has been reflected retroactively herein.

20. SHARE-BASED COMPENSATION

(a) Share options

Since November 19, 2018, the Company adopted 2018 Second Amended and Restated Incentive Plan ("2018 Second Plan"). Stock options granted to an employee under the 2018 Second Plan are to be generally 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 completing 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 accounts for share-based compensation costs using a graded-vesting method over the requisite service period for the award based on the fair value on their respectively grant date.

The Company granted 6,700,665, 1,266,357 and 10,429,567 stock options to Grantees for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

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The following table sets forth the share option activities for the fiscal years ended March 31, 2021, 2022 and 2023:

| | Number of shares | Weighted- average exercise price US\$ | Weighted average remaining contractual term YEARS | Aggregate intrinsic value US\$'000 | Weighted average fair value of options US\$ |
|---|---------------------|---|--|---|---|
| Outstanding as of March 31, 2020 | 32,330,838 | 1.79 | 6.81 | 25,530.99 | 1.58 |
| Granted | 6,700,665 | 0.01 | — | — | 0.39 |
| Forfeited | (9,794,727) | 1.17 | — | — | 2.13 |
| Exercised | (3,482,103) | 0.08 | — | — | 0.59 |
| Outstanding as of March 31, 2021 | 25,754,673 | 1.79 | 6.18 | 3,974.57 | 1.20 |
| Granted | 1,266,357 | 0.01 | — | — | 0.57 |
| Forfeited | (1,681,323) | 1.34 | — | — | 2.58 |
| Exercised | (6,826,300) | 0.36 | — | — | 0.67 |
| Outstanding as of March 31, 2022 | 18,513,407 | 0.75 | 6.01 | 2,405.17 | 1.23 |
| Granted | 10,429,567 | 0.00 | — | — | 0.13 |
| Forfeited | (1,353,071) | 0.81 | — | — | 0.33 |
| Exercised | (933,285) | 0.01 | — | — | 0.34 |
| Outstanding as of March 31, 2023 | 26,656,618 | 0.48 | 6.83 | 9,585.96 | 0.88 |
| Vested and expected to vest as of March 31, 2023 | 26,656,618 | 0.48 | 6.83 | 9,585.96 | 0.88 |
| Exercisable as of March 31, 2023 | 26,326,469 | 0.45 | 6.83 | 9,435.95 | 0.82 |

*Less than 0.01

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

| | For the fiscal year ended March 31, | | |
|-------------------------------------|-------------------------------------|---------|---------|
| | 2021 | 2022 | 2023 |
| Expected volatility | 48%~61% | 34%~68% | 36%~57% |
| Risk-free interest rate (per annum) | 0%~1.4% | 0%~2.4% | 0%~4.9% |
| Exercise multiple | 2.8/2.2 | 2.8/2.2 | 2.8/2.2 |
| Expected dividend yield | 0% | 0% | 0% |
| Contractual term (in years) | 10 | 10 | 10 |

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 behaviour of employees. The expected dividend yield is zero as the Company has never declared or paid any cash dividends

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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.

(b) Restricted shares

The following table sets forth the restricted share activity for the fiscal years ended March 31, 2021, 2022 and 2023:

| | Number of shares | Weighted average grant date fair value US\$ |
|-------------------------------|---------------------|---|
| Unvested as of March 31, 2020 | 33,334 | 2.26 |
| Granted | 275,850 | 0.45 |
| Vested | (309,184) | 0.65 |
| Unvested as of March 31, 2021 | <u>—</u> | — |
| Granted | 606,570 | 0.42 |
| Vested | (606,570) | 0.42 |
| Unvested as of March 31, 2022 | <u>—</u> | — |
| Granted | 2,844,235 | 0.13 |
| Vested | (2,844,235) | 0.13 |
| Unvested as of March 31, 2023 | <u>—</u> | — |

(c) Performance Awards

In December 2021, the Company issued certain restricted share units with market conditions to certain management (“Performance Awards”). The market conditions are satisfied upon the Company’s achievement of a certain specified market capitalization subject to continuous employment of each recipient. Total numbers of shares to be granted would be a certain percentage of issued and outstanding shares on a fully diluted basis as of the date when the market conditions are fulfilled. The amount of share-based compensation recorded will vary depending on the Company’s attainment of performance-targets and amortized during the requisite service period.

For the fiscal year ended March 31, 2022 and 2023, RMB7.7 million and RMB33.0 million related to Performance Awards was recorded in general and administrative expenses. As of March 31, 2023, total amount of unrecognized expense related to the Performance Awards was RMB6.1 million.

(d) Share-based compensation expenses by function

The following table sets forth the amounts of share-based compensation expense included in each of the relevant financial statement line items:

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| | For the fiscal year ended March 31, | | |
|-------------------------------------|-------------------------------------|---------------|---------------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| General and administrative expenses | (24,091) | 26,534 | 44,088 |
| Research and development expenses | (2,216) | — | 1,709 |
| Sales and marketing expenses | 5,036 | — | 1,516 |
| Cost of revenues | 2,149 | — | — |
| Total | (19,122) | 26,534 | 47,313 |

21. 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.

22. FAIR VALUE MEASUREMENTS*Assets and liabilities disclosed at fair value*

The Company measures its cash and cash equivalents, accounts receivable, loans recognized as a result of payments under guarantees at amortized cost, which approximate their fair values due to the short-term maturity of these instruments. The carrying value of the Company’s debt obligations approximates 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.

Assets measured at fair value on a nonrecurring basis

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

Equity investments without readily determinable fair value are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. The Company classified these assets as Level 3 within the fair value hierarchy based on the nature of the fair value inputs.

The Company measured on a non-recurring basis the fair values associated with triggering of the down round feature for the senior convertible preferred shares issued pursuant to 2021 Subscription Agreement. This valuation resulted in a deemed dividend of RMB755.6 million being distributed to the Company’s preferred shareholders as of July 27, 2023(Note 18).

Assets and liabilities measured at fair value on a recurring basis

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The Company measures its warrant liabilities and forward contracts at fair value on a recurring basis. As the Company's warrant liabilities and forward contracts are not traded in an active market with readily observable prices, the Company uses significant unobservable inputs to measure the fair value of warrant liabilities and forward contracts. 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 fiscal year ended March 31, 2023.

The following table summarizes the Company's financial assets and liabilities measured and recorded at fair value on recurring basis as of March 31, 2022 and 2023:

| | March 31, 2022 | | | |
|-------------------------|----------------|------------|------------|-----------|
| | Active market | Observable | Non- | Total |
| | (Level 1) | input | observable | |
| | RMB | (Level 2) | input | (Level 3) |
| | RMB | RMB | RMB | RMB |
| Assets: | | | | |
| Forward contract assets | — | — | 36 | 36 |
| Liabilities: | | | | |
| Warrant liabilities | — | — | 196,390 | 196,390 |
| | March 31, 2023 | | | |
| | Active market | Observable | Non- | Total |
| | (Level 1) | input | observable | |
| | RMB | (Level 2) | input | (Level 3) |
| | | RMB | RMB | RMB |
| Liabilities: | | | | |
| Warrant liabilities | — | — | 8 | 8 |

Refer to Note 18 for additional information about warrant liabilities and forward contracts measured at fair value on a recurring basis for the fiscal year ended March 31, 2022 and 2023:

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23. NET LOSS PER SHARE

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

| | For the fiscal years ended March 31, | | |
|---|--------------------------------------|--------------------|------------------|
| | 2021 RMB | 2022 RMB | 2023 RMB |
| Numerator: | | | |
| Net loss from continuing operations | (716,975) | (143,223) | (137,169) |
| Less: net loss from operations attributable to non-controlling interests shareholders | (9) | — | (12) |
| Deemed dividend to preferred shareholders due to triggering of a down round feature | — | — | (755,635) |
| Net loss from continuing operations attributable to ordinary shareholders | (716,966) | (143,223) | (892,792) |
| Denominator: | | | |
| Weighted average number of ordinary shares outstanding - basic | 1,100,650,208 | 1,168,419,750 | 1,344,536,565 |
| Net loss per share from operations attributable to ordinary shareholders, basic | (0.65) | (0.12) | (0.66) |
| Diluted net loss per share | | | |
| Numerator: | | | |
| Net loss from continuing operations attributable to ordinary shareholders | (716,966) | (143,223) | (892,792) |
| Add: the change in fair value of warrant liabilities | — | (2,224,660) | — |
| Add: the change in fair value of forward contract assets | — | (441,088) | — |
| Diluted net loss from operations attributable to ordinary shareholders | (716,966) | (2,808,971) | (892,792) |
| Denominator: | | | |
| Weighted average number of ordinary shares outstanding - basic | 1,100,650,208 | 1,168,419,750 | 1,344,536,565 |
| Weighted average effect of potential dilutive securities outstanding from continuing operations | | | |
| - Warrants | — | 147,895,143 | — |
| - Forward contracts | — | 38,191,128 | — |
| Weighted average number of ordinary shares outstanding from continuing operations, diluted | 1,100,650,208 | 1,354,506,021 | 1,344,536,565 |
| Net loss per share from continuing operations attributable to ordinary shareholders, diluted | (0.65) | (2.07) | (0.66) |

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As the Company incurred losses for the fiscal years ended March 31, 2021, 2022 and 2023, 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 senior convertible preferred shares, convertible notes and options granted excluded from the calculation of diluted net loss per share of the Company of the respective periods were as follows:

| | For the fiscal years ended March 31, | | |
|--|--------------------------------------|--------------------|--------------------|
| | 2021 | 2022 | 2023 |
| Senior convertible preferred shares | — | 240,274,690 | 912,262,870 |
| Convertible notes | 223,300,971 | — | — |
| Outstanding weighted average share options | 6,961,854 | 5,114,834 | 11,114,657 |
| Total | 230,262,825 | 245,389,524 | 923,377,527 |

24. EMPLOYEE BENEFITS

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 labour regulations require that the PRC subsidiaries, former 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 RMB76.1 million, RMB25.8 million and RMB31.7 million for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

25. 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.

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.

26. COMMITMENTS*Commitments*

The Company and Changfeng County Government of Hefei City ("Hefei") entered into a strategic partnership on September 24, 2021 to jointly invest in and build a used car inspection and reconditioning center ("IRC"). Total investment would be RMB2.5 billion (including the investment of both Hefei and the Company). The Company will lend the IRC from Hefei and is obligated to pay the rentals for IRC after the right-of-use transfers to the Company.

27. SUBSEQUENT EVENTS

In March 2023, the Company obtained an aggregated facility amount of RMB250 million from two reputable domestic banks, enabling the Company to utilize its inventories as collateral for financing the Company's future purchase of used cars inventories. Activity related to these financing arrangements commenced in April 2023.

UXIN LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

On April 4, 2023, NIO Capital, NBNW Investment Limited (“NBNW”, an affiliate of NIO Capital) and the long-term debt holders of the Company, namely WP, TPG, and Magic Carpet, entered into assignment agreements to assign all the rights under the then outstanding long-term debt of US\$61.6 million to NBNW and then further assign to NIO Capital. Concurrently, the Company entered into a supplemental agreement with NIO Capital, agreeing to offset its subscription receivable by US\$61.6 million with its obligation under long-term debt due to NIO Capital after the assignment. In April 2023, a US\$1.6 million was received and the remaining subscription receivable of US\$18.4 million is expected to be received no later than December 31, 2023.

On June 28, 2023, the Company entered into supplemental agreement with WeBank to extend the repayment of RMB30.0 million due on June 30, 2023. Under the new terms, the repayment will be divided into monthly instalments of to RMB5.0 million each month from June 2023 to November 2023. The Company has made monthly repayments of RMB5 million in both June and July 2023, respectively.

On June 30, 2023, the Company entered into an amendment agreement (“2023 Warrant Agreement”) with Alpha Wealth Global Limited (“Alpha”) and Joy Capital, regarding certain warrants in accordance with 2021 Subscription Agreement. Pursuant to the foregoing definitive agreement and certain assignments of warrants among Alpha, NIO Capital and Joy Capital, Alpha and Joy Capital (either together or separately) are entitled, at their discretion, to exercise their respective warrants in full to subscribe for a total of 480,629,186 senior convertible preferred shares of the Company in an aggregate amount of US\$21,964,754 at an amended exercise price of US\$0.0457 per share or US\$1.37 per ADS, representing a modification from the prior exercise price of US\$0.3433 per share or US\$10.3 per ADS (or US\$1.03 per ADS prior to the ADS Ratio Change) no later than September 30, 2023. The Company estimate that approximately US\$5.5 million (equivalent to RMB38.2 million) will be recorded in fair value impact of the issuance of senior convertible preferred shares for the adjustment of exercise price for warrants. The favourable exercise price of 2023 Warrant Agreement may be terminated if Alpha and Joy Capital have not exercised by September 30, 2023. Additionally, the exercise of the warrants pursuant to 2023 Warrant Agreement will trigger a down round feature, resulting in a reduction of the conversion price for senior preferred shares issued pursuant to 2021 Subscription Agreement and 2022 Subscription Agreement.

28. 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 fiscal years ended March 31, 2021, 2022 and 2023, no appropriations to the statutory reserve, enterprise expansion fund and staff welfare and bonus fund have been made by the Group.

Since the Company has a consolidated shareholders’ deficit, its net asset base for purposes of calculating the proportionate share of restricted net assets of consolidated subsidiaries should be zero. Therefore, the restrictions placed on the net assets of the Company’s PRC subsidiaries with positive equity would result in the 25% threshold being exceeded and a corresponding requirement to provide parent company financial information (Note 29).

29. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

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 dividends to the Company for the periods presented. For the purpose of presenting parent company 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 losses of subsidiaries”. Certain information

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

and footnote disclosures generally included in financial statements prepared in accordance with US GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company.

The parent company did not have significant capital and other commitments, long-term obligations, other long-term debt, or guarantees as of March 31, 2022 and 2023.

| Balance sheets | March 31, 2022 | March 31, 2023 |
|--|---------------------------|---------------------------|
| | RMB | RMB |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 599 | 62,244 |
| Amounts due from intra-Group entities | 8,438,565 | 9,085,314 |
| Other receivables | 2,170 | 2,065 |
| Forward contract assets | 36 | — |
| Prepaid expenses | 5,104 | 118 |
| Total assets | 8,446,474 | 9,149,741 |
| LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Other payables and other current liabilities | 22,678 | 31,624 |
| Investment deficit in subsidiaries | 9,120,730 | 9,605,620 |
| Amounts due to intra-Group entities | 90,112 | 90,112 |
| Warrant liabilities | 196,390 | 8 |
| Total liabilities | 9,429,910 | 9,727,364 |

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| Balance sheets(Continued) | March 31, 2022 RMB | March 31, 2023 RMB |
|---|--------------------------|--------------------------|
| Mezzanine equity | | |
| Senior convertible preferred shares (US\$0.0001 par value, 1,000,000,000 and 1,720,000,000 shares authorized as of March 31, 2022 and 2023, respectively; 400,524,323 and 1,151,221,338 shares issued and outstanding as of March 31, 2022 and 2023, respectively) | 526,484 | 1,245,721 |
| Subscription receivable from shareholders | — | (550,074) |
| Total mezzanine equity | <u>526,484</u> | <u>695,647</u> |
| Shareholders' deficit | | |
| Ordinary shares (US\$0.0001 par value, 9,000,000,000 and 8,280,000,000 shares authorized as of March 31, 2022 and 2023, respectively; 1,146,044,859 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of March 31, 2022; 1,370,016,554 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of March 31, 2023) | 782 | 806 |
| Additional paid-in capital | 14,254,109 | 15,451,803 |
| Accumulated other comprehensive income | 288,461 | 220,185 |
| Accumulated deficit | (16,053,272) | (16,946,064) |
| Total shareholders' deficit | <u>(1,509,920)</u> | <u>(1,273,270)</u> |
| Total liabilities, mezzanine equity and shareholders' deficit | <u>8,446,474</u> | <u>9,149,741</u> |

UXIN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| Statements of comprehensive loss | For the fiscal year ended March 31, | | |
|---|-------------------------------------|------------------|------------------|
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Operation expense | | | |
| Sales and marketing | (5,036) | — | — |
| Research and development | 2,217 | — | — |
| General and administrative | (21,161) | (39,398) | (64,254) |
| Provision for credits losses, net | — | — | (273) |
| Total operating expenses | (23,980) | (39,398) | (64,527) |
| Loss from operations | (23,980) | (39,398) | (64,527) |
| Share of loss of subsidiaries | (275,229) | (293,128) | (331,935) |
| Interest expense, net | (14,041) | — | 13 |
| Other income, net | 13,075 | 3,303 | 16,560 |
| Foreign exchange gain/(loss) | 9 | (231) | (1) |
| Fair value impact of the issuance of senior convertible preferred shares | — | 186,231 | 242,733 |
| Inducement charge of convertible notes | (121,056) | — | — |
| Net loss | (421,222) | (143,223) | (137,157) |
| Deemed dividend to preferred shareholders due to triggering of a down round feature | — | — | (755,635) |
| Net loss attributable to ordinary shareholders | (421,222) | (143,223) | (892,792) |
| Net loss | (421,222) | (143,223) | (137,157) |
| Other comprehensive income/(loss) | | | |
| Foreign currency translation | 110,983 | 70,714 | (68,276) |
| Total comprehensive loss | (310,239) | (72,509) | (205,433) |
| Statements of cash flow | | | |
| | For the fiscal year ended March 31, | | |
| | 2021 | 2022 | 2023 |
| | RMB | RMB | RMB |
| Net cash (used in)/generated from operating activities | (35,016) | (52,104) | 187 |
| Net cash generated from financing activities | 34,308 | 52,379 | 62,300 |
| Effect of exchange rate changes on cash and cash equivalents | (27) | (22) | (842) |
| Net (decrease)/increase in cash and cash equivalents | (735) | 253 | 61,645 |
| Cash and cash equivalents at beginning of the period | 1,081 | 346 | 599 |
| Cash and cash equivalents at end of the period | 346 | 599 | 62,244 |

AMENDMENT AGREEMENT TO THE WARRANT

This AMENDMENT AGREEMENT TO THE WARRANT (this “**Amendment**”) is entered into on January 12, 2023 by and between:

A. Uxin Limited, a company organized under the laws of the Cayman Islands. (the “**Company**”); and

B. Abundant Glory Investment L.P., a limited partnership formed under the Laws of British Virgin Islands (the “**Holder**”).

Each of the foregoing parties is referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

A.The Parties have entered into a Warrant on November 15, 2021 (the “**Warrant**”), pursuant to which, among other things, the Holder is entitled, subject to the provisions and upon the terms and conditions set forth therein, to purchase up to 32,041,946 Senior Convertible Preferred Shares at the aggregate Exercise Price of up to Eleven Million Dollars (\$11,000,000).

B.The Parties desire to amend certain terms and conditions of the Warrant by mutual agreement and in accordance with Section 8(a) of the Warrant to postpone the Expiration Date and to make such other amendments as set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the Parties hereto agree as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided herein, capitalized terms used in this Amendment shall have the meanings given in the Warrant.
2. **INTEGRATION.** This Amendment shall be read as one with the Warrant and the Transaction Documents so that any reference in the Warrant to “this Warrant” and any reference in the other Transaction Documents to the “Warrant” and similar expressions shall include this Amendment. Any and all references in the other Transaction Documents to the “Warrant”, “thereof” and words of like import shall be deemed to refer to the Warrant (as amended hereby). This Amendment, the Warrant and the Transaction Documents represent the entire agreement between the Parties hereto in relation to the subject matter hereof and thereof.
3. **AMENDMENT.**
 - 3.1. **Amendment.** With effect from (and including) the Effective Date, the Warrant shall be amended by mutual agreement and in accordance with Section 8(a) thereof on the terms set out below:

3.1.1. The following provision in Section 1(c) of the Warrant is hereby deleted in its entirety and replaced with the following:

*“**Exercise Period.** This Warrant shall be exercisable, at the option of the Holder, at any time and from time to time on or prior to 5 p.m. (New York City time) of January 12, 2024) (the “**Expiration Date**”) for all or any part of the Shares (but not for a fraction of a Share) which may be purchased hereunder. Any portion of this Warrant not exercised prior to or on the Expiration Date shall be and become void and of no value and this Warrant shall be terminated and no longer outstanding immediately following the Expiration Date.”*

4. **NO OTHER AMENDMENT.**

- 4.1. This Amendment shall be limited solely to the matters expressly set forth herein and shall not (i) constitute an amendment of any other term or condition of the Warrant or
- (ii) prejudice any right or rights which the Holder may now have or may have in the future under or in connection with the Warrant.
- 4.2. Except to the extent specifically amended herein, each of the respective provisions of the Warrant shall not be amended, modified, impaired or otherwise affected hereby, and the Warrant and the obligations thereunder are hereby confirmed in full force and effect.

5. **MISCELLANEOUS.**

- 5.1. Effective Date. Notwithstanding anything in this Amendment to the contrary, upon the due execution of this Amendment by the Parties, the Parties acknowledge, agree and confirm that this Amendment shall take effect from January 12, 2023 (the “**Effective Date**”).
- 5.2. Governing Law. This Amendment shall be governed in all respects by the laws of Hong Kong without regard to conflict of laws principles.
- 5.3. Dispute Resolution. Section 8(d) of the Warrant shall have effect in this Amendment as if incorporated herein *mutatis mutandis*.
- 5.4. Counterparts. This Amendment may be executed in one or more counterparts, including counterparts transmitted by facsimile or electronic transmission (via scanned PDF), each of which when so executed and delivered deemed an original, but all of which together shall constitute one and the same instrument. This Amendment may be executed by way of electronic signatures and this Amendment, or any part thereof, shall not be challenged or denied any legal effect, validity and/or enforceability solely on the ground that it is in the form of an electronic record. A facsimile or “PDF” signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

THE COMPANY:

UXIN LIMITED

By: /s/ Dai Kun
Name: Dai Kun ()
Title: Director

[Signature Page to the Amendment Agreement to the Warrant]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

THE HOLDER:

Abundant Glory Investment L.P.

acting through Nio Capital II LLC in its capacity as the general partner

By: /s/ Zhu Yan

Name: Zhu Yan

Title: Authorized Signatory

[Signature Page to the Amendment Agreement to the Warrant]

AMENDMENT AGREEMENT TO THE WARRANT

This AMENDMENT AGREEMENT TO THE WARRANT (this “**Amendment**”) is entered into on January 12, 2023 by and between:

A. Uxin Limited, a company organized under the laws of the Cayman Islands. (the “**Company**”); and

B. Abundant Grace Investment Limited, a company limited by shares incorporated under the Laws of British Virgin Islands (the “**Holder**”).

Each of the foregoing parties is referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

A. The Parties have entered into a Warrant on November 15, 2021 (the “**Warrant**”), pursuant to which, among other things, the Holder is entitled, subject to the provisions and upon the terms and conditions set forth therein, to purchase up to 208,272,647 Senior Convertible Preferred Shares at the aggregate Exercise Price of up to Seventy-One Million and Five Hundred Thousand Dollars (\$71,500,000).

B. The Parties desire to amend certain terms and conditions of the Warrant by mutual agreement and in accordance with Section 8(a) of the Warrant to postpone the Expiration Date and to make such other amendments as set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the Parties hereto agree as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided herein, capitalized terms used in this Amendment shall have the meanings given in the Warrant.
2. **INTEGRATION.** This Amendment shall be read as one with the Warrant and the Transaction Documents so that any reference in the Warrant to “this Warrant” and any reference in the other Transaction Documents to the “Warrant” and similar expressions shall include this Amendment. Any and all references in the other Transaction Documents to the “Warrant”, “thereof” and words of like import shall be deemed to refer to the Warrant (as amended hereby). This Amendment, the Warrant and the Transaction Documents represent the entire agreement between the Parties hereto in relation to the subject matter hereof and thereof.
3. **AMENDMENT.**
 - 3.1. Amendment. With effect from (and including) the Effective Date, the Warrant shall be amended by mutual agreement and in accordance with Section 8(a) thereof on the terms set out below:

- 3.1.1. The following provision in Section 1(c) of the Warrant is hereby deleted in its entirety and replaced with the following:

*“Exercise Period. This Warrant shall be exercisable, at the option of the Holder, at any time and from time to time on or prior to 5 p.m. (New York City time) of January 12, 2024) (the “**Expiration Date**”) for all or any part of the Shares (but not for a fraction of a Share) which may be purchased hereunder. Any portion of this Warrant not exercised prior to or on the Expiration Date shall be and become void and of no value and this Warrant shall be terminated and no longer outstanding immediately following the Expiration Date.”*

4. **NO OTHER AMENDMENT.**

- 4.1. This Amendment shall be limited solely to the matters expressly set forth herein and shall not (i) constitute an amendment of any other term or condition of the Warrant or
- (ii) prejudice any right or rights which the Holder may now have or may have in the future under or in connection with the Warrant.
- 4.2. Except to the extent specifically amended herein, each of the respective provisions of the Warrant shall not be amended, modified, impaired or otherwise affected hereby, and the Warrant and the obligations thereunder are hereby confirmed in full force and effect.

5. **MISCELLANEOUS.**

- 5.1. Effective Date. Notwithstanding anything in this Amendment to the contrary, upon the due execution of this Amendment by the Parties, the Parties acknowledge, agree and confirm that this Amendment shall take effect from January 12, 2023 (the “**Effective Date**”).
- 5.2. Governing Law. This Amendment shall be governed in all respects by the laws of Hong Kong without regard to conflict of laws principles.
- 5.3. Dispute Resolution. Section 8(d) of the Warrant shall have effect in this Amendment as if incorporated herein *mutatis mutandis*.
- 5.4. Counterparts. This Amendment may be executed in one or more counterparts, including counterparts transmitted by facsimile or electronic transmission (via scanned PDF), each of which when so executed and delivered deemed an original, but all of which together shall constitute one and the same instrument. This Amendment may be executed by way of electronic signatures and this Amendment, or any part thereof, shall not be challenged or denied any legal effect, validity and/or enforceability solely on the ground that it is in the form of an electronic record. A facsimile or “PDF” signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

THE HOLDER:

Abundant Grace Investment Limited

By: /s/ Mao Wei

Name: Mao Wei

Title: Director

[Signature Page to the Amendment Agreement to the Warrant]

AMENDMENT AGREEMENT TO THE WARRANT

This AMENDMENT AGREEMENT TO THE WARRANT (this “**Amendment**”) is entered into on January 12, 2023 by and between:

A. Uxin Limited, a company organized under the laws of the Cayman Islands. (the “**Company**”); and

B. Astral Success Limited, a company limited by shares incorporated under the Laws of the British Virgin Islands (the “**Holder**”).

Each of the foregoing parties is referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

A. The Parties have entered into a Warrant on July 12, 2021 (the “**Warrant**”), pursuant to which, among other things, the Holder is entitled, subject to the provisions and upon the terms and conditions set forth therein, to purchase up to 240,314,593 Senior Convertible Preferred Shares at the aggregate Exercise Price of up to Eighty-Two Million and Five Hundred Thousand Dollars (\$82,500,000).

B. The Parties desire to amend certain terms and conditions of the Warrant by mutual agreement and in accordance with Section 8(a) of the Warrant to postpone the Expiration Date and to make such other amendments as set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the Parties hereto agree as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided herein, capitalized terms used in this Amendment shall have the meanings given in the Warrant.
2. **INTEGRATION.** This Amendment shall be read as one with the Warrant and the Transaction Documents so that any reference in the Warrant to “this Warrant” and any reference in the other Transaction Documents to the “Warrant” and similar expressions shall include this Amendment. Any and all references in the other Transaction Documents to the “Warrant”, “thereof” and words of like import shall be deemed to refer to the Warrant (as amended hereby). This Amendment, the Warrant and the Transaction Documents represent the entire agreement between the Parties hereto in relation to the subject matter hereof and thereof.
3. **AMENDMENT.**
 - 3.1. Amendment. With effect from (and including) the Effective Date, the Warrant shall be amended by mutual agreement and in accordance with Section 8(a) thereof on the terms set out below:

3.1.1. The following provision in Section 1(c) of the Warrant is hereby deleted in its entirety and replaced with the following:

*“Exercise Period. This Warrant shall be exercisable, at the option of the Holder, at any time and from time to time on or prior to 5 p.m. (New York City time) of January 12, 2024) (the “**Expiration Date**”) for all or any part of the Shares (but not for a fraction of a Share) which may be purchased hereunder. Any portion of this Warrant not exercised prior to or on the Expiration Date shall be and become void and of no value and this Warrant shall be terminated and no longer outstanding immediately following the Expiration Date.”*

4. **NO OTHER AMENDMENT.**

- 4.1. This Amendment shall be limited solely to the matters expressly set forth herein and shall not (i) constitute an amendment of any other term or condition of the Warrant or
- (ii) prejudice any right or rights which the Holder may now have or may have in the future under or in connection with the Warrant.
- 4.2. Except to the extent specifically amended herein, each of the respective provisions of the Warrant shall not be amended, modified, impaired or otherwise affected hereby, and the Warrant and the obligations thereunder are hereby confirmed in full force and effect.

5. **MISCELLANEOUS.**

- 5.1. Effective Date. Notwithstanding anything in this Amendment to the contrary, upon the due execution of this Amendment by the Parties, the Parties acknowledge, agree and confirm that this Amendment shall take effect from January 12, 2023 (the “**Effective Date**”).
- 5.2. Governing Law. This Amendment shall be governed in all respects by the laws of Hong Kong without regard to conflict of laws principles.
- 5.3. Dispute Resolution. Section 8(d) of the Warrant shall have effect in this Amendment as if incorporated herein *mutatis mutandis*.
- 5.4. Counterparts. This Amendment may be executed in one or more counterparts, including counterparts transmitted by facsimile or electronic transmission (via scanned PDF), each of which when so executed and delivered deemed an original, but all of which together shall constitute one and the same instrument. This Amendment may be executed by way of electronic signatures and this Amendment, or any part thereof, shall not be challenged or denied any legal effect, validity and/or enforceability solely on the ground that it is in the form of an electronic record. A facsimile or “PDF” signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

THE HOLDER:

Astral Success Limited

By: /s/ Erhai Liu

Name: Erhai Liu

Title: Authorized Signatory

[Signature Page to the Amendment Agreement to the Warrant]

SUPPLEMENTARY AGREEMENT
IN CONNECTION WITH
THE SHARE SUBSCRIPTION AGREEMENT

This SUPPLEMENTARY AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this “Supplementary Agreement”), dated April 4, 2023, 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 Abundant Grace Investment Limited, a company limited by shares incorporated under the laws of the British Virgin Islands (“NIO Capital” or the “Investor”).

Both parties are collectively referred to herein as the “Parties” and individually as a “Party”.

WITNESSETH:

WHEREAS, on June 30, 2022, the Company and NIO Capital entered into a share subscription agreement (the “Subscription Agreement”), pursuant to which, the Company allotted and issued to NIO Capital, and NIO Capital subscribed for from the Company, certain Senior Preferred Shares (as defined in the Subscription Agreement) of the Company on the terms and conditions therein.

NOW, THEREFORE, the Parties hereto agree to amend the Subscription Agreement, on the terms and conditions set out in this Supplementary Agreement as follows:

1. DEFINITIONS

Unless otherwise defined in this Supplementary Agreement or the context otherwise requires, all capitalized terms used in this Supplementary Agreement shall have the same meanings ascribed to them in the Subscription Agreement.

2. AMENDMENTS TO THE SUBSCRIPTION AGREEMENT

2.1 On and from the date of this Supplementary Agreement, each Party agrees that the Subscription Agreement shall be amended as follows:

- (a) Section 2.05 of the Subscription Agreement shall be **deleted** and **replaced** with the following provision:

“Payment of Purchase Price. The Investor shall pay the remaining Purchase Price (being the total Purchase Price minus the amount paid to the Company pursuant to Section 2.03(a)(i)) in installments no later than June 30, 2023 in accordance with the Payment Schedule as set forth in SCHEDULE II, unless otherwise agreed in writing by the Investor and the Company, by (i) wire transfer of immediately available funds in U.S. dollars to the Designated Bank Account as set forth in EXHIBIT F, (ii) cancellation of the indebtedness of the Company to the Investor as mutually agreed by the Parties in writing, (iii) the combination of (i) and (ii), and/or (iv) any other methods mutually agreed by the Parties in writing permitted by the Applicable Laws, provided that the Investor’s investment obligations under this Agreement (including but not limited to its payment obligations under this Section 2.05) shall be automatically terminated upon the occurrence or existence of event or circumstance under item 7 as set forth in SCHEDULE VII, unless otherwise agreed by the Investor in writing, and provided further that the Investor shall have the sole discretion to determine whether to terminate its investment obligations under this Agreement (including but not limited to its payment obligations under this Section 2.05) upon the occurrence or existence of event or circumstance under item 8 as set forth in SCHEDULE VII. For the avoidance of doubt, the amount paid by the Investor to the Company pursuant to Section 2.03(a)(i) shall be deemed to have fully paid the par value of all the Senior Preferred Shares subscribed by the Investor pursuant to this Agreement.”

2.2Immediately after the date of this Supplementary Agreement, references in the Subscription Agreement to any payment method of the remaining Purchase Price shall be treated as if such payment method has been adjusted as set forth in section 2.1(a) of this Supplementary Agreement.

2.3The Company acknowledges that, as of the date of this Supplementary Agreement, it has received payment of the Purchase Price in the aggregate amount of US\$18,400,000 from the Investor pursuant to Section 2.05 of the Subscription Agreement, and that it has agreed to extend the payment schedule for the Purchase Price in the amount of US\$30,000,000 (US\$8,400,000 of which has been paid as of the date hereof) and US\$20,000,000 which was due in December of 2022 and March of 2023 respectively (as specified in SCHEDULE II of the Subscription Agreement) to April of 2023.

2.4Except to the extent expressly amended and supplemented by this Supplementary Agreement, all terms and conditions of the Subscription Agreement shall remain unchanged and in full force and effect.

2.5Effective from the date of this Supplementary Agreement, (i) this Supplementary Agreement and the Subscription Agreement shall be read and construed as one document; and (ii) references in the Subscription Agreement to “this Agreement”, “hereunder”, “herein” and like terms or to any provision of the Subscription Agreement shall be construed as a reference to the Subscription Agreement (as amended and supplemented by this Supplementary Agreement), or a provision of the Subscription Agreement (as amended and supplemented by this Supplementary Agreement), as applicable.

3. MISCELLANEOUS.

3.1Incorporation by Reference. The Parties hereby agree that Section 9.01 (Notices), Section 9.02 (Severability), Section 9.04 (Counterparts), Section 9.06 (Descriptive Headings; Construction), Section 9.07 (Amendment), Section 9.08 (Governing Law) and Section 9.09 (Dispute Resolution) of the Subscription Agreement are incorporated herein by reference, *mutatis mutandis*.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Party hereto has caused its duly authorized representative to execute this Supplementary Agreement as of the date first above written.

Uxin Limited

By: /s/ Dai Kun
Name: Dai Kun ()
Title: Director

[Signature Page to Supplementary Agreement]

IN WITNESS WHEREOF, the Party hereto has caused its duly authorized representative to execute this Supplementary Agreement as of the date first above written.

Abundant Grace Investment Limited

By: /s/ Wei Mao
Name: Wei Mao
Title: Director

[Signature Page to Supplementary Agreement]

THE SYMBOL “[***]” OR “[REDACTED]”
DENOTES PLACES WHERE CERTAIN
IDENTIFIED INFORMATION HAS BEEN
EXCLUDED FROM THE EXHIBIT
BECAUSE IT IS BOTH (i) NOT MATERIAL,
AND (ii) IS THE TYPE THAT THE
REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

**AGREEMENT IN RELATION TO
AMENDMENT TO AND EXERCISE OF WARRANTS
ISSUED BY UXIN LIMITED**

THIS AGREEMENT IN RELATION TO AMENDMENT TO AND EXERCISE OF WARRANTS ISSUED BY UXIN LIMITED (the “Agreement”) is made and entered into on June 30, 2023 by and among:

- (1) **Uxin Limited**, a company incorporated under the laws of Cayman Islands (the “**Company**”);
- (2) **Astral Success Limited**, a company incorporated under the laws of the British Virgin Islands (“**Astral Success**”); and
- (3) **Alpha Wealth Global Limited**, a company incorporated under the laws of the British Virgin Islands (“**Alpha**”, together with Astral Success, the “**Purchasers**”, and each a “**Purchaser**”).

The parties above shall be referred to herein collectively as the “**Parties**”, and each as a “**Party**”.

RECITALS

WHEREAS, pursuant to a share subscription agreement dated June 14, 2021 by and among Astral Success, Abundant Grace and the Company (as amended and supplemented from time to time, the “**Share Subscription Agreement**”), the Company issued a warrant to Astral Success on July 12, 2021, pursuant to which, Astral Success was entitled to purchase up to 240,314,593 Senior Preferred Shares at the exercise price of US\$0.3433 per share on or prior to 5 p.m. (New York City time) of January 12, 2023, and such exercise period was extended to 5 p.m. (New York City time) of January 12, 2024 by an amendment agreement dated January 12, 2023 (as may be supplemented, amended or restated from time to time, the “**Joy Warrant**”).

WHEREAS, pursuant to the Share Subscription Agreement, the Company issued a warrant to Abundant Grace Investment Limited (“**Abundant Grace**”) on July 12, 2021, pursuant to which, Abundant Grace was entitled to purchase up to 240,314,593 Senior Preferred Shares at the exercise price of US\$0.3433 per share on or prior to 5 p.m. (New York City time) of January 12, 2023. On November 15, 2021, Abundant Grace assigned part of the foregoing warrant to Abundant Glory Investment L.P. (“**Abundant Glory**”), and accordingly, (i) the Company issued a new warrant dated November 15, 2021 (which replaced the foregoing warrant) to Abundant Grace, pursuant to which, Abundant Grace was entitled to purchase up to 208,272,647 Senior Preferred Shares at the exercise price of US\$0.3433 per share on or prior to 5 p.m. (New York City time) of January 12, 2023, and such exercise period was extended to 5 p.m. (New York City time) of January 12, 2024 by an amendment agreement dated January 12, 2023 (as may be supplemented, amended or restated from time to time, the “**NIO Grace Warrant**”); and (ii) the Company issued a warrant dated November 15, 2021 to Abundant Glory, pursuant to which, Abundant Glory was entitled to purchase up to 32,041,946 Senior Preferred Shares at the exercise price of US\$0.3433 per share on or prior to 5 p.m. (New York City time) of January 12, 2023, and such exercise period was extended to 5 p.m. (New York City time) of January 12, 2024 by an amendment agreement dated January 12, 2023 (as may be supplemented, amended or restated from time to time, the “**NIO Glory Warrant**”).

WHEREAS, prior to entering into this Agreement and on June 30, 2023, Abundant Grace transferred the NIO Grace Warrant to Alpha, Abundant Glory transferred the NIO Glory Warrant to Alpha, and Astral Success transferred the right to purchase a part of the Warrant Shares under the Joy Warrant to Alpha, and as a

result, (i) Alpha is entitled to purchase up to 261,810,806 Senior Preferred Shares pursuant to the terms and conditions of the NIO Grace Warrant, the NIO Glory Warrant and the Joy Warrant (such warrant as assigned to and assumed by Alpha, the “**Alpha Warrant**”, together with the Joy Warrant as so reduced, the “**Warrants**”); and (ii) the Warrant Shares exercisable by Astral Success under the Joy Warrant is reduced to 218,818,380 Senior Preferred Shares.

NOW, THEREFORE, in consideration of the premises set forth above, the mutual promises and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, and intending to be legally bound hereby, the Parties hereby agree as follows:

SECTION 1 INTERPRETATION

1.1 **Definitions.** Except as otherwise expressly provided herein, capitalized terms used in this Agreement shall have the meanings given in the Warrants, and the following expressions shall have the following meanings:

“**Abundant Glory**” has the meaning ascribed to it in the recitals. “**Abundant Grace**” has the meaning ascribed to it in the recitals.

“**Action**” means claim, complaint, action, arbitration, charge, hearing, inquiry, litigation, suit, inquiry, notice of violation, audit, examination, investigation or any other proceeding or any settlement, judgment, order, award, injunction or decree pending or other proceeding (whether civil, criminal, administrative, investigative or informal), including, without limitation, an informal investigation or partial proceeding, such as a deposition.

“**ADS**” means the American Depositary Shares of the Company, each representing thirty (30) Class A Ordinary Shares.

“**Amendment**” has the meaning ascribed to it in [Section 2.1](#).

“**Affiliate**” means with respect to a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person. In the case of any individual, his spouse, child, brother, sister, parent, the relatives of such spouse, trustee of any trust in which such individual or any of his immediate family members is a beneficiary or a discretionary object, or any entity or company Controlled by any of the aforesaid Persons. In the case of each Purchaser, the term “**Affiliate**” also includes (v) any shareholder of such Purchaser, (w) any of such shareholder’s or such Purchaser’s general partners or limited partners, (x) the fund manager managing or advising such shareholder or such Purchaser (and general partners, limited partners and officers thereof) and other funds managed or advised by such fund manager, and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x), and (z) any fund or holding company formed for investment purposes that is promoted, sponsored, managed, advised or serviced by such Purchaser. For purposes of this Agreement, no Purchaser shall be deemed an Affiliate of the Company.

“**Agreement**” has the meaning ascribed to it in the preamble. “**Alpha**” has the meaning ascribed to it in the preamble. “**Alpha Warrant**” has the meaning ascribed to it in the recitals.

“**Applicable Law(s)**” means, with respect to any Person, any transnational, domestic or foreign federal, national, state, provincial, local or municipal law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, executive order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or any of such Person’s assets, rights or properties.

“**Astral Success**” has the meaning ascribed to it in the preamble. “**Board**” means the board of directors of the Company.

“**Business Day**” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the Cayman Islands, the People’s Republic of China (which for the purpose of this Agreement shall exclude Hong Kong SAR, Macau SAR and Taiwan) or the State of New York are authorized or required by law or other governmental action to close.

“**Cap Amount**” has the meaning ascribed to it in [Section 10.10](#).

“**Certificate of Designation**” means the Second Amended and Restated Certificate of Designation of Senior Convertible Preferred Shares with respect to the rights and preferences of the Senior Preferred Shares, in the form attached hereto as [Exhibit I](#), as maybe amended from time to time pursuant to its terms.

“**Closing**” has the meaning ascribed to it in [Section 4.1](#). “**Closing Date**” has the meaning ascribed to it in [Section 4.1](#).

“**Class A Ordinary Shares**” means the Company’s class A ordinary shares with par value of US\$0.0001 per share.

“**Class B Ordinary Shares**” means the Company’s class B ordinary shares with par value of US\$0.0001 per share.

“**Company**” has the meaning ascribed to it in the preamble.

“**Company Fundamental Representations**” has the meaning ascribed to it in [Section 8.5](#).

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management or policies of such Person, directly or indirectly, whether through the ownership of voting Equity Securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes (on an as-converted basis) entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors or similar governing body of such Person; the terms “**Controlled**” and “**Controlling**” shall have the meanings correlative to the foregoing.

“**Conversion Shares**” means Class A Ordinary Shares issued or issuable upon conversion of the Senior Preferred Shares.

“**Designated Bank Account**” has the meaning ascribed to it in [Section 8.2](#).

“**Encumbrance**” means (a) any mortgage, charge, pledge, lien, hypothecation, deed of trust, title retention, title defect, security interest, encumbrance or other third- party rights of any kind securing or conferring any priority of payment in respect of any obligation of any Person, any other restriction or limitation; (b) any easement or covenant granting a right of use or occupancy to any Person; (c) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, right of pre-emptive negotiation, or refusal or transfer restriction in favor of any Person; and (d) any adverse claim as to title, possession, or use, and includes any agreement or arrangement for any of the same.

“**Equity Securities**” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder.

“**Governmental Entity**” mean (i) any national, federal, state, county, municipal, local, or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing, or administrative functions of or pertaining to government, (i) any public international organization, (iii) any agency, division, bureau, department, or other political subdivision of any government, entity or organization described in the foregoing clauses (i) or (ii) of this definition, (iv) any company, business, enterprise, or other entity owned, in whole or in part, or Controlled by any government, entity, organization, or other Person described in the foregoing clauses (i), (ii) or (iii) of this definition, or (v) any political party.

“**HKIAC**” has the meaning ascribed to it in [Section 10.9](#).

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**Indemnified Party**” or “**Indemnified Parties**” has the meaning ascribed to it in [Section 9.1](#).

“**Indemnifying Party**” has the meaning ascribed to it in [Section 9.1](#).

“**Joy Warrant**” has the meaning ascribed to it in the recitals. “**Loss**” has the meaning ascribed to it in Section 9.1.

“**Loss Threshold**” has the meaning ascribed to it in Section 9.1(b).

“**Material Adverse Effect**” means any event, occurrence, fact, condition, change or development, individually or together with other events, occurrences, facts, conditions, changes or developments, that has had, has, or would reasonably be expected to have a material adverse effect on (a) the business of the Company as presently conducted, or the condition (financial or otherwise), affairs, properties, employees, liabilities, assets, results of operation or prospects of the Company and its Subsidiaries taken as a whole or (b) the ability of the Company to timely consummate the transactions contemplated by this Agreement (including the sale of the Warrant Shares) or timely perform its material obligations hereunder and thereunder; provided, however, that in determining whether a Material Adverse Effect has occurred, there shall be excluded any effect on the business of the Company or the Company or any Subsidiary relating to or arising in connection with (i) any action required to be taken pursuant to the terms and conditions of this Agreement or taken at the written direction of the Purchasers, (ii) economic changes affecting the industry in which the Company and its Subsidiaries operate generally or the economy of the PRC or any other market where the Company and its Subsidiaries have material operations or sales generally (provided in each case that such changes do not have a unique and materially disproportionate impact on the business of the Company and its Subsidiaries), (iii) the execution, announcement or disclosure of this Agreement or the pendency or consummation of the transactions contemplated hereunder, (iv) actions or omissions of the Company and its Subsidiaries that have been consented to by the Purchasers in writing, (v) changes in generally accepted accounting principles that are generally applicable to comparable companies (provided that such changes do not have a unique and materially disproportionate impact on the business of the Company and its Subsidiaries), (vi) changes in general legal, tax or regulatory conditions (provided that such changes do not have a unique and materially disproportionate impact on the business of the Company and its Subsidiaries), (vii) changes in national or international political or social conditions, including any engagement in hostilities or the occurrence of any military or terrorist attack or civil unrest in each case occurring after the date hereof, or (viii) earthquakes, hurricanes, floods, epidemic-induced public health crises or other disasters in each case occurring after the date hereof.

“**Nasdaq**” means the NASDAQ Global Select Market.

“**NIO Glory Warrant**” has the meaning ascribed to it in the recitals.

“**NIO Grace Warrant**” has the meaning ascribed to it in the recitals.

“**Ordinary Shares**” means Class A Ordinary Shares and Class B Ordinary Shares.

“**Party**” or “**Parties**” has the meaning ascribed to it in the preamble. “**Permits**” has the meaning ascribed to it in [Section 5.7\(b\)](#).

“**Person**” means any natural person, firm, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Entity or any other legal entity, including public bodies, whether acting in an individual, fiduciary or other capacity.

“**PRC**” means the People’s Republic of China, excluding for the purpose of this Agreement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**Principal Holding Company**” means Xin Gao Group Limited, a company organized under the laws of the British Virgin Islands.

“**Principal Parties**” means Mr. Kun Dai () and the Principal Holding Company.

“**Purchaser**” or “**Purchasers**” has the meaning ascribed to it in the preamble.

“**Registration Rights Agreement**” means the registration rights agreement, in the form attached hereto as Exhibit II, to be entered into by and among the Company and the Purchasers at the Closing.

“**Sarbanes-Oxley Act**” means the U.S. Sarbanes-Oxley Act of 2002, as amended, and any rules and regulations promulgated thereunder.

“**SEC**” means the U.S. Securities and Exchange Commission. “**SEC Documents**” has the meaning ascribed to it in Section 5.6.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Senior Preferred Shares**” means the senior convertible preferred shares of the Company with par value of US\$0.0001 per share.

“**Share Subscription Agreement**” has the meaning ascribed to it in the recitals.

“**Subsidiary**” means any entity of which a majority of the outstanding equity securities or other ownership interests representing a majority of the outstanding equity interests or otherwise having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned or Controlled by the Company, and includes any entity which is directly or indirectly Controlled by the Company (including, for the avoidance of doubt, any variable interest entities that are consolidated into the financial statements of the Company).

“**Trading Market**” means any of the following markets or exchanges on which the Ordinary Shares are listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange (or any successors to any of the foregoing).

“**Transaction Documents**” means this Agreement, the Voting Agreement, the Registration Rights Agreement, the Certificate of Designation and any other documents or agreements executed on or after the date of this Agreement in connection with the transactions contemplated hereunder.

“**USD**” or “**US\$**” means the United States dollars, the lawful currency of the United States of America.

“**Voting Agreement**” means the amended and restated voting agreement, in the form attached hereto as Exhibit III, to be entered into by and among the Company, the Principal Parties, Astral Success, Abundant Grace and Abundant Glory at the Closing.

“**Warrants**” has the meaning ascribed to it in the recitals.

“**Warrant Shares**” shall have the meaning ascribed to it in Section 3.1.

SECTION 2 AMENDMENT TO THE WARRANTS

2.1 Amendments. With effect from the date hereof, each of the Warrants shall be amended in accordance with section 8(a) thereof on the terms set out below (each an “**Amendment**”):

(a) Section 1(b) of the Joy Warrant is hereby deleted in its entirety and replaced with the following:

“**Exercise Price**. *The exercise price per Share shall be the equivalent of US\$0.0457 per Share, subject to adjustment pursuant hereto (the “**Exercise Price**”), and the aggregate Exercise Price for all Shares issuable under this Warrant is up to US\$10,000,000.*”

(b) Section 1(b) of the Alpha Warrant is hereby deleted in its entirety and replaced with the following:

*“Exercise Price. The exercise price per Share shall be the equivalent of US\$0.0457 per Share, subject to adjustment pursuant hereto (the “**Exercise Price**”), and the aggregate Exercise Price for all Shares issuable under this Warrant is up to US\$11,964,754.”*

2.2 Integration. Each Amendment shall be read together with and as an integral part of the applicable Warrant so that any reference in the applicable Warrant to “this Warrant” and any reference in the other Transaction Documents to the “Warrant” and similar expressions shall refer to the related Warrant as amended by the applicable Amendment. Any and all references in the other Transaction Documents to the “Warrant”, “thereof” and words of like import shall be deemed to refer to the applicable Warrant (as amended by the applicable Amendment under this Section 2).

2.3 No Other Amendment.

(a) This Section 2 shall be limited solely to the matters expressly set forth herein and shall not (i) constitute an amendment of any other term or condition of the Warrants or (ii) prejudice any right or rights each Purchaser may now have or may have in the future under or in connection with the applicable Warrant.

(b) Except to the extent specifically amended herein (including under Section 3), each of the respective provisions of each Warrant shall not be amended, modified, impaired or otherwise affected hereby, and each Warrant and the obligations thereunder are hereby confirmed in full force and effect.

(c) The amendment to the Warrants set forth herein is not a Dilutive Issuance (as defined in the Amended and Restated Certificate of Designation of Senior Convertible Preferred Shares of the Company) and a Dilutive Issuance shall only occur upon the Closing.

SECTION 3 EXERCISE OF WARRANTS

3.1 Exercise. Subject to the terms and conditions hereof, at the Closing (as defined below), each of Astral Success and Alpha shall exercise the Joy Warrant and the Alpha Warrant in full respectively to purchase that certain number of Senior Preferred Shares (the “**Warrant Shares**”) for that certain Exercise Price set forth opposite such Purchaser’s name in Schedule I at a per share exercise price equal to US\$0.0457 (corresponding to US\$1.37 per ADS) in an aggregate amount of US\$21,964,754.

SECTION 4 CLOSING

4.1 Closing. The closing for the sale and purchase of the Warrant Shares shall take place remotely via the exchange of documents and signatures promptly upon satisfaction or waiver of the conditions set forth in Section 7, at a time agreed by the Company and the Purchasers, but in no event later than September 30, 2023 unless otherwise extended by the Company and the Purchasers in writing (the “**Closing**”, such date when the Closing occurs, the “**Closing Date**”). For the avoidance of doubt, the Closing for each Purchaser can occur separately. Failure by any Purchaser to consummate the Closing will not affect the Closing by the other Purchaser.

4.2 Closing Deliverables. On the Closing Date, the following actions shall take place, all of which shall be deemed to have occurred simultaneously and no action shall be deemed to have been completed or any document delivered until all such actions have been completed and all required documents have been delivered:

(a) Each of the Purchasers shall deliver to the Company the following deliverables:

(i) deliver to the Company a Notice of Exercise in the form of EXHIBIT A of the Warrants, duly completed and executed by or on behalf of such Purchaser;

(ii) pay the applicable Exercise Price in cash by wire transfer of immediately available funds in USD to the Designated Bank Account (as defined below) as set forth in Schedule II;

(iii) deliver to the Company the Voting Agreement duly executed by or on behalf of such Purchaser; and

(iv) deliver to the Company the Registration Rights Agreement duly executed by or on behalf of such Purchaser.

(b) the Company shall:

(i) allot and issue to each Purchaser the Warrant Shares being purchased by such Purchaser, and deliver to each Purchaser one or more duly executed share certificate(s) representing such Warrant Shares registered in the name of related Purchaser (the original copies of which shall be delivered to each Purchaser as soon as practicable within 10 Business Days following the Closing Date);

(ii) deliver to each Purchaser a certified true copy of the register of members of the Company evidencing the Warrant Shares being owned by each Purchaser at the Closing;

(iii) deliver to Astral Success the Voting Agreement duly executed by or on behalf of the Company, the Principal Parties, Abundant Grace and Abundant Glory;

(iv) deliver to each Purchaser the Registration Rights Agreement duly executed by or on behalf of the Company;

(v) deliver to each Purchaser a copy of (i) the resolutions adopted by the Board approving this Agreement and other Transaction Documents and matters relating to the Closing, and (ii) the Certificate of Designation in effect at the Closing;

(vi) deliver to each Purchaser an incumbency certificate in the form attached hereto as Schedule IV;

(vii) deliver to each Purchaser the certificate referred to in Section 7.1(o); and

(viii) deliver to each existing holder of Senior Preferred Shares of the Company a Dilutive Issuance Notice (as defined in the Certificate of Designation) in the form attached hereto as Exhibit IV, duly executed by or on behalf of the Company.

SECTION 5 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to each Purchaser that, except as otherwise disclosed in the SEC Documents, as of the date of this Agreement and as of the Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date):

5.1 Organization, Good Standing and Qualification.

(a) The Company is an exempted company that is duly organized, validly existing and in good standing under the laws of the Cayman Islands, with the requisite corporate power and authority to carry on its business as currently conducted. The Company has the necessary power and authority to execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

(b) Each Subsidiary is duly incorporated or otherwise organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with the requisite corporate power and authority to carry on its business as currently conducted.

5.2 Capitalization.

(a) As June 29, 2023, the authorized share capital of the Company is US\$ 1,000,000 divided into 10,000,000,000 shares comprising of (i) 8,180,000,000 Class A Ordinary Shares, of which 1,370,108,894 Class A Ordinary Shares (excluding the 1,418,902 Class A Ordinary Shares issued to the Company's depository bank for bulk issuance of ADSs reserved for future issuance upon the exercise or vesting of awards granted under the Company's share incentive plan) were issued and outstanding, (ii) 100,000,000 Class B Ordinary Shares, of which 40,809,861 Class B Ordinary Shares were issued and outstanding, and (iii) 1,720,000,000 Senior Preferred Shares, of which, 436,935,624 Senior Preferred Shares with a stated value equal to US\$0.3433 and

714,285,714 Senior Preferred Shares with a stated value equal to US\$0.14 were issued and outstanding. Except as otherwise disclosed in the SEC Documents, all of the outstanding Equity Securities of the Company are duly authorized, validly issued, fully paid and non-assessable, have been issued in compliance with all applicable securities laws, and none of such outstanding shares was issued in violation of any pre-emptive rights, rights of first refusal, right of participation or similar rights to subscribe for or purchase securities.

(b) Upon the adoption of the Certificate of Designation by the Board and immediately prior to the Closing, the authorized share capital of the Company is US\$ 1,000,000 divided into 10,000,000,000 shares comprising of (i) 8,180,000,000 Class A Ordinary Shares, (ii) 100,000,000 Class B Ordinary Shares, of which 40,809,861 Class B Ordinary Shares were issued and outstanding, and (iii) 1,720,000,000 Senior Preferred Shares, of which, 436,935,624 Senior Preferred Shares with a stated value equal to US\$0.3433 and 714,285,714 Senior Preferred Shares with a stated value equal to US\$0.14 were issued and outstanding, and 480,629,186 Senior Preferred Shares with a stated value equal to US\$0.0457, none of which are issued and outstanding. The Warrant Shares issuable upon the Closing and the Conversion Shares issuable upon conversion of the Warrant Shares shall be duly and validly reserved for issuance.

(c) When issued in compliance with the provisions of this Agreement, the Warrant Shares will be (i) validly issued, fully paid and non-assessable, (ii) issued in compliance with the applicable registration and qualification requirements of Applicable Laws, and (iii) will be free from all rights of first refusal, pre-emptive or similar rights, taxes and Encumbrances; provided, however, that the Warrant Shares may be subject to restrictions on transfer under the applicable securities laws.

(d) The Company has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter. There are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any Equity Securities of the Company, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional Equity Securities. There are no obligations (whether outstanding or authorized) of the Company or any Subsidiary requiring the repurchase of any Equity Securities of the Company.

(e) Each of the Company and its Subsidiaries has good and valid title to its Equity Securities and there are no defects or disputes with respect to its Equity Securities.

5.3 Non-Contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the memorandum and articles of association or other constitutional documents of the Company or (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Entity to which the Company is subject, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an Encumbrance under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which the Company is a party or by which the Company is bound or to which any of the Company's assets are subject, except in the case of clauses (ii) and (iii) as would not have a Material Adverse Effect. There is no Action, suit or proceeding, pending or, to the knowledge of the Company, threatened against the Company that questions the validity of this Agreement or the right of the Company to enter into this Agreement to consummate the transactions contemplated hereby.

5.4 No Securities Act Registration. Assuming the accuracy of the representations of the Purchasers contained in Section 6.3, it is not necessary in connection with the issuance and sale to the Purchasers of the Warrant Shares to register the Warrant Shares under the Securities Act or to qualify or register the Warrant Shares under applicable U.S. state securities laws.

5.5 Consent and Approvals. Neither the execution and delivery by the Company of this Agreement, nor the consummation by the Company of any of the transactions contemplated hereby, nor the performance by the Company of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration or filing with, or the giving notice to, any governmental or public body or authority or any third party prior to or after the Closing, except for those that have been or will have been obtained, made or given on or prior to the Closing and those filings required to be made with the SEC and Nasdaq (including, without limitation, a Form 6-K).

5.6 Accuracy of Disclosure. The Company has filed or furnished, as applicable, on a timely basis, all registration statements, proxy statements and other statements, reports, schedules, forms and other documents required to be filed or furnished by it with the SEC (all of the foregoing documents filed with or furnished to the SEC and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein, the “**SEC Documents**”). As of their respective effective dates (in the case of the SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment: (A) each of the SEC Documents complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act and any rules and regulations promulgated thereunder applicable to the SEC Documents (as the case may be) and (B) none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The agreements and documents described in the SEC Documents conform to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the rules and regulations thereunder to be described in the SEC Documents that have not been so filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it is or may be bound or affected and (i) that is referred to in the SEC Documents, or (ii) is material to the Company’s business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefore may be brought. Except as described in the SEC Documents, none of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the best of the Company’s knowledge, any other party is in default thereunder and, to the best of the Company’s knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default thereunder. Performance by the Company of such agreements or instruments will not result in a material violation of existing Applicable Laws, rules, regulations, judgments, orders or decrees of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses, including, without limitation, those relating to environmental laws and regulations.

5.7 Compliance with Laws.

(a) Except as disclosed in the SEC Documents, the Company or its Subsidiaries is and has been since January 1, 2017 in compliance with all Applicable Laws of any Governmental Entity in all material respects. Since January 1, 2017, except as set forth in the SEC Documents, neither the Company nor any Subsidiary (i) is or has been in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default), nor has the Company or any Subsidiary received notice of a claim that it is in default under or is in violation of any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is or has been in violation of any order of any court, arbitrator or any Governmental Entity, or (iii) is or has been in violation of any Applicable Law of any Governmental Entity, including, without limitation, all Applicable Laws relating to taxes, environmental protection, occupational health and safety, and employment and labor matters, anti-bribery and anti-money laundering, in each case in any material respects.

(b) Except as disclosed in the SEC Documents, the Company and each of its Subsidiaries have all permits, licenses, authorizations, consents, orders and approvals (collectively, “**Permits**”), and have made all filings, applications and registrations with, any Governmental Entity that are required in order to carry on their business as presently conducted in all material respects. Except as disclosed in the SEC Documents, all such Permits are in full force and effect in all material respects and, to the knowledge of the Company, no suspension or cancellation of any of them is threatened, and all such filings, applications and registrations are current.

(c) The Company is not in violation of any listing requirements of any Trading Market and has no knowledge of any facts that would reasonably be expected to lead to delisting or suspension of its ADSs from the Trading Market in the foreseeable future.

5.8 Listing and Maintenance Requirements. The Ordinary Shares are registered pursuant to Section

12(b) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Ordinary Shares under the Exchange Act nor has the Company received any notification that the SEC is contemplating terminating such registration. Except as set forth in the SEC Documents, the Company has not received notice from any Trading Market on which the ADSs representing the Ordinary Shares are or have been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. The Company is and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Company's trading in the ADSs has not been suspended or delisted by the SEC or the Company's Trading Market, nor, except as set forth in the SEC Documents, has such suspension or delisting been threatened. The issuance by the Company of the Warrant Shares shall not have the effect of delisting or suspending the ADSs representing the Ordinary Shares from any Trading Market.

SECTION 6 REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser severally but not jointly represents and warrants, with respect to itself, to the Company that, as of the date of this Agreement and as of the Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date) that:

6.1 Organization, Good Standing and Qualification. Such Purchaser is duly organized, validly existing and in good standing under the Applicable Laws of the jurisdiction of its incorporation. Such Purchaser has the necessary power and authority to execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

6.2 Access to Fund. Such Purchaser will have on the Closing Date cash available in an amount adequate to pay the Exercise Price payable by it on the Closing Date pursuant to this Agreement.

6.3 Securities Law Matters. Such Purchaser acknowledges that the Warrant Shares are characterized as "restricted securities" within the meaning of Rule 144 under the Securities Act and have not been registered under the Securities Act or any applicable state securities laws. Such Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Warrant Shares may only be offered, sold or otherwise transferred under certain circumstances in compliance with Applicable Laws. Such Purchaser is acquiring the Warrant Shares for its own account without violation of applicable securities laws, provided, that, this representation and warranty does not obligate such Purchaser to hold any of the Warrant Shares for any minimum or other specific term, nor limit such Purchaser's right to sell the Warrant Shares pursuant to an effective registration statement under the Securities Act or otherwise in compliance with applicable federal and state securities laws. Such Purchaser is a sophisticated investor with knowledge and experience in financial and business matters such that such Purchaser is capable of evaluating the merits and risks of the investment in the Warrant Shares. Such Purchaser is able to bear the economic risks of an investment in the Warrant Shares.

6.4 Non-Contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the memorandum and articles of association or other constitutional documents of such Purchaser or (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Entity to which such Purchaser is subject, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an Encumbrance under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which such Purchaser is bound or to which any assets of such Purchaser are subject.

6.5 Consent and Approvals. Neither the execution and delivery by such Purchaser of this Agreement, nor the consummation by such Purchaser of any of the transactions contemplated hereby, nor the performance by such Purchaser of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing.

6.6 No Additional Representations; Non-reliance. Such Purchaser acknowledges and agrees that, except as expressly set forth in Section 5, no Person is making or has made any other written or oral

representation or warranty, express or implied, of any nature whatsoever, with respect to the Company or its Subsidiaries or the transactions contemplated hereby, and such Purchaser disclaims that it is relying on or has relied on any such representation or warranty as an inducement to enter into this Agreement or otherwise.

SECTION 7 CONDITIONS AT THE CLOSING

7.1 Conditions to each Purchaser's Obligations to Fulfill the Closing. The obligations of each Purchaser under this Agreement at the Closing are subject to the fulfillment, or waiver by each Purchaser, of the following conditions, upon or before the Closing:

(a) no provision of any Applicable Law shall prohibit the consummation of such Closing;

(b) no proceeding challenging this Agreement or the Transaction Documents or the transactions contemplated hereby, or seeking to prohibit, alter, prevent or materially delay the Closing, shall have been instituted before any Governmental Entity and shall be pending;

(c) the representations and warranties of the Company (other than the Company Fundamental Representations) that are qualified by materiality or Material Adverse Effect shall be true and correct in all respects on and as of the date hereof and such Closing (except that those representations and warranties that address matters only as of a particular date shall have been true and correct only on such date);

(d) the representations and warranties of the Company (other than the Company Fundamental Representations) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects on and as of the date hereof and such Closing (except that those representations and warranties that address matters only as of a particular date shall have been true and correct only on such date);

(e) the Company Fundamental Representations shall be true and correct in all respects on and as of the date hereof and such Closing except for de minimis inaccuracies (except that those representations and warranties that address matters only as of a particular date shall have been true and correct only on such date);

(f) the Company shall have performed and complied with all of the agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it in all material respects on or before the Closing, including without limitation the delivery of each of the documents specified in Section 4.2(b);

(g) all consents of any competent Governmental Entity (not applicable if no approval from any competent Governmental Entity is required) or of any other Person that are required to be obtained by the Company prior to the Closing in connection with the consummation of the transactions contemplated by the Transaction Documents shall have been duly obtained and effective as of the Closing;

(h) all corporate and other proceedings required for transactions contemplated hereby on the Closing and all documents and instruments incidental to such transactions shall have been duly completed and satisfactory in substance and form to each Purchaser, and each Purchaser shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request;

(i) there shall have been no event, occurrence, development or state of circumstances or facts that constitutes a Material Adverse Effect;

(j) from the date hereof to the Closing, the Company's trading in the ADSs shall not have been suspended by the SEC or the Company's principal Trading Market (nor shall such suspension have been threatened);

(k) the sale and issuance of the Warrant Shares shall be legally permitted by all laws and regulations to which the Purchasers and the Company are subject;

(l) the Board shall have duly approved and adopted the Certificate of Designation and have approved all necessary matters relating to the Closing to the satisfaction of each Purchaser;

(m) signature pages to the Transaction Documents other than those to be signed by each Purchaser

shall have been sent to the counsel of the Purchasers for examination to the reasonable satisfaction of such counsel and to hold in escrow to release upon the Closing;

(n)the investment committee or internal decision making department of such Purchaser has approved this Agreement and the transactions contemplated hereunder; and

(o)the Purchasers shall have received a certificate signed by an executive officer of the Company confirming the satisfaction of items (a) through (l) above.

7.2 Conditions to the Company's Obligations to Fulfill the Closing. The obligations of the Company under this Agreement at the Closing are subject to the fulfilment, or the waiver by the Company, of the following conditions upon or before the Closing:

(a)no provision of any Applicable Law shall prohibit the consummation of such Closing;

(b)no proceeding challenging this Agreement or the Transaction Documents or the transactions contemplated hereby, or seeking to prohibit, alter, prevent or materially delay the Closing, shall have been instituted before any Governmental Entity and shall be pending;

(c)the representations and warranties of such Purchaser contained in Section 6 hereof shall be and shall remain to be true and correct in all material respects on and as of the date hereof and as of the Closing Date, with the same force and effect as if they had been made on and as of the Closing Date, except for those representations and warranties that address the matters only as of a particular date, which representations and warranties shall have been true and correct in all material respects as of such particular date; and

(d)such Purchaser shall have performed and complied with all the agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it in all material respects on or before the Closing.

SECTION 8 ADDITIONAL AGREEMENTS

8.1 Most Favoured Nation Treatment. In the event that the Company has granted or grants to any existing or future shareholders any rights, privileges or protections (other than to Abundant Glory, Abundant Grace or Astral Success or their respective assignees or successors) more favorable than those offered to the Purchasers, the Purchasers shall be entitled to such rights, privileges and protections automatically.

8.2 Use of Proceeds. The Company shall maintain a separate bank account to hold the proceeds from the Closing (the "**Designated Bank Account**", as specified in Schedule II), and the joint signatories of the Designated Bank Account shall be amended prior to the Closing to include a representative designated by the Purchasers and the chief executive officer of the Company. Any disbursement or withdrawal from such account shall require the signatures of a representative designated by the Purchasers and the chief executive officer of the Company. Such disbursement or withdrawal, if any, unless otherwise agreed by the Company and the Purchasers, shall be made at the beginning of each quarter in accordance with the Company's annual budget to be agreed by the Purchasers.

8.3 Listing of ADSs. The Company hereby agrees to use reasonable best efforts to maintain the listing or quotation of the ADSs on the Trading Market on which it is currently listed. Compliance with Applicable Laws. The Company shall obtain consent, approval, order or authorization of, or registration or filing with, or giving notice to, any governmental or public body or authority prior to or after the Closing if any such action is required by the Applicable Laws.

8.5 Survival of Representations and Covenants. The representations, warranties, covenants and agreements contained in Sections 5.1 to 5.5 (the "**Company Fundamental Representations**") and 8.1 to 8.4 of this Agreement shall survive indefinitely or until the latest date permitted by law. The other representations and warranties of the Company shall survive the Closing until the expiration of 24 months from the Closing.

SECTION 9 ADDITIONAL AGREEMENTS

9.1 Indemnification. (a) Subject to the other provisions of this Section 9, The Company (the “**Indemnifying Party**”) shall indemnify and hold each Purchaser and its Affiliates, and each of their respective directors, officers, employees, advisors and agents (each an “**Indemnified Party**”, and collectively, the “**Indemnified Parties**”) harmless from and against any and all losses, liabilities, obligations, claims, contingencies, damages, diminution in value, costs and expenses, including all judgements, amounts paid in settlements, court costs, reasonable attorney’s fees and expenses of other experts or advisors, and costs of investigation (collectively, “**Loss**”) resulting from or arising out of: (i) any breach or violation of, or inaccuracy in, any representation or warranty made by the Indemnifying Party or its applicable Affiliates under this Agreement or the Transaction Documents, or (ii) any breach or violation of or failure to perform, any covenants or agreements made by or on behalf of, or to be performed by, the Indemnifying Party or its applicable Affiliates under this Agreement or the Transaction Documents, (iii) any Action instituted against the Indemnified Parties in any capacity by (A) any current or former shareholder of the Company who is not an Affiliate of such Indemnified Party, with respect to any of the transactions contemplated by the Transaction Documents or (B) any other third party with respect to any of the transactions contemplated by the Transaction Documents (unless, in either case, such Action is based upon a breach of such Indemnified Party’s representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Indemnified Party may have with any such shareholder or any violations by such Indemnified Party of state or federal securities laws of the United States or any conduct by such Indemnified Party which constitutes fraud, gross negligence or willful misconduct).

(b) No Indemnified Party shall be entitled to recover any Losses under clause (i) of Section 9.1(a), other than with respect to breaches of the Company Fundamental Representations, until such time as the aggregate amount of all such Losses that have been suffered or incurred by any one or more of the Indemnified Parties under clause (i) of Section 9.1(a) exceeds \$112,500 (the “**Loss Threshold**”), provided, however, that once the aggregate amount of all such Losses under clause (i) of Section 9.1(a) exceeds the Loss Threshold, the Indemnifying Party shall be liable for all such Losses under clause (i) of Section 9.1(a) (including the Loss Threshold).

(c) The maximum aggregate amount of Losses that each Indemnified Party will be entitled to recover under clause (i) of Section 9.1(a), other than with respect to breaches of the Company Fundamental Representations, shall be limited to the aggregate amount of the Exercise Price paid hereunder by such Indemnified Party or its Affiliate plus an amount accruing thereon at a compound annual rate of eight percent (8%) of the foregoing aggregate amount. Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Section 9.1) shall not apply to any claim based on fraud or willful misconduct of the Indemnifying Party or its Subsidiaries or Affiliates.

9.2 The Indemnifying Party shall not be liable for any Loss consisting of punitive damages (except to the extent that such punitive damages are awarded to a third party against an Indemnified Party in connection with a third-party claim).

9.3 Solely for the purpose of determining the amount of any Losses (and not for determining any breach) for which the Indemnified Parties may be entitled to indemnification pursuant to this Section 9, any representation or warranty contained in this Agreement that is qualified by a term or terms such as “material,” or “materially,” shall be deemed made or given without such qualification and without giving effect to such words.

9.4 The Indemnified Parties shall not be entitled to recover from the Indemnifying Party under this Agreement more than once in respect of the same Losses suffered.

9.5 Notwithstanding any other provision contained herein, the remedies contained in this Section 9 shall be the sole and exclusive monetary remedy of the Indemnified Parties for any claim arising out of or resulting from this Agreement, except that no limitation or exceptions with respect to the obligations or liabilities of the Indemnifying Party provided hereunder shall apply to a Loss incurred by any Indemnified Party arising due to fraud of the Indemnifying Party or its Subsidiaries or Affiliates. Nothing in this Section 9 or elsewhere in this Agreement shall affect any Parties’ rights to specific performance or other equitable or non-monetary remedies with respect to the covenants and agreements in this Agreement or that are to be performed at or after the Closing; provided that for the avoidance of doubt, except in the case of fraud, nothing contained herein shall permit any Party to rescind this Agreement.

SECTION 10
MISCELLANEOUS

10.1Notices. All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Parties, upon delivery; (b) when sent by email at the address set forth in Schedule III hereto; (c) ten (10) days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Parties as set forth in Schedule III; or (d) five (5) days after deposit with an international overnight delivery service, postage prepaid, addressed to the Parties as set forth in Schedule III with next Business Day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider. A Party may change or supplement the notice information given above, or designate additional addresses, for purposes of this Section 10.1 by giving the other Parties written notice of the new address and/or other notice information in the manner set forth above.

10.2Amendments. Any term of this Agreement may be amended only with the written consent of all of the Parties.

10.3Entire Agreement. This Agreement and the schedules and exhibits hereto, which are hereby expressly incorporated herein constitute the entire understanding and agreement among the Parties with regard to the subjects hereof and supersedes any and all of the prior negotiations, correspondence, agreements, understandings, duties or obligations among the Parties in respect of the subject matter hereof.

10.4Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

10.5Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, to render such provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or the benefits intended by the Parties. In such event, each Party shall use its best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intention in entering into this Agreement.

10.6Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

10.7No Presumption. The Parties acknowledge that each Party has been represented by counsel in connection with this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it, has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

10.8Governing Law. This Agreement shall be governed by and construed under the laws of Hong Kong, without regard to principles of conflict of laws thereunder.

10.9Dispute Resolution. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre (the "HKIAC") under the HKIAC Administered Arbitration

Rules. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such arbitration, and submits to the exclusive jurisdiction of Hong Kong in any such arbitration. There shall be three (3) arbitrators. The claimant shall appoint one (1) arbitrator, and the respondent shall appoint one (1) arbitrator no more than ten (10) days following the official appointment of the arbitrator appointed by the claimant, failing which such arbitrator shall be appointed by HKIAC; the third arbitrator shall be the presiding arbitrator and shall be appointed jointly by the arbitrators appointed by the claimant and respondent within ten (10) days of the later of the appointment of the arbitrators appointed by the said Parties, failing which such arbitrator shall be appointed by HKIAC. The language to be used in the arbitration proceedings shall be English.

10.10 Expenses. At the Closing, the Company shall reimburse all expenses (including but not limited to legal fees, financial or other business due diligence associated herewith) reasonably incurred by the Purchasers in connection with the transaction contemplated herein of no more than US\$500,000 (the “**Cap Amount**”). If the Company terminates discussions related to the transactions contemplated hereunder, or the Closing has not occurred due to any reason not attributable to the Purchasers, the Company shall still pay all the expenses reasonably incurred by the Purchasers subject to the Cap Amount.

10.11 Termination. This Agreement may be terminated, with respect to any Purchaser, (i) by mutual written consent of the Company and such Purchaser, (ii) by the Company or the Purchaser, if the Closing has not been consummated by September 30, 2023, due to the reason not attributable to the Company or the Purchaser (as applicable), (iii) by the Purchaser, by written notice to the Company if there has been a material misrepresentation or material breach of a covenant or agreement contained in this Agreement on the part of the Company, or (iv) by the Purchaser if, due to any change of the Applicable Laws, the consummation of the transactions contemplated hereunder would become prohibited under Applicable Laws.

10.12 Effect of Termination. Upon the termination of this Agreement pursuant to Section 10.11 between the Company and a Purchaser, (a) this Agreement shall become void and of no further force and effect as between the Company and such Purchaser, except for the provisions of Sections 10.1, 10.8, 10.9, 10.10 and 10.12, which shall survive the termination of this Agreement, and (b) without limiting the generality of item (a) of this Section 10.12, with respect to the Warrants held by such Purchaser, the amendments to such Warrants set forth in this Agreement shall be unwound and the terms of such Warrants shall resume to those existing prior to the date hereof.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement as of the date first above written.

THE COMPANY:

Uxin limited

By: /s/ Dai Kun

Name: Dai Kun ()

Title: Director

SIGNATURE PAGE TO AGREEMENT IN RELATION TO AMENDMENT TO AND EXERCISE OF WARRANTS ISSUED BY UXIN LIMITED

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement as of the date first above written.

THE PURCHASER:

Astral Success Limited

By: /s/ Erhai Liu
Name: Erhai Liu
Title: Authorized Signatory

SIGNATURE PAGE TO AGREEMENT IN RELATION TO AMENDMENT TO AND EXERCISE OF WARRANTS ISSUED BY UXIN LIMITED

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement as of the date first above written.

THE PURCHASER:

Alpha Wealth Global Limited

By: /s/ Huang Tao

Name: Huang Tao

Title: Director

SIGNATURE PAGE TO AGREEMENT IN RELATION TO AMENDMENT TO AND EXERCISE OF WARRANTS ISSUED BY UXIN LIMITED

**SCHEDULE I
LIST OF PURCHASERS**

| Name of Purchasers | Number of Warrant Shares | Exercise Price Payable |
|-----------------------------|---------------------------------|-------------------------------|
| Astral Success Limited | 218,818,380 | US\$10,000,000 |
| Alpha Wealth Global Limited | 261,810,806 | US\$11,964,754 |

SCHEDULE 1

**SCHEDULE II
DESIGNATED BANK ACCOUNT**

SCHEDULE 2

**SCHEDULE III
NOTICE INFORMATION**

For the purpose of the notice provisions contained in this Agreement, the following are the initial addresses of each Party:

If to Astral Success:

Astral Success Limited

[***]

E-mail: [***]

With copy to: [***]

Attn: [***]

If to Alpha:

Alpha Wealth Global Limited

[***]

E-mail: [***]

With copy to: [***]

Attn: [***]

If to the Company:

Uxin Limited

[***]

E-mail: [***]

Attn: [***]

SCHEDULE 3

**SCHEDULE IV
FORM OF INCUMBENCY CERTIFICATE**

(ON COMPANY LETTERHEAD)

To: ("Purchaser")
From: Uxin Limited (the "Company")
Date: []

AUTHORIZED OFFICERS OF COMPANY ACTING ON BEHALF OF COMPANY

Reference is made to the AGREEMENT IN RELATION TO AMENDMENT TO AND EXERCISE OF WARRANTS ISSUED BY UXIN LIMITED dated as of June 30, 2023 (the "Agreement") by and between the Company and the Purchaser. Capitalized terms used but not defined herein have the meanings ascribed to them in the Agreement.

We hereby confirm and certify the following:

- a) **Bank Wire Instructions of the Company** - The Designated Bank Account for the Purchaser's payment of the Exercise Price to the Company in accordance with Section 4.2(a)(ii) and Section 8.2 of the Agreement are as follows:

Beneficiary's Name: [***]
Beneficiary's Bank Name: [***]
Beneficiary's Bank Address: [***]
Beneficiary's A/C No.: [***]
SWIFT Code: [***]

INTERMEDIARY BANK

Bank Name: [***]
SWIFT Code: [***]

- b) **Company Contacts for Call-Back Procedures** – The individuals listed below are each individually authorized to complete any required "call-back" confirmation procedures on behalf of the Company in order to finalize the consummation of the transactions contemplated by the Agreement.

| <u>Name</u> | <u>Title</u> | <u>E-mail address</u> | <u>Contact No.</u> |
|-------------|--------------|-----------------------|--------------------|
| Feng Lin | CFO | [***] | [***] |

- c) **Authorized Officers** - Listed below are the particulars of the officers of the Company who are authorized to execute documents on behalf of the Company and to take any other action required to fulfill the obligations of the Company under the Agreement:

| <u>Name</u> | <u>Title</u> | <u>E-mail address</u> | <u>Contact No.</u> | <u>Specimen signature</u> |
|-------------|------------------------------|-----------------------|--------------------|---------------------------|
| Kun Dai | Chairman of Board and CEO | [***] | [***] | |
| Feng Lin | CFO | [***] | [***] | |

SCHEDULE IV

Any changes to the above are to be provided in writing and signed by an authorized signatory and shall be valid and binding on the Company and the Purchaser, as applicable. An original must also be provided for any subsequent changes to banking instructions.

The above information is hereby certified by the following authorized persons*:

UXIN LIMITED

Name:

Name:

** - If the signatory entity has only one authorized officer in part (c), please arrange for another person of the right capacity to sign off on behalf thereof to certify the above information.*

SCHEDULE IV

EXHIBIT I
FORM OF CERTIFICATE OF DESIGNATION

[***]

EXHIBIT I

EXHIBIT II
FORM OF REGISTRATION RIGHTS AGREEMENT

[**]

EXHIBIT II

**EXHIBIT III
FORM OF VOTING AGREEMENT**

[**]

EXHIBIT III

EXHIBIT IV
FORM OF DILUTIVE ISSUANCE NOTICE
EXHIBIT IV

Dilutive Issuance Notice

[*], 2023

To: Astral Success Limited

Reference is hereby made to: (i) the Agreement in relation to Amendment to and Exercise of Warrants Issued by Uxin Limited dated June 30, 2023 by and among the Company, Astral Success Limited and Alpha Wealth Global Limited, as amended and supplemented from time to time (the “**Warrant Agreement**”); (ii) the Share Subscription Agreement dated June 14, 2021 by and among the Company, Astral Success Limited and Abundant Grace Investment Limited, as amended and supplemented from time to time (the “**2021 SSA**”); and (iii) the Second Amended and Restated Certificate of Designation of the Company dated [*,] 2023 (the “**COD**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Warrant Agreement and the COD.

Pursuant to the Warrant Agreement, we have issued certain senior convertible preferred shares of par value of US\$0.0001 per share (the “**Senior Preferred Shares**”) to [Astral Success Limited at US\$0.0457 per share (equivalent to US\$1.37 per ADS) in consideration of US\$10,000,000 and/or Alpha Wealth Global Limited at US\$0.0457 per share (equivalent to US\$1.37 per ADS) in consideration of US\$11,964,754] on [*,] 2023 (the “**New Transaction**”).

Pursuant to the 2021 SSA, we have issued 218,467,812 Senior Preferred Shares to Astral Success Limited at US\$0.3433 per share (equivalent to US\$10.3 per ADS) and the initial Conversion Price of such Senior Preferred Shares was US\$0.3433 per share (equivalent to US\$10.3 per ADS). As we notified you in July 2022, the Conversion Price of such Senior Preferred Shares was adjusted to US\$0.14 per share (equivalent to US\$4.2 per ADS) as a result of a Dilutive Issuance occurred in July 2022.

Pursuant to Section 7(b) of the COD, the New Transaction constitutes a Dilutive Issuance under Section 7(b) of the COD in view of lower issuance price in the New Transaction than the conversion price prior to such transaction, and, therefore, we are delivering this notice to confirm that the Conversion Price of each Senior Preferred Share outstanding at the time of the consummation of the New Transaction held by Astral Success Limited as specified in the paragraph above shall be reduced and adjusted to US\$0.0457 per share (equivalent to US\$1.37 per ADS) with effect from [*,] 2023 by operation of and in accordance with Section 7(b) of the COD, and the Company shall issue [1,641,137,856] Class A Ordinary Shares (equivalent to [54,704,595] ADSs) to Astral Success Limited upon conversion of all of the Senior Preferred Shares held by it prior to the closing of the New Transaction pursuant to Section 6 of the COD.

The Company further undertakes to include the additional Class A Ordinary Shares issuable upon conversion of the Senior Preferred Shares held by Astral Success Limited as a result of the anti-dilution adjustment confirmed hereunder in the Form F-3 to be amended by the Company in connection with the New Transaction, in accordance with paragraph (a) of section 2.2 [*Piggyback Registrations*] of the registration rights agreement entered with Astral Success Limited in connection with the 2021 SSA.

This Notice shall not become effective until the consummation of the New Transaction.

Yours Sincerely,

[Signature Pages Followed]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Letter as of the date first set forth above.

COMPANY:

UXIN LIMITED

By:

Name: Dai Kun ()
Title: Director

Signature Page to Dilutive Issuance Notice to Joy

Dilutive Issuance Notice

[*], 2023

To: Mr. LUO Jie

Reference is hereby made to: (i) the Agreement in relation to Amendment to and Exercise of Warrants Issued by Uxin Limited dated June 30, 2023 by and among the Company, Astral Success Limited and Alpha Wealth Global Limited, as amended and supplemented from time to time (the “**Warrant Agreement**”); (ii) the Share Subscription Agreement dated June 14, 2021 by and among the Company, Astral Success Limited and Abundant Grace Investment Limited, as amended and supplemented from time to time (the “**2021 SSA**”); and (iii) the Second Amended and Restated Certificate of Designation of the Company dated [*, 2023 (the “**COD**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Warrant Agreement and the COD.

Pursuant to the Warrant Agreement, we have issued certain senior convertible preferred shares of par value of US\$0.0001 per share (the “**Senior Preferred Shares**”) to [Astral Success Limited at US\$0.0457 per share (equivalent to US\$1.37 per ADS) in consideration of US\$10,000,000 and/or Alpha Wealth Global Limited at US\$0.0457 per share (equivalent to US\$1.37 per ADS) in consideration of US\$11,964,754] on [*, 2023 (the “**New Transaction**”).

Pursuant to the 2021 SSA, we have issued 14,564,520 Senior Preferred Shares to Mr. LUO Jie at US\$0.3433 per share (equivalent to US\$10.3 per ADS) and the initial Conversion Price of such Senior Preferred Shares was US\$0.3433 per share (equivalent to US\$10.3 per ADS). As we notified you in July 2022, the Conversion Price of such Senior Preferred Shares was adjusted to US\$0.14 per share (equivalent to US\$4.2 per ADS) as a result of a Dilutive Issuance occurred in July 2022.

Pursuant to Section 7(b) of the COD, the New Transaction constitutes a Dilutive Issuance under Section 7(b) of the COD in view of lower issuance price in the New Transaction than the conversion price prior to such transaction, and, therefore, we are delivering this notice to confirm that the Conversion Price of each Senior Preferred Share outstanding at the time of the consummation of the New Transaction held by Mr. LUO Jie as specified in the paragraph above shall be reduced and adjusted to US\$0.0457 per share (equivalent to US\$1.37 per ADS) with effect from [*, 2023 by operation of and in accordance with Section 7(b) of the COD, and the Company shall issue [109,409,190] Class A Ordinary Shares (equivalent to [3,646,973] ADSs) to Mr. LUO Jie upon conversion of all of the Senior Preferred Shares held by him prior to the closing of the New Transaction pursuant to Section 6 of the COD.

The Company further undertakes to include the additional Class A Ordinary Shares issuable upon conversion of the Senior Preferred Shares held by Mr. LUO Jie as a result of the anti-dilution adjustment confirmed hereunder in the Form F-3 to be amended by the Company in connection with the New Transaction, in accordance with paragraph (a) of section 2.2 [*Piggyback Registrations*] of the registration rights agreement entered with Mr. LUO Jie in connection with the 2021 SSA.

This Notice shall not become effective until the consummation of the New Transaction.

Yours Sincerely,

[Signature Pages Followed]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Letter as of the date first set forth above.

COMPANY:

UXIN LIMITED

By: _____

Name: Dai Kun ()

Title: Director

Signature Page to Dilutive Issuance Notice to LUO Jie

Uxin Limited
List of Significant Subsidiaries

| Subsidiaries | Place of Incorporation |
|---|-------------------------------|
| Uxin Used Car Limited | Cayman Islands |
| Xin Limited | Cayman Islands |
| New Car Group Limited | British Virgin Islands |
| UcarShow HK Limited | Hong Kong |
| Xin HK Limited | Hong Kong |
| Youxin (Shaanxi) Technology Information Co., Ltd. | PRC |
| Youxin (Hefei) Automobile Intelligent Remanufacture Co., Ltd. | PRC |
| Youxin (Ningbo) Information Co., Ltd. | PRC |
| Hefei Youquan Information Technology Co., Ltd. | PRC |
| Youche (Hainan) Information Technology Co., Ltd. | PRC |
| Youtang (Shaanxi) Information Technology Co., Ltd. | PRC |
| Youfang (Beijing) Information Technology Co., Ltd. | PRC |

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 annual 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 annual 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: August 14, 2023

By: /s/ Kun Dai

Name: Kun Dai

Title: Chief Executive Officer

Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Feng Lin, certify that:

1. I have reviewed this annual 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 annual 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: August 14, 2023

By: /s/ Feng Lin

Name: Feng Lin

Title: Chief Executive Officer

Certification by the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Uxin Limited (the "Company") on Form 20-F for the fiscal year ended March 31, 2023 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: August 14, 2023

By: /s/ Kun Dai

Name: Kun Dai

Title: Chief Executive Officer

Certification by the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Uxin Limited (the "Company") on Form 20-F for the fiscal year ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Feng Lin, 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: August 14, 2023

By: /s/ Feng Lin

Name: Feng Lin

Title: Chief Executive Officer

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-227576 and No. 333-232204) of UXIN LIMITED of our report dated August 14, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
August 14, 2023

August 14, 2023
Uxin Limited.
21/F, Donghuang Building, No. 16 Guangshun South Avenue,
Chaoyang District,
Beijing, 100102
People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference of our name under the headings “Item 3. Key Information” and “Item 4. Information on the Company—C. Organizational Structure” in Uxin Limited’s Annual Report on Form 20-F for the fiscal year ended March 31, 2023 (the “Annual Report”), which will be filed with the Securities and Exchange Commission (the “SEC”) on the date hereof, and further consent to the incorporation by reference into the Registration Statements on Form S-8 (No. 333-227576 and No. 333-232204) pertaining to Uxin Limited’s 2018 Amended and Restated Share Incentive Plan and 2018 Second Amended and Restated Share Incentive Plan of the summary of our opinion under the headings “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure” and “Item 4. Information on the Company—C. Organizational Structure” in the Annual Report. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Beijing Docvit Law Firm
Beijing Docvit Law Firm

August 14, 2023

Uxin Limited

21/F, Donghuang Building,
No. 16 Guangshun South Avenue,
Chaoyang District,
Beijing 100102
People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference of our name under the headings “Part I — Item 4. Information on the Company—C. Organizational Structure” and “Part I — Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China” in Uxin Limited’s Annual Report on Form 20-F for the year ended March 31, 2023 (the “**Annual Report**”), which will be filed with the Securities and Exchange Commission (the “**SEC**”) on the date hereof. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ JunHe LLP
JunHe LLP

August 14, 2023

Division of Corporation Finance
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Uxin Limited
Submission under the Item 16I(a) of Form 20-F

Attn: *Division of Corporation Finance*
Office of Trade & Services

VIA EDGAR

Dear Sir/Madam,

In compliance with the Holding Foreign Companies Accountable Act, Uxin Limited (the “Company”) is submitting via EDGAR the following information as required under Item 16I.(a) of Form 20-F.

For the immediately preceding annual financial statements period, the Company’s auditor, PricewaterhouseCoopers Zhong Tian LLP (a registered public accounting firm that The United States Public Company Accounting Oversight Board was previously unable to inspect or investigate completely) issued an audit report for the Company for the fiscal year ended March 31, 2022.

To the Company’s best knowledge and based on an examination of its register of members and the public filings made by its shareholders including the Schedule 13D/As filed by NIO Capital Entities on July 7, 2023, Schedule 13D/As filed by Astral Success Limited on July 7, 2023 and Schedule 13D/As filed by GIC Private Limited on February 9, the Company respectfully submits that it is not owned by a governmental entity in the jurisdiction in which it is incorporated or otherwise organized and it is not controlled by a governmental entity in mainland China as of the date of this submission.

Based on an examination of the Company’s register of members and the public filings made by the Company’s shareholders, no shareholder owned more than 5% of the Company’s outstanding shares and/or aggregate voting power as of August 14, 2023 on an as-converted basis other than Xin Gao Group Limited, NIO Capital Entities, Astral Success Limited and GIC Private Limited (collectively, the “**Principal Shareholders**”). The Principal Shareholders collectively beneficially owned approximately 65.7% of the Company’s total outstanding shares on an as-converted basis and approximately 69.1% of aggregate voting power as of the same date. The Company respectfully submits that, to its best knowledge and based on an examination of its register of members and public filings made by its shareholders, it is not aware of any of the foregoing shareholders being owned or controlled by a governmental entity in the foreign jurisdiction as of the date of this submission. Please refer to “Item 6.E. Directors, Senior Management and Employees—Share Ownership” of the Company’s annual report on Form 20-F for the fiscal year ended March 31, 2023 filed with the SEC on August 14, 2023 for more details.

In addition, the Company is not aware of any governmental entity that is in possession of, direct or indirect, of the power to control the ownership of the Company, whether through the ownership of voting securities, by contract, or otherwise.

Should any member of the Staff have any questions or comments regarding the Company's submission set forth above, please do not hesitate to contact our outside legal counsel, Li He, Davis Polk & Wardwell, at (852) 2533-3306 and Ran Li, Davis Polk & Wardwell, at (86) 10 8567-5013.

Sincerely yours,

UXIN LIMITED

By: /s/ Feng Lin

Name: Feng Lin

Title: Chief Financial Officer

cc: Li He

Ran Li

Davis Polk & Wardwell LLP

