
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in Yixin Group Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

TENCENT MOBILITY LIMITED

*(incorporated in Hong Kong
with limited liability)*

HAMMER CAPITAL OFFERCO 1 LIMITED

*(incorporated in the British Virgin Islands
with limited liability)*

易鑫集团

YIXIN GROUP

YIXIN GROUP LIMITED

易鑫集团有限公司

*(incorporated in the Cayman Islands with limited liability and
carrying on business in Hong Kong as “Yixin Automotive Technology Group Limited”)
(Stock Code: 2858)*

COMPOSITE OFFER AND RESPONSE DOCUMENT

UNCONDITIONAL MANDATORY CASH OFFERS BY CHINA TONGHAI CAPITAL LIMITED ON BEHALF OF TENCENT MOBILITY LIMITED AND HAMMER CAPITAL OFFERCO 1 LIMITED TO ACQUIRE ALL THE ISSUED YIXIN SHARES (OTHER THAN THE EXCLUDED YIXIN SHARES) AND TO CANCEL ALL THE OUTSTANDING YIXIN OPTIONS

Financial Adviser to the Joint Offerors



中國通海企業融資
CHINA TONGHAI CAPITAL

Independent Financial Adviser to the Independent Board Committee



Optima Capital Limited

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed “Definitions” in this Composite Document.

A “Letter from Tonghai Capital” containing, among other things, the details of the terms of the Offers are set out on pages 11 to 26 of this Composite Document. A “Letter from the Board” is set out on pages 27 to 37 of this Composite Document. A “Letter from the Independent Board Committee” containing its recommendations to the Disinterested Shareholders and the Optionholders in respect of the Offers is set out on pages 38 to 39 of this Composite Document. A “Letter from the Independent Financial Adviser” containing its advice and recommendations to the Independent Board Committee in respect of the Offers is set out on pages 40 to 80 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in “Appendix I – Further Terms of the Offers” to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptance of the Yixin Share Offer should be received by the Registrar and acceptance of the Yixin Option Offer should be received by Yixin by no later than 4:00 p.m. on Wednesday, 2 December 2020 or such later time(s) and/or date(s) as the Joint Offerors may determine and announce, in accordance with the Takeovers Code. The Yixin Offer Shareholders and the Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See “Important Notices” on pages ii and v of this Composite Document.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the section headed “Overseas Shareholders and Optionholders” in the “Letter from Tonghai Capital” in this Composite Document before taking any action. It is the responsibility of any overseas Yixin Offer Shareholders and overseas Optionholders wishing to take any action in relation to the Yixin Share Offer and the Yixin Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such overseas Yixin Offer Shareholders or overseas Optionholders in respect of the acceptance of the Offers (as applicable) in such jurisdiction. The overseas Yixin Offer Shareholders and the overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers (as applicable).

This Composite Document is issued jointly by the Joint Offerors and Yixin. The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

11 November 2020

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IMPORTANT NOTICES

The following information is important for all Yixin Offer Shareholders and Optionholders.

You are urged to read this entire Composite Document, including the appendices, and the Form(s) of Acceptance carefully.

- *Yixin Share Offer Price:* HK\$1.9088 in cash per Yixin Offer Share.
- *Yixin Option Offer Price:* HK\$1.8980 in cash for cancellation of each Yixin Option.
- *How to accept the Offers:* Please return the duly completed and signed **WHITE** Form of Share Offer Acceptance and the relevant documents to the Registrar (for the Yixin Share Offer) and/or the **PINK** Form of Option Offer Acceptance and the relevant documents to Yixin (for the Yixin Option Offer).
- *Deadline for acceptance:* The Offers will close for acceptance at 4:00 p.m. on Wednesday, 2 December 2020 (the Closing Date), unless otherwise revised or extended.

For details, please refer to “Appendix I – Further Terms of the Offers” to this Composite Document.

- *Settlement:* Payment of the consideration (after deducting the seller’s ad valorem stamp duty) for the Yixin Offer Shares tendered for acceptance under the Yixin Share Offer will be posted by ordinary post to the Yixin Offer Shareholders who accept the Yixin Share Offer, and payment of the consideration for the Yixin Options surrendered for cancellation under the Yixin Option Offer will be made to Yixin as the agent of the Optionholders, by cheque(s) drawn in the name of Yixin or, at the election of the Joint Offerors, by wire transfer to the bank account of Yixin. Yixin will transfer any payment received to the respective Optionholders, after deducting relevant transaction costs (including bank transfer fees and costs arising from currency conversion) and applicable PRC taxes, by wire transfer. Payment will be made as soon as possible, but in any event within seven (7) Business Days of the date of receipt of complete and valid acceptance.

NOTICE TO OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Offers to the Shareholders or, as the case may be, the Optionholders who, in either case, are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the Offers to such Shareholders and Optionholders and their acceptances of the Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such Shareholders and Optionholders who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including any requirement for any governmental,

IMPORTANT NOTICES

exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting Shareholders or, as the case may be, Optionholders of any transfer or other taxes in respect of their acceptances.

Any acceptance of the Offers by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or, as the case may be, Optionholder to the Joint Offerors and the Company that all the laws and regulations of the relevant jurisdictions have been complied with and that the Yixin Share Offer can be accepted by such Shareholder, or, as the case may be, the Yixin Option Offer can be accepted by such Optionholder, lawfully under the laws and regulations of the relevant jurisdictions. Shareholders and Optionholders should consult their professional advisers if in doubt.

The Joint Offerors and the parties acting in concert with any of them, the Company, Tonghai Capital, Optima Capital, the Registrar or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the overseas Yixin Offer Shareholders and Optionholders for any taxes they may be required to pay. Please see the section headed “Overseas Shareholders and Optionholders” in the “Letter from Tonghai Capital” in this Composite Document.

NOTICE TO U.S. HOLDERS OF YIXIN OFFER SHARES AND/OR YIXIN OPTIONS

The Offers are being made for the securities of a company incorporated in the Cayman Islands with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States. This Composite Document will not be filed under the laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States.

The financial information included in this Composite Document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offers will be made in the United States pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law. The receipt of cash pursuant to the Offers by a U.S. holder of the Yixin Offer Shares and/or the Yixin Options, respectively, may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of the Yixin Offer Shares and/or the Yixin Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offers. U.S. holders of the Yixin Offer Shares and the Yixin Options may encounter difficulty in enforcing their rights and any claims arising out of the

IMPORTANT NOTICES

U.S. federal securities laws, as each of the Joint Offerors and the Company is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Yixin Offer Shares and Yixin Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of the Yixin Offer Shares and the Yixin Options may encounter difficulty in compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Joint Offerors hereby disclose that each of them or their respective affiliates, or nominees, or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, the Yixin Shares outside of the United States, other than pursuant to the Yixin Share Offer, before or during the period in which the Yixin Share Offer remains open for acceptance. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, Tonghai Capital and its affiliates may continue to act as exempt principal traders in the Yixin Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Joint Offerors and/or Yixin (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, general, social, economic and political conditions in the countries in which the Group operates or other countries which have an impact on the Group's business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Group operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Group operates and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

IMPORTANT NOTICES

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Joint Offerors, Yixin or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, none of the Joint Offerors and Yixin assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event that there is any change to the following timetable as and when appropriate.

Event	Hong Kong Time and Date
Despatch date of this Composite Document and the accompanying Form(s) of Acceptance	Wednesday, 11 November 2020
Opening date of the Offers	Wednesday, 11 November 2020
Closing Date (<i>Note 1</i>)	Wednesday, 2 December 2020
Latest time for acceptance of the Offers on the Closing Date (<i>Note 2</i>)	4:00 p.m. on Wednesday, 2 December 2020
Announcement of the results of the Offers as at the Closing Date on the website of the Stock Exchange	no later than 7:00 p.m. on Wednesday, 2 December 2020
Latest date for despatch of cheques for payment of the amounts due under the Offers in respect of valid acceptances received on the Closing Date (<i>Note 3</i>)	Friday, 11 December 2020

Notes:

- (1) The Offers, which are unconditional in all respects, will close for acceptances at 4:00 p.m. on Wednesday, 2 December 2020 unless the Joint Offerors revise or extend the Offers in accordance with the Takeovers Code. The Joint Offerors have the right under the Takeovers Code to extend the Offers until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). If the Offers are extended or revised, the announcement of such extension or revision will state the next Closing Date. Any revised Offers must be kept open for at least fourteen (14) days and shall not be closed earlier than Wednesday, 2 December 2020.
- (2) If you wish to accept the Offers, you should ensure your duly completed and signed Form(s) of Acceptance and the relevant documents *arrive* at the Registrar (for the Yixin Share Offer) or Yixin (for the Yixin Option Offer) not later than the prescribed time. If you choose to deliver the documents by post, you should consider the timing requirements for postage.

Beneficial owners of the Yixin Offer Shares who hold their Yixin Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

All acceptances, instructions, authorisations and undertakings given by the Yixin Offer Shareholders in the **WHITE** Form of Share Offer Acceptance and by the Optionholders in the **PINK** Form of Option Offer Acceptance shall be irrevocable except as permitted under the Takeovers Code.

EXPECTED TIMETABLE

- (3) Payment of the consideration (after deducting the seller's ad valorem stamp duty) for the Yixin Offer Shares tendered for acceptance under the Yixin Share Offer will be posted by ordinary post to the Yixin Offer Shareholders who accept the Yixin Share Offer at their own risk, and payment of the consideration for the Yixin Options surrendered for cancellation under the Yixin Option Offer will be made to Yixin as the agent of the Optionholders, by cheque(s) drawn in the name of Yixin or, at the election of the Joint Offerors, by wire transfer to the bank account of Yixin. Yixin will transfer any payment received to the respective Optionholders, after deducting relevant transaction costs (including bank transfer fees and costs arising from currency conversion) and applicable PRC taxes, by wire transfer. Payment will be made as soon as possible, but in any event within seven (7) Business Days of the date of receipt by the Registrar (in respect of the Yixin Share Offer) or Yixin (in respect of the Yixin Option Offer) of all of the relevant documents to render each acceptance under the relevant Offers complete and valid in accordance with the Takeovers Code, this Composite Document and the relevant accompanying Form(s) of Acceptance.

Effect of bad weather on the latest time for acceptance of the Offers and/or the latest date for despatch of cheques

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning in force, in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offers and/or the latest date for despatch of cheques or wire transfer of funds for the amounts due under the Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques or wire transfer of funds will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and/or the latest date for despatch of cheques or wire transfer of funds for the amounts due under the Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques or wire transfer of funds will be rescheduled to the following Business Day.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“ADS(s)”	American depositary share(s) of Bitauto, each representing one Bitauto Share
“Announcement Date”	15 June 2020, being the date of the Joint Announcement
“associate”	has the meaning ascribed to it under the Takeovers Code
“Bitauto”	Bitauto Holdings Limited, a wholly-owned subsidiary of the Parent and one of the controlling shareholders of the Company as at the Latest Practicable Date
“Bitauto HK”	Bitauto Hong Kong Limited, a wholly-owned subsidiary of Bitauto and one of the controlling shareholders of the Company as at the Latest Practicable Date
“Bitauto Merger Consideration”	US\$16.0 in cash per Bitauto Share or ADS without interest
“Bitauto Share(s)”	ordinary share(s) in the share capital of Bitauto
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CICL”	the Cayman Islands Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised)
“Closing Date”	Wednesday, 2 December 2020, being the closing date of the Offers or any subsequent closing date in the event that the Offers are extended or revised in accordance with the Takeovers Code
“Committed Management Shareholders”	Mr. Andy Xuan Zhang, Mr. Jiang Dong, Mr. Jia Zhifeng and Mr. Gao Zhi

DEFINITIONS

“Committed Yixin Options”	an aggregate of 234,113,689 Yixin Options held by the Committed Management Shareholders in respect of which the Committed Management Shareholders have irrevocably undertaken, among other things, not to accept the Yixin Option Offer pursuant to the Management Irrevocable Undertaking
“Committed Yixin Shares”	an aggregate of 38,509,929 Yixin Shares held by the Committed Management Shareholders in respect of which the Committed Management Shareholders have irrevocably undertaken, among other things, not to accept the Yixin Share Offer pursuant to the Management Irrevocable Undertaking
“Company” or “Yixin”	Yixin Group Limited (易鑫集团有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2858)
“Composite Document”	this composite offer and response document dated 11 November 2020 issued by the Joint Offerors and Yixin to the Shareholders and the Optionholders in accordance with the Takeovers Code in relation to the Offers
“Consolidated Affiliated Entity”	the entity which Yixin controls through a series of contractual arrangements, namely Beijing Yixin Information Technology Co., Ltd. (北京易鑫信息科技有限公司)
“Consortium”	Tencent and Hammer Capital
“Consortium Agreement”	the consortium agreement dated 15 June 2020 entered into between Tencent and Hammer Capital, details of which are set out in the section headed “Consortium Agreement” in the “Letter from Tonghai Capital” in this Composite Document
“Directors”	the directors of Yixin
“disclosures of interests”	disclosures of interests pursuant to Part XV of the SFO and the disclosure of dealings pursuant to Rule 22 of the Takeovers Code

DEFINITIONS

“Disinterested Shareholders”	the Shareholders other than the Joint Offerors and parties acting in concert with any of them
“Effective Date”	4 November 2020 (New York time), being the date on which the Merger became effective
“Encumbrance”	any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement, rights of pre-emption or any other third party rights of any nature or any agreement for any of the same
“Excluded Yixin Shares”	the issued Yixin Shares owned by the Tencent Group, the Hammer Capital Group, Bitauto and Bitauto HK
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of such Executive Director
“First Share Award Scheme”	the share award scheme conditionally approved and adopted by Yixin on 26 May 2017, the principal terms of which are set out in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme” of the prospectus of Yixin dated 6 November 2017
“Form(s) of Acceptance”	collectively, the Form of Share Offer Acceptance and the Form of Option Offer Acceptance, and “Form of Acceptance” shall mean either one of them
“Form of Option Offer Acceptance”	the PINK form of acceptance and cancellation in respect of the Yixin Option Offer accompanying this Composite Document
“Form of Share Offer Acceptance”	the WHITE form of acceptance and transfer in respect of the Yixin Share Offer accompanying this Composite Document
“Group”	Yixin, its subsidiaries and the Consolidated Affiliated Entity

DEFINITIONS

“Hammer Capital”	Hammer Capital Opportunities Fund L.P., an exempted limited partnership organized under the laws of the Cayman Island, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang
“Hammer Capital Group”	Hammer Capital and entities controlled by Mr. Rodney Ling Kay Tsang
“Hammer Capital Offerco”	Hammer Capital Offerco 1 Limited, a private company limited by shares incorporated under the laws of the British Virgin Islands and wholly-owned by Hammer Capital, and one of the Joint Offerors
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of Yixin established by the Board and comprising Mr. Huan Zhou, Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong, to make a recommendation to the Disinterested Shareholders and the Optionholders in respect of the Yixin Share Offer and the Yixin Option Offer, respectively
“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and being the independent financial adviser to the Independent Board Committee in connection with the Offers
“Irrevocable Undertakings”	the JD Irrevocable Undertaking and the Management Irrevocable Undertaking

DEFINITIONS

“JD.com”	JD.com, Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on The NASDAQ Global Select Market (JD:NASDAQ GS), the holding company of JD Financial and JD Global and a substantial shareholder of the Company
“JD Excluded Yixin Shares”	the 684,283,320 Yixin Shares owned by JD Financial in respect of which JD Financial has undertaken, among others, not to accept the Offers pursuant to the terms of the JD Irrevocable Undertaking
“JD Financial”	JD Financial Investment Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by JD.com, and a substantial shareholder of the Company
“JD Global”	JD.com Global Investment Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by JD.com
“JD Irrevocable Undertaking”	the deed of irrevocable undertaking dated 12 September 2019 between the Consortium and JD Financial in connection with the Offers as amended and supplemented from time to time, details of which are set out in the section headed “Irrevocable Undertakings” in the “Letter from Tonghai Capital” in this Composite Document
“Joint Announcement”	the announcement dated 15 June 2020 jointly made by the Joint Offerors and Yixin in relation to the Offers
“Joint Offerors”	Tencent Mobility and Hammer Capital Offerco
“Last Trading Date”	12 June 2020, being the last trading day prior to the publication of the Joint Announcement
“Latest Practicable Date”	6 November 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Management Irrevocable Undertaking”	the irrevocable undertaking given by each of the Committed Management Shareholders dated 15 June 2020 in connection with the Offers, details of which are set out in the section headed “Irrevocable Undertakings” in the “Letter from Tonghai Capital” in this Composite Document
“Merger”	a statutory merger of the Merger Sub with and into Bitauto in accordance with Part XVI of the CICL, with Bitauto being the surviving company and becoming a wholly-owned subsidiary of the Parent
“Merger Agreement”	the agreement and plan of merger dated 12 June 2020 entered into among the Parent, the Merger Sub and Bitauto in relation to the Merger, details of which are set out in the section headed “The Merger Agreement” in the Joint Announcement
“Merger Closing”	the closing of the Merger in accordance with the terms and conditions under the Merger Agreement
“Merger Sub”	Yiche Mergersub Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, a wholly-owned subsidiary of the Parent prior to the Effective Date which was merged with and into Bitauto on the Effective Date
“Offers”	the Yixin Share Offer and the Yixin Option Offer
“Optionholder(s)”	the holder(s) of the Yixin Options
“Ownership Percentage”	80% and 20% in respect of Tencent and Hammer Capital, respectively, subject to any adjustment as may be agreed in writing between Tencent and Hammer Capital from time to time
“Pacpo Formula”	has the meaning ascribed to it under Practice Note 19 to the Takeovers Code

DEFINITIONS

“Parent”	Yiche Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which was owned as to 68.18%, 15.15%, 14.61% and 2.06% by Tencent, Hammer Capital Holdco 1 Limited, JD Global and Proudview Limited, respectively as at the Latest Practicable Date
“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by Yixin on 26 May 2017, the principal terms of which are set out in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Pre-IPO Share Option Scheme” of the prospectus of Yixin dated 6 November 2017
“public”	has the meaning ascribed to it under the Listing Rules
“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrar of the Company
“Relevant Period”	the period from 13 March 2019, being the date six months preceding the date of the Rule 3.7 Announcement, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.7 Announcement”	the announcement published by the Company on 13 September 2019 pursuant to Rule 3.7 of the Takeovers Code in relation to, among other things, the Merger and the Offers
“Second Share Award Scheme”	the share award scheme conditionally approved and adopted by Yixin on 1 September 2017, the principal terms of which are set out in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Second Share Award Scheme” of the prospectus of Yixin dated 6 November 2017

DEFINITIONS

“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	the holders of the Yixin Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
“Tencent”	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent Holdings, and one of the controlling shareholders of the Company as at the Latest Practicable Date
“Tencent Group”	Tencent Holdings and its subsidiaries (excluding the Parent, Bitauto and its subsidiaries)
“Tencent Holdings”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700), the holding company of Tencent and Tencent Mobility and one of the controlling shareholders of the Company as at the Latest Practicable Date
“Tencent Mobility”	Tencent Mobility Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent Holdings, and one of the Joint Offerors
“Tonghai Capital”	China Tonghai Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Joint Offerors

DEFINITIONS

“Tonghai Securities”	China Tonghai Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a fellow subsidiary of Tonghai Capital
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“Unvested Committed Yixin Options”	the 16,425,548 Committed Yixin Options which are not vested and exercisable until on or after 31 May 2021
“Vested Committed Yixin Options”	the 217,688,141 Committed Yixin Options which were vested and exercisable as at the Latest Practicable Date
“Yixin Offer Period”	the meaning ascribed to it in the Takeovers Code which commenced on 13 September 2019, being the date of the Rule 3.7 Announcement, and which will end on the date on which the Offers close for acceptances
“Yixin Offer Share(s)”	all the Yixin Share(s) in issue and any Yixin Share(s) duly issued while the Offers remain open for acceptance, other than the Excluded Yixin Shares, which are subject to the Yixin Share Offer
“Yixin Offer Shareholder(s)”	the holder(s) of the Yixin Offer Shares
“Yixin Option(s)”	the outstanding share option(s) granted by the Company pursuant to the Pre-IPO Share Option Scheme
“Yixin Option Offer”	the offer made by Tonghai Capital on behalf of the Joint Offerors to the Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding Yixin Options
“Yixin Option Offer Letter”	the letter dated 11 November 2020 issued by Tonghai Capital on behalf of the Joint Offerors to the Optionholders in accordance with the Takeovers Code in relation to the Yixin Option Offer in the form set out in Appendix V to this Composite Document
“Yixin Option Offer Price”	HK\$1.8980 for cancellation of each Yixin Option

DEFINITIONS

“Yixin Share(s)”	ordinary share(s) in the share capital of the Yixin
“Yixin Share Award(s)”	outstanding share award(s) granted by the Company pursuant to the First Share Award Scheme or the Second Share Award Scheme
“Yixin Share Offer”	the unconditional mandatory cash offer by Tonghai Capital on behalf of the Joint Offerors for all the issued Yixin Shares (other than the Excluded Yixin Shares)
“Yixin Share Offer Price”	HK\$1.9088 per Yixin Offer Share
“%”	per cent.

1. Except as otherwise specified, all times and dates contained in this Composite Document and the accompanying Form(s) of Acceptance refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.
4. The singular includes the plural and vice versa, unless the context otherwise requires.
5. References to any appendix, section, paragraph and sub-paragraph are references to the appendices to, and sections and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
7. Reference to one gender is a reference to all or any genders.
8. The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

LETTER FROM TONGHAI CAPITAL



11 November 2020

To the Yixin Offer Shareholders and the Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS
BY CHINA TONGHAI CAPITAL LIMITED
ON BEHALF OF TENCENT MOBILITY LIMITED AND
HAMMER CAPITAL OFFERCO 1 LIMITED TO ACQUIRE ALL
THE ISSUED YIXIN SHARES
(OTHER THAN THE EXCLUDED YIXIN SHARES)
AND TO CANCEL ALL THE OUTSTANDING YIXIN OPTIONS**

Reference is made to (i) the Joint Announcement dated 15 June 2020 jointly made by the Joint Offerors and Yixin in respect of the possible unconditional mandatory cash offers by Tonghai Capital on behalf of the Joint Offerors to acquire all the issued Yixin Shares (other than the Excluded Yixin Shares) and to cancel all the outstanding Yixin Options and (ii) the joint announcement dated 5 November 2020 jointly made by the Joint Offerors and Yixin in respect of the occurrence of Merger Closing, the Merger becoming effective and the satisfaction of the pre-condition of the Offers.

This letter sets out, among other things, details of the terms of the Offers, the intentions of Joint Offerors with regard to the Group and information on the Joint Offerors. Further details of the terms of the Offers are set out in “Appendix I – Further Terms of the Offers” to this Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

The Yixin Offer Shareholders and the Optionholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, the Yixin Option Offer Letter, the form of which is set out in the “Form of Yixin Option Offer Letter”, the accompanying Form(s) of Acceptance and the appendices which form part of this Composite Document.

1. INTRODUCTION TO THE OFFERS

On 15 June 2020, the Joint Offerors and the Company jointly announced that the Parent, the Merger Sub and Bitauto entered into the Merger Agreement on 12 June 2020 (New York time), pursuant to which, amongst others, the Parent, the Merger Sub and Bitauto have

LETTER FROM TONGHAI CAPITAL

conditionally agreed to effect a business combination through the Merger, which was a statutory merger of the Merger Sub with and into Bitauto in accordance with Part XVI of the CICL, with Bitauto being the surviving company and becoming a wholly-owned subsidiary of the Parent.

On 5 November 2020, the Joint Offerors and the Company jointly announced that all the conditions to the Merger as described in the Joint Announcement have been satisfied (or waived, if applicable) and the Merger became effective on 4 November 2020 (New York time), as a result of which there has been a change in statutory control in Bitauto and the Consortium or their affiliates acquired control (as defined under the Takeovers Code) of the Company. As such, Tonghai Capital, on behalf of the Joint Offerors, hereby makes the Yixin Share Offer for all the issued Yixin Shares (other than the Excluded Yixin Shares) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and the Yixin Option Offer pursuant to Rule 13 of the Takeovers Code.

2. THE YIXIN SHARE OFFER

The Yixin Share Offer is made by Tonghai Capital on behalf of the Joint Offerors in compliance with the Takeovers Code on the basis set out below:

For each Yixin Offer ShareHK\$1.9088 in cash

The Yixin Share Offer Price was determined in accordance with the applicable requirements under the Takeovers Code by applying the Pacpo Formula in Practice Note 19 issued by the Executive, taking into consideration, among other things, (i) the Bitauto Merger Consideration (equivalent to approximately HK\$123.51 per Bitauto Share, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date); (ii) the unaudited consolidated total net asset value of Bitauto (after deducting non-controlling interests) as at 30 June 2019 (being the latest published financial information of Bitauto prior to the date of the Rule 3.7 Announcement); (iii) the unaudited consolidated total net asset value of the Company (with nil non-controlling interests) as at 30 June 2019 (being the latest published financial information of the Company prior to the date of the Rule 3.7 Announcement); (iv) the total number of issued and outstanding Bitauto Shares (excluding any treasury shares and ordinary shares issued to the depositary bank for issuance of ADSs as reserve for future issuance upon the exercise or vesting of awards granted under share incentive plans of Bitauto) as at the Announcement Date, being 71,046,075.5 Bitauto Shares; (v) the total number of issued Yixin Shares as at the Announcement Date, being 6,374,898,548 Yixin Shares; and (vi) Bitauto's holding of 2,786,836,570 Yixin Shares (representing approximately 43.72% of the total issued share capital of the Company) as at the Announcement Date.

LETTER FROM TONGHAI CAPITAL

3. THE YIXIN SHARE OFFER PRICE

The Yixin Share Offer Price of HK\$1.9088 per Yixin Offer Share under the Yixin Share Offer represents:

- (a) a discount of approximately 1.1% to the closing price of HK\$1.93 per Yixin Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 11.6% over the closing price of HK\$1.71 per Yixin Share as quoted on the Stock Exchange on the last trading date prior to the publication of the Rule 3.7 Announcement;
- (c) a premium of approximately 0.5% over the closing price of HK\$1.90 per Yixin Share as quoted on the Stock Exchange on the Last Trading Date;
- (d) a premium of approximately 4.9% over the average closing price of HK\$1.82 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 27.3% over the average closing price of HK\$1.50 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Date;
- (f) a discount of approximately 33.5% to the audited consolidated net asset value attributable to owners of the Company per Yixin Share of approximately RMB2.47 (equivalent to approximately HK\$2.87, using an exchange rate of RMB1 = HK\$1.1639 as at the Latest Practicable Date) as at 31 December 2019, based on the total number of issued Yixin Shares as at 31 December 2019; and
- (g) a discount of approximately 29.0% to the unaudited consolidated net asset value attributable to owners of the Company per Yixin Share of approximately RMB2.31 (equivalent to approximately HK\$2.69, using an exchange rate of RMB1 = HK\$1.1639 as at the Latest Practicable Date) as at 30 June 2020, based on the total number of issued Yixin Shares as at 30 June 2020.

4. HIGHEST AND LOWEST CLOSING PRICES OF YIXIN SHARES

During the Relevant Period, the highest closing price of Yixin Shares as quoted on the Stock Exchange was HK\$2.17 per Yixin Share on 23 June 2020, and the lowest closing price of Yixin Shares as quoted on the Stock Exchange was HK\$1.19 per Yixin Share on 3 April 2020.

LETTER FROM TONGHAI CAPITAL

5. THE YIXIN OPTION OFFER AND THE YIXIN OPTION OFFER PRICE

As at the Latest Practicable Date, there were an aggregate of 262,351,444 Yixin Options outstanding (which have an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option), each giving the Optionholder the right to subscribe for one new Yixin Share. The exercise of such Yixin Options in full would result in the issue of 262,351,444 new Yixin Shares, representing approximately 4.11% of the issued share capital of the Company as at the Latest Practicable Date and approximately 3.95% of the issued share capital of the Company as enlarged by the issue of such new Yixin Shares.

The outstanding Yixin Options were granted between 3 July 2017 and 1 October 2017 with an exercise period of ten (10) years from their respective date of grant. As at the Latest Practicable Date, of the 262,351,444 outstanding Yixin Options, 243,129,647 Yixin Options had been vested and the remaining 19,221,797 Yixin Options shall be vested on or after 31 May 2021.

In accordance with Rule 13 of the Takeovers Code, Tonghai Capital, on behalf of the Joint Offerors, makes an appropriate offer to all the Optionholders for the cancellation of every Yixin Option, whether vested or unvested, by way of the Yixin Option Offer. The Yixin Option Offer will be made on the following basis:

For cancellation of each Yixin OptionHK\$1.8980 in cash

In compliance with Rule 13 of the Takeovers Code, the Yixin Option Offer Price for cancellation of the Yixin Options with an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option represents the “see-through” price, which is the difference between the Yixin Share Offer Price and the exercise price for each Yixin Option.

If any Yixin Option is exercised in accordance with the terms of the Pre-IPO Share Option Scheme prior to the close of the Yixin Share Offer, any Yixin Shares issued as a result of such exercise will be subject to the Yixin Share Offer.

Pursuant to the rules of the Pre-IPO Share Option Scheme, all Yixin Options shall remain valid and exercisable during their respective exercise periods in accordance with the terms thereof notwithstanding the Offers.

Further information on the Yixin Option Offer has been set out in the Yixin Option Offer Letter to the Optionholders, which is despatched on the same date as the despatch of this Composite Document.

LETTER FROM TONGHAI CAPITAL

6. UNCONDITIONAL OFFERS

The pre-condition to the Offers, being Merger Closing and the Merger becoming effective, was fulfilled on 4 November 2020 (New York time). The Offers are unconditional in all respects and are not conditional upon any minimum level of acceptances being received.

7. VALUE OF THE OFFERS

As at the Latest Practicable Date, there were 6,376,382,863 Yixin Shares in issue and there were outstanding Yixin Options to subscribe for an aggregate of 262,351,444 Yixin Shares.

Assuming there is no change in the issued share capital of the Company and based on the Yixin Share Offer Price of HK\$1.9088 per Yixin Share, the total issued share capital of the Company is valued at HK\$12,171,239,608.89. Taking into account an aggregate of 4,193,241,710 Excluded Yixin Shares, there will be 2,183,141,153 Yixin Offer Shares. On the basis of the Yixin Share Offer Price of HK\$1.9088 per Yixin Offer Share and assuming that no Yixin Option is exercised, cancelled or lapsed before the close of the Offers, the Yixin Share Offer (excluding the JD Excluded Yixin Shares and the Committed Yixin Shares) is valued at approximately HK\$2,787,512,079.16 and the total amount required to satisfy the cancellation of all the outstanding Yixin Options (excluding the Committed Yixin Options) is HK\$53,595,258.99. Based on the aforesaid and assuming that no Yixin Option is exercised, cancelled or lapsed before the close of the Offers, the Offers are valued at approximately HK\$2,841,107,338.15 in aggregate.

As at the Latest Practicable Date, there were 262,351,444 Yixin Options outstanding, of which (i) 243,129,647 Yixin Options were exercisable as at the Latest Practicable Date and (ii) 19,221,797 Yixin Options are not exercisable until on or after 31 May 2021.

Assuming all of the exercisable Yixin Options (excluding 217,688,141 Vested Committed Yixin Options) are exercised before the close of the Offers, the Company will have to issue 25,441,506 new Yixin Shares. Assuming the Yixin Share Offer, including in respect of such new Yixin Shares issued upon exercise of such exercisable Yixin Options, is accepted in full (but excluding the JD Excluded Yixin Shares and the Committed Yixin Shares) and that the Yixin Option Offer is also accepted in full in respect of the Yixin Options that are not exercisable before the close of the Offers (but excluding the 16,425,548 Unvested Committed Yixin Options), the maximum cash consideration for the Offers is approximately HK\$2,841,382,106.41.

LETTER FROM TONGHAI CAPITAL

8. CONSORTIUM AGREEMENT

On 15 June 2020, Tencent and Hammer Capital entered into the Consortium Agreement for the purposes of regulating (i) their relationship in respect of the Offers; (ii) the conduct and implementation of the Offers; and (iii) the arrangement between them concerning their respective shareholding in the Company upon completion of the Offers.

Pursuant to the Consortium Agreement, Tencent and Hammer Capital have agreed that, among other things:

- (i) unless otherwise explicitly agreed in the Consortium Agreement and other than as required under applicable laws, all decisions relating to the Offers shall be made jointly by Tencent and Hammer Capital;
- (ii) each of Tencent and Hammer Capital will advance to its respective Joint Offeror sufficient cash in immediately available funds in time for it to pay for its share of the aggregate consideration for the Yixin Shares and the Yixin Options tendered for acceptance or cancellation under the Offers and any fees, expenses and costs that may be incurred in connection with the Offers, in each case according to the Ownership Percentage of each of Tencent and Hammer Capital in accordance with the Consortium Agreement, the terms of the Offers and the requirements of the Takeovers Code;
- (iii) in the event that as a result of the Offers, the Company no longer complies with the minimum public float requirement under Rule 8.08 of the Listing Rules as imposed or modified by the Stock Exchange from time to time, each of Tencent and Hammer Capital undertakes to, and shall procure its respective Joint Offeror to undertake to, restore the minimum public float as soon as practicable, by any or a combination of the following:
 - (a) selling, or procuring its respective Joint Offeror to sell, to members of the public a sufficient number of the Yixin Shares to restore the minimum public float on terms mutually agreed between Tencent and Hammer Capital and in the proportion equal to their respective Ownership Percentage, provided that if the Yixin Shares held by any of them or its affiliates form part of the public float of the Company at the relevant time, such party and its Joint Offeror shall not be required to comply with this paragraph (a); and/or
 - (b) Tencent and/or Bitauto selling to Hammer Capital or its affiliates such number of Yixin Shares at the Yixin Share Offer Price, to the extent any Yixin Shares held by Hammer Capital or its affiliates form part of the public float of the Company at the relevant time; and/or
 - (c) Bitauto making a distribution in specie of some or all of the Yixin Shares held directly or indirectly by it to its shareholders; and/or

LETTER FROM TONGHAI CAPITAL

- (d) procuring the Company to issue such number of new Yixin Shares to members of the public to ensure that it will comply with the minimum public float;
- (iv) upon completion of the Offers, the Board shall comprise at least five (5) Directors (including the Chairman) including (a) at least two (2) persons nominated by Tencent and (b) one (1) person nominated by Hammer Capital; and
- (v) save as otherwise expressly provided in the Consortium Agreement, the fees, costs and expenses in relation to the negotiation, preparation, execution and performance of the Consortium Agreement, the Offers and the transactions contemplated by the Consortium Agreement (including fees and costs of the joint financial advisers and other professional advisers to the Joint Offerors, other than fees and costs of any adviser with respect to services provided solely to any one Joint Offeror, which shall be borne by the party of which such Joint Offeror is an affiliate) and the stamp duty payable by the Joint Offerors in connection with the Offers will be shared between Tencent and Hammer Capital according to the Ownership Percentage of each of Tencent and Hammer Capital.

9. IRREVOCABLE UNDERTAKINGS

On 12 September 2019, the Consortium entered into the JD Irrevocable Undertaking with JD Financial in connection with the Offers. As at the Latest Practicable Date, JD Financial beneficially owned 684,283,320 Yixin Shares, representing approximately 10.73% of the total issued Yixin Shares.

Pursuant to the terms of the JD Irrevocable Undertaking:

- (i) JD Financial has undertaken that, among other things:
 - a. it will not accept the Yixin Share Offer in respect of any of the Yixin Shares owned by it or make any of the Yixin Shares owned by it available for acceptance under the Yixin Share Offer, provided that the Yixin Share Offer Price does not exceed HK\$2.00 in which case such undertaking shall immediately cease;
 - b. it will not, during the period between the date of the JD Irrevocable Undertaking and the earlier of (i) the end of the Yixin Offer Period and (ii) the termination of the JD Irrevocable Undertaking in accordance with its terms (or any other date as may be agreed by JD Financial and the Consortium in writing), sell, transfer, charge, create or permit to subsist any encumbrances over or otherwise dispose of, directly or indirectly, all or any of the Yixin Shares owned by it or any interest therein, or, except with the prior written consent of the Consortium or each of the Joint Offerors, purchase, acquire or otherwise deal or undertake any dealing or make an offer to acquire or deal in

LETTER FROM TONGHAI CAPITAL

any Yixin Shares or other securities of the Company (or any interest therein), provided that if the Yixin Share Offer Price exceeds HK\$2.00, the undertaking under this paragraph b shall immediately cease; and

- c. subject to (i) the Consortium or parties acting in concert with it becoming and remaining as the controlling shareholder(s) of the Company; (ii) it and/or its close associates remaining as a substantial shareholder of the Company; and (iii) completion of the Offers, it and its close associates (except for those close associates not controlled by JD Financial, in which case JD Financial has undertaken to use all reasonable endeavours to procure that such close associates) will not acquire any Yixin Shares or voting rights in the Company without the prior written consent of the Consortium or each of the Joint Offerors, if:
 - i. the Company is already in breach of the minimum public float requirement under the Listing Rules as imposed by the Stock Exchange from time to time; or
 - ii. such acquisition will result in a breach by the Company of the minimum public float requirement under the Listing Rules as imposed by the Stock Exchange from time to time.
- (ii) JD Financial's undertakings will terminate immediately upon the parties to the JD Irrevocable Undertaking having agreed in writing to terminate the JD Irrevocable Undertaking.

On 15 June 2020, the Joint Offerors entered into the Management Irrevocable Undertaking with each of the Committed Management Shareholders in connection with the Offers. As at the Latest Practicable Date, the total number of Committed Yixin Shares and Committed Yixin Options held by the Committed Management Shareholders were 38,509,929 Yixin Shares (which represented approximately 0.60% of the total issued Yixin Shares as at the Latest Practicable Date) and 234,113,689 Yixin Options (comprising 217,688,141 Vested Committed Yixin Options and 16,425,548 Unvested Committed Yixin Options), respectively.

Pursuant to the terms of the Management Irrevocable Undertaking:

- (i) each of the Committed Management Shareholders has undertaken that, among other things:
 - a. he will not accept the Yixin Share Offer in respect of any of the Committed Yixin Shares owned by him or make any of the Committed Yixin Shares owned by him available for acceptance under the Yixin Share Offer;

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- b. he will not exercise any of the Committed Yixin Options owned by him to subscribe for any Yixin Shares before the end of the Yixin Offer Period, or accept the Yixin Option Offer in respect of any of the Committed Yixin Options owned by him or make any of the Committed Yixin Options owned by him available for acceptance under the Yixin Option Offer;
 - c. he will not, during the period between the date of the Management Irrevocable Undertaking and the earlier of (i) the end of the Yixin Offer Period and (ii) the termination of the Management Irrevocable Undertaking in accordance with its terms, sell, transfer, charge, create or permit to subsist any encumbrances over or otherwise dispose of, directly or indirectly, all or any of the Committed Yixin Shares or Committed Yixin Options owned by him or any interest therein, or, except with the prior written consent of each of the Joint Offerors, purchase, acquire or otherwise deal or undertake any dealing or make an offer to acquire or deal in any Yixin Shares or other securities of the Company (or any interest therein); and
 - d. subject to (i) the Joint Offerors or parties acting in concert with any of them becoming and remaining as the controlling shareholder(s) of the Company; and (ii) completion of the Offers, he and his close associates will not acquire any Yixin Shares or voting rights in the Company without the prior written consent of each of the Joint Offerors, if:
 - i. the Company is already in breach of the minimum public float requirement under the Listing Rules as imposed by the Stock Exchange from time to time; or
 - ii. such acquisition will result in a breach by the Company of the minimum public float requirement under the Listing Rules as imposed by the Stock Exchange from time to time.
- (ii) the Committed Management Shareholders' undertakings will terminate immediately upon the parties to the Management Irrevocable Undertaking having agreed in writing to terminate the Management Irrevocable Undertaking.

LETTER FROM TONGHAI CAPITAL

10. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there were 6,376,382,863 Yixin Shares in issue. The following table sets out the number of issued Yixin Shares and the shareholding in the Company of the Joint Offerors and parties acting in concert with any of them and the Committed Management Shareholders as at the date of the Latest Practicable Date:

	<i>Number of Yixin Shares</i>	<i>Approximate%</i>
Joint Offerors and parties acting in concert with any of them		
Bitauto and Bitauto HK ¹	2,786,836,570	43.71%
Tencent Group ²	1,312,059,280	20.58%
Hammer Capital Group ³	94,345,860	1.48%
Tonghai Securities ⁴	500	0.00%
JD Financial ⁵	684,283,320	10.73%
Sub-total	4,877,525,530	76.49%
Mr. Jiang Dong ⁶	34,743,310	0.54%
Committed Management Shareholders (excluding Mr. Jiang Dong) ⁷	4,269,000	0.07%
Other Shareholders	1,459,845,023	22.89%
Total	6,376,382,863	100.00%

Notes:

1. Bitauto directly owns 496,544,440 Yixin Shares and indirectly owns 2,290,292,130 Yixin Shares through Bitauto HK.
2. Tencent Group owns 1,312,059,280 Yixin Shares through THL H Limited (which directly holds 931,604,940 Yixin Shares), Tencent (which directly holds 267,603,350 Yixin Shares) and Tencent Mobility (which directly holds 112,850,990 Yixin Shares).
3. The Hammer Capital Group owns an aggregate of 94,345,860 Yixin Shares, comprising 32,238,850 Yixin Shares directly held by HCM IV Limited and 62,107,010 Yixin Shares directly held by Hammer Capital Management Limited. HCM IV Limited is directly wholly-owned by Hammer Capital Management Limited, which in turn is directly wholly-owned by Mr. Rodney Ling Kay Tsang.
4. Tonghai Capital is the financial adviser to the Joint Offerors in respect of the Offers. Tonghai Securities is a fellow subsidiary of Tonghai Capital and, thus, is regarded as a party acting in concert with the Joint Offerors pursuant to the Takeovers Code. As at the Latest Practicable Date, a discretionary account managed by Tonghai Securities held 500 Yixin Shares in aggregate.
5. JD Financial is wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is controlled in terms of voting power as to 73.3% by Max Smart Ltd., which in turn is wholly-owned by UBS Nominees Limited, and UBS Nominees Limited is wholly-owned by UBS Trustees (B.V.I.) Limited, which is the trustee of a trust the beneficiary of which is 劉強東.
6. Mr. Jiang Dong is an executive Director and one of the Committed Management Shareholders. Out of such 34,743,310 Yixin Shares legally and beneficially owned by Mr. Jiang Dong, 34,667,829 Yixin Shares are Committed Yixin Shares subject to the Management Irrevocable Undertaking. The Joint Offerors wish to further clarify that Mr. Jiang Dong is not a party acting in concert with the Joint Offerors, which was not reflected in the Joint Announcement inadvertently.

LETTER FROM TONGHAI CAPITAL

7. Out of 4,269,000 Yixin Shares legally and beneficially owned by the Committed Management Shareholders (excluding Mr. Jiang Dong), 3,842,100 Yixin Shares are Committed Yixin Shares subject to the Management Irrevocable Undertaking. The Committed Management Shareholders also hold Yixin Options to subscribe for an aggregate of 258,301,260 Yixin Shares, of which 234,113,689 are Committed Yixin Options subject to the Management Irrevocable Undertaking.

11. PUBLIC FLOAT OF YIXIN

The Joint Offerors intend to maintain the listing of the Yixin Shares on the Stock Exchange following closing of the Offers.

According to the Listing Rules, the Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage of the issued Yixin Shares applicable to the Company, being 22.99% of the issued Yixin Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Yixin Shares; or
- (ii) there are insufficient Yixin Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Yixin Shares.

Pursuant to a waiver granted by the Stock Exchange in connection with the listing of the Yixin Shares on the Stock Exchange, the minimum public float applicable to the Company is 22.99% of the issued Yixin Shares. In connection with the foregoing, it should be noted that upon the close of the Offers, there will be an insufficient public float for the Yixin Shares if the public float falls below 22.99% of the issued Yixin Shares upon closing of the Offers and therefore trading in the Yixin Shares may be suspended until a sufficient level of public float is attained. The Joint Offerors intend to maintain the listing of the Yixin Shares on the Stock Exchange following closing of the Offers. The directors of the Joint Offerors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Yixin Shares. The new Director(s) (if any) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Yixin Shares.

12. EFFECT OF ACCEPTING THE OFFERS

By validly accepting the Yixin Share Offer, the Shareholders will be deemed to have given a warranty to the Joint Offerors that the Yixin Shares sold by such person under the Yixin Share Offer are sold free from all Encumbrances and together with all rights attaching or accruing to the Yixin Shares as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of this Composite Document. The Company does not intend to declare or pay any dividend or other distribution on the Yixin Shares during the Yixin Offer Period.

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By validly accepting the Yixin Option Offer, the outstanding Yixin Options tendered by the Optionholders, together with all rights attaching thereto with effect from the date on which the Yixin Option Offer is made, being the date of this Composite Document, will be cancelled. Optionholders should note that the Board has confirmed that it will not exercise its discretion as provided under the rules of the Pre-IPO Share Option Scheme to accelerate the vesting of any outstanding unvested Yixin Options (so that they will become fully vested and exercisable) before the close of the Offers, and that no Yixin Option will be cancelled or lapsed solely as a result of the making of the Offers.

The Offers are unconditional in all aspects. Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances as set out in paragraph headed “Right of Withdrawal” in Appendix I to this Composite Document.

13. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Yixin Share Offer or (ii) if higher, the market value of the Yixin Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the Yixin Offer Shareholders who accept the Yixin Share Offer insofar as their Yixin Offer Shares are registered on the Hong Kong branch share register of the Company. The relevant amount of stamp duty payable by the relevant Shareholders will be deducted from the consideration payable to such Shareholders under the Yixin Share Offer. The Joint Offerors will bear their own portion of buyer’s ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Yixin Share Offer or (ii) if higher, the market value of the Yixin Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Yixin Shares which are validly tendered for acceptance under the Yixin Share Offer.

No stamp duty is payable in connection with the acceptances of the Yixin Option Offer and on the cancellation of any Yixin Option.

14. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Offers to the Shareholders or, as the case may be, the Optionholders who, in either case, are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the Offers to such Shareholders and Optionholders and their acceptances of the Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such Shareholders and Optionholders who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including any requirement for any governmental,

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exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting Shareholders or, as the case may be, Optionholders of any transfer or other taxes in respect of their acceptances.

Any acceptance of the Offers by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or, as the case may be, Optionholder to the Joint Offerors and the Company that all the laws and regulations of the relevant jurisdictions have been complied with and that the Yixin Share Offer can be accepted by such Shareholder, or, as the case may be, the Yixin Option Offer can be accepted by such Optionholder, lawfully under the laws and regulations of the relevant jurisdictions. Shareholders and Optionholders should consult their professional advisers if in doubt.

15. SETTLEMENT OF CONSIDERATION

Payment of the consideration (after deducting the seller's ad valorem stamp duty) for the Yixin Offer Shares tendered for acceptance under the Yixin Share Offer will be posted by ordinary post to the Yixin Offer Shareholders who accept the Yixin Share Offer, and payment of the consideration for the Yixin Options surrendered for cancellation under the Yixin Option Offer will be made to Yixin as the agent of the Optionholders, by cheque(s) drawn in the name of Yixin or, at the election of the Joint Offerors, by wire transfer to the bank account of Yixin. Yixin will transfer any payment received to the respective Optionholders, after deducting relevant transaction costs (including bank transfer fees and costs arising from currency conversion) and applicable PRC taxes, by wire transfer. Payment will be made as soon as possible, but in any event within seven (7) Business Days of the date of receipt of complete and valid acceptance.

16. INFORMATION ON THE JOINT OFFERORS

Tencent Mobility is a company incorporated in Hong Kong with limited liability. Its primary businesses are development and operation of online entertainment services, provision of advertising services and investment holding. It is a wholly-owned subsidiary of Tencent Holdings, which is a leading provider of Internet services in China.

Hammer Capital Offerco is a company incorporated in the British Virgin Islands with limited liability. It is incorporated for the purpose of implementing the Offers. It is wholly-owned by Hammer Capital, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang.

LETTER FROM TONGHAI CAPITAL

17. INTENTIONS OF THE JOINT OFFERORS WITH REGARD TO THE GROUP

The Joint Offerors intend to continue the existing principal businesses of the Group following the close of the Offers and do not intend to discontinue the employment of any employees of the Group (save for the proposed changes to the composition of the Board to be determined) or dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Immediately after the close of the Offers, however, the Joint Offerors will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. The Joint Offerors may explore business/investment opportunities and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate for enhancing its future development and strengthening its revenue bases. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate.

The Company will become an indirect subsidiary of Tencent Holdings upon the Merger Closing. The Tencent Group is considering various potential options in respect of the holding structure of the Yixin Shares, including a potential distribution in specie of some or all of the Yixin Shares to the shareholders of the Parent or other actions, following which the Company may not be consolidated into the financial statements of the Tencent Group.

18. INTENTIONS OF THE JOINT OFFERORS WITH RESPECT TO THE BOARD COMPOSITION OF THE COMPANY

The Joint Offerors intend to nominate new Director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Joint Offerors consider to be appropriate. As at the Latest Practicable Date, the Joint Offerors had not identified any candidate(s) for the new Director(s) to be appointed to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

19. CONFIRMATION OF FINANCIAL RESOURCES

The total cash consideration payable by the Joint Offerors under the Offers will be financed as to (i) 80% by Tencent Mobility by internal cash resources, and (ii) 20% by Hammer Capital Offerco by a credit facility from Tonghai Securities, subject to any change of the Ownership Percentages to be agreed by Tencent and Hammer Capital. If the facility provided by Tonghai Securities is utilised, the Yixin Shares acquired by Hammer Capital Offerco under the Yixin Share Offer shall be pledged to Tonghai Securities as security.

LETTER FROM TONGHAI CAPITAL

Tonghai Capital, the financial adviser to the Joint Offerors in respect of the Offers, is satisfied that sufficient financial resources are available to the Joint Offerors to satisfy the maximum cash consideration payable by the Joint Offerors upon full acceptance of the Offers (excluding the JD Excluded Yixin Shares, the Committed Yixin Shares and the Committed Yixin Options).

20. TAXATION AND INDEPENDENT ADVICE

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Offers. It is emphasised that none of the Joint Offerors, Yixin, Tonghai Capital, Optima Capital or the Registrar, nor any of their respective directors, officers or associates or any other person involved in the Offers, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their accepting or not accepting the Offers.

21. COMPULSORY ACQUISITION

The Joint Offerors do not intend to avail themselves of any powers of compulsory acquisition of any Yixin Shares and Yixin Options outstanding after the close of the Offers.

22. FURTHER TERMS OF THE OFFERS

Please see “Appendix I – Further Terms of the Offers” to this Composite Document for further terms of the Offers.

23. GENERAL

To ensure equality of treatment of all Yixin Offer Shareholders, those Yixin Offer Shareholders who hold the Yixin Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Yixin Offer Shares whose investments are registered in nominee names to accept the Yixin Share Offer, it is essential that they provide instructions of their intentions with regard to the Yixin Share Offer to their nominees.

All documents and cheques for payment to the Yixin Offer Shareholders who accept the Yixin Share Offer will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of Yixin or, in the case of joint Yixin Offer Shareholders, to the Yixin Offer Shareholder whose name appears first in the register of members of Yixin, as applicable.

All documents to the Optionholders will be delivered to the office of Yixin in Hong Kong at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong for collection by the Optionholders, and payment of the consideration for the Yixin Options surrendered for cancellation under the Yixin Option Offer will be made to Yixin as the agent of the Optionholders, by cheque(s) drawn in the name of Yixin or, at the election of the Joint Offerors,

LETTER FROM TONGHAI CAPITAL

by wire transfer to the bank account of Yixin. Yixin will transfer any payment received to the respective Optionholders, after deducting relevant transaction costs (including bank transfer fees and costs arising from currency conversion) and applicable PRC taxes, by wire transfer. Payments will be made in Hong Kong dollars. None of the Joint Offerors, Yixin, Tonghai Capital or any of their respective directors, the Registrar or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

24. ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser”, the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,
For and on behalf of
China Tonghai Capital Limited
Noelle Hung
Managing Director

LETTER FROM THE BOARD

易鑫集团
YIXIN GROUP
YIXIN GROUP LIMITED
易鑫集团有限公司

*(incorporated in the Cayman Islands with limited liability and
carrying on business in Hong Kong as “Yixin Automotive Technology Group Limited”)*
(Stock Code: 2858)

Executive Directors:

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

Non-executive Directors:

Mr. Jimmy Chi Ming Lai
Mr. Chenkai Ling
Mr. Huan Zhou

Independent Non-executive Directors:

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

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal

Place of Business:
Suite 709, Champion Tower
Three Garden Road
Central, Hong Kong

11 November 2020

To the Shareholders and the Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS
BY CHINA TONGHAI CAPITAL LIMITED
ON BEHALF OF TENCENT MOBILITY LIMITED
AND HAMMER CAPITAL OFFERCO 1 LIMITED TO ACQUIRE ALL
THE ISSUED YIXIN SHARES
(OTHER THAN THE EXCLUDED YIXIN SHARES)
AND TO CANCEL ALL THE OUTSTANDING YIXIN OPTIONS**

1. INTRODUCTION

Reference is made to (i) the Joint Announcement dated 15 June 2020 jointly made by the Joint Offerors and Yixin in respect of the possible unconditional mandatory cash offers by Tonghai Capital on behalf of the Joint Offerors to acquire all the issued Yixin Shares (other than the Excluded Yixin Shares) and to cancel all the outstanding Yixin Options and (ii) the

LETTER FROM THE BOARD

joint announcement dated 5 November 2020 jointly made by the Joint Offerors and Yixin in respect of the occurrence of Merger Closing, the Merger becoming effective and the satisfaction of the pre-condition of the Offers.

As disclosed in the Joint Announcement, the Parent, the Merger Sub and Bitauto entered into the Merger Agreement on 12 June 2020 (New York time), pursuant to which, amongst others, the Parent, the Merger Sub and Bitauto had conditionally agreed to effect a business combination through the Merger, which was a statutory merger of the Merger Sub with and into Bitauto in accordance with Part XVI of the CICA, with Bitauto being the surviving company and becoming a wholly-owned subsidiary of the Parent.

As disclosed in the joint announcement dated 5 November 2020, all of the conditions to the Merger as described in the Joint Announcement have been satisfied (or waived, if applicable) and the Merger became effective on 4 November 2020 (New York time). As a result of the Merger taking effect, there has been a change in statutory control in Bitauto and the Consortium or their affiliates have acquired control (as defined under the Takeovers Code) of the Company. Tonghai Capital, on behalf of the Joint Offerors, therefore makes the Yixin Share Offer for all of the issued Yixin Shares (other than the Excluded Yixin Shares) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and the Yixin Option Offer pursuant to Rule 13 of the Takeovers Code.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the Group, the Joint Offerors and the Offers; (ii) a letter from Tonghai Capital containing, among other things, details of the Offers; (iii) a letter from the Independent Board Committee containing its recommendations to the Disinterested Shareholders and the Optionholders in relation to the Offers; and (iv) a letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Board Committee in relation to the Offers.

2. THE OFFERS

As set out in the “Letter from Tonghai Capital” in this Composite Document:

The Yixin Share Offer

The Yixin Share Offer is made by Tonghai Capital on behalf of the Joint Offerors in compliance with the Takeovers Code on the basis set out below:

For each Yixin Offer ShareHK\$1.9088 in cash

The Yixin Share Offer Price was determined in accordance with the applicable requirements under the Takeovers Code by applying the Pacpo Formula in Practice Note 19 issued by the Executive, taking into consideration, among other things, (i) the Bitauto Merger Consideration (equivalent to approximately HK\$123.51 per Bitauto Share, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date); (ii) the unaudited

LETTER FROM THE BOARD

consolidated total net asset value of Bitauto (after deducting non-controlling interests) as at 30 June 2019 (being the latest published financial information of Bitauto prior to the date of the Rule 3.7 Announcement); (iii) the unaudited consolidated total net asset value of the Company (with nil non-controlling interests) as at 30 June 2019 (being the latest published financial information of the Company prior to the date of the Rule 3.7 Announcement); (iv) the total number of issued and outstanding Bitauto Shares (excluding any treasury shares and ordinary shares issued to the depositary bank for issuance of ADSs as reserve for future issuance upon the exercise or vesting of awards granted under share incentive plans of Bitauto) as at the Announcement Date, being 71,046,075.5 Bitauto Shares; (v) the total number of issued Yixin Shares as at the Announcement Date, being 6,374,898,548 Yixin Shares; and (vi) Bitauto's holding of 2,786,836,570 Yixin Shares (representing approximately 43.72% of the total issued share capital of the Company) as at the Announcement Date.

Comparison of value

The Yixin Share Offer Price of HK\$1.9088 per Yixin Offer Share under the Yixin Share Offer represents:

- (a) a discount of approximately 1.1% to the closing price of HK\$1.93 per Yixin Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 11.6% over the closing price of HK\$1.71 per Yixin Share as quoted on the Stock Exchange on the last trading date prior to the publication of the Rule 3.7 Announcement;
- (c) a premium of approximately 0.5% over the closing price of HK\$1.90 per Yixin Share as quoted on the Stock Exchange on the Last Trading Date;
- (d) a premium of approximately 4.9% over the average closing price of HK\$1.82 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 27.3% over the average closing price of HK\$1.50 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Date;
- (f) a discount of approximately 33.5% to the audited consolidated net asset value attributable to owners of the Company per Yixin Share of approximately RMB2.47 (equivalent to approximately HK\$2.87, using an exchange rate of RMB1 = HK\$1.1639 as at the Latest Practicable Date) as at 31 December 2019, based on the total number of issued Yixin Shares as at 31 December 2019; and

LETTER FROM THE BOARD

- (g) a discount of approximately 29.0% to the unaudited consolidated net asset value attributable to owners of the Company per Yixin Share of approximately RMB2.31 (equivalent to approximately HK\$2.69, using an exchange rate of RMB1 = HK\$1.1639 as at the Latest Practicable Date) as at 30 June 2020, based on the total number of issued Yixin Shares as at 30 June 2020.

Highest and lowest closing prices of Yixin Shares

During the Relevant Period, the highest closing price of Yixin Shares as quoted on the Stock Exchange was HK\$2.17 per Yixin Share on 23 June 2020, and the lowest closing price of Yixin Shares as quoted on the Stock Exchange was HK\$1.19 per Yixin Share on 3 April 2020.

The Yixin Option Offer

As at the Latest Practicable Date, there were an aggregate of 262,351,444 Yixin Options outstanding (which have an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option), each giving the Optionholder the right to subscribe for one new Yixin Share. The exercise of such Yixin Options in full would result in the issue of 262,351,444 new Yixin Shares, representing approximately 4.11% of the issued share capital of the Company as at the Latest Practicable Date and approximately 3.95% of the issued share capital of the Company as enlarged by the issue of such new Yixin Shares.

The outstanding Yixin Options were granted between 3 July 2017 and 1 October 2017 with an exercise period of ten (10) years from their respective date of grant. As at the Latest Practicable Date, of the 262,351,444 outstanding Yixin Options, 243,129,647 Yixin Options had been vested and the remaining 19,221,797 Yixin Options shall be vested on or after 31 May 2021.

In accordance with Rule 13 of the Takeovers Code, Tonghai Capital, on behalf of the Joint Offerors, makes an appropriate offer to all the Optionholders for the cancellation of every Yixin Option, whether vested or unvested, by way of the Yixin Option Offer. The Yixin Option Offer will be made on the following basis:

For cancellation of each Yixin OptionHK\$1.8980 in cash

In compliance with Rule 13 of the Takeovers Code, the Yixin Option Offer Price for cancellation of the Yixin Options with an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option represents the “see-through” price, which is the difference between the Yixin Share Offer Price and the exercise price for each Yixin Option.

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If any Yixin Option is exercised in accordance with the terms of the Pre-IPO Share Option Scheme prior to the close of the Yixin Share Offer, any Yixin Shares issued as a result of such exercise will be subject to the Yixin Share Offer.

Pursuant to the rules of the Pre-IPO Share Option Scheme, all Yixin Options shall remain valid and exercisable during their respective exercise periods in accordance with the terms thereof notwithstanding the Offers.

Further information on the Yixin Option Offer has been set out in the Yixin Option Offer Letter to the Optionholders, which is despatched on the same date as the despatch of the Composite Document.

Further details of the Offers can be found in the “Letter from Tonghai Capital” and “Appendix I – Further Terms of the Offers” to this Composite Document and the accompanying Form(s) of Acceptance, which together set out the terms and conditions of the Offers and certain related information.

Unconditional offers

The pre-condition to the Offers, being Merger Closing and the Merger becoming effective, was fulfilled on 4 November 2020 (New York time). The Offers are unconditional in all respects and are not conditional upon any minimum level of acceptances being received.

3. VALUE OF THE OFFERS

As at the Latest Practicable Date, there were 6,376,382,863 Yixin Shares in issue and there were outstanding Yixin Options to subscribe for an aggregate of 262,351,444 Yixin Shares. As set out in the “Letter from Tonghai Capital” in this Composite Document: assuming there is no change in the issued share capital of the Company and based on the Yixin Share Offer Price of HK\$1.9088 per Yixin Share, the total issued share capital of the Company is valued at HK\$12,171,239,608.89. Taking into account an aggregate of 4,193,241,710 Excluded Yixin Shares, there will be 2,183,141,153 Yixin Offer Shares. On the basis of the Yixin Share Offer Price of HK\$1.9088 per Yixin Offer Share and assuming that no Yixin Option is exercised, cancelled or lapsed before the close of the Offers, the Yixin Share Offer (excluding the JD Excluded Yixin Shares and the Committed Yixin Shares) is valued at approximately HK\$2,787,512,079.16 and the total amount required to satisfy the cancellation of all the outstanding Yixin Options (excluding the Committed Yixin Options) is HK\$53,595,258.99. Based on the aforesaid and assuming that no Yixin Option is exercised, cancelled or lapsed before the close of the Offers, the Offers are valued at approximately HK\$2,841,107,338.15 in aggregate.

As at the Latest Practicable Date, there were 262,351,444 Yixin Options outstanding, of which (i) 243,129,647 Yixin Options were exercisable as at the Latest Practicable Date and (ii) 19,221,797 Yixin Options are not exercisable until on or after 31 May 2021.

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As set out in the “Letter from Tonghai Capital” in this Composite Document: assuming all of the exercisable Yixin Options (excluding 217,688,141 Vested Committed Yixin Options) are exercised before the close of the Offers, the Company will have to issue 25,441,506 new Yixin Shares. Assuming the Yixin Share Offer, including in respect of such new Yixin Shares issued upon exercise of such exercisable Yixin Options, is accepted in full (but excluding the JD Excluded Yixin Shares and the Committed Yixin Shares) and that the Yixin Option Offer is also accepted in full in respect of the Yixin Options that are not exercisable before the close of the Offers (but excluding the 16,425,548 Unvested Committed Yixin Options), the maximum cash consideration for the Offers is approximately HK\$2,841,382,106.41.

4. IRREVOCABLE UNDERTAKINGS

Your attention is drawn to the section headed “Irrevocable Undertakings” in the “Letter from Tonghai Capital” in this Composite Document which sets out the irrevocable undertakings in connection with the Offers.

5. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has established the Independent Board Committee, comprising Mr. Huan Zhou, being a non-executive Director, and Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong, being independent non-executive Directors, to advise and give recommendation to the Disinterested Shareholders and Optionholders in respect of the Offers and as to acceptance of the Offers.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Offers other than as holders of the Yixin Shares and/or the Yixin Options. Mr. Jimmy Chi Ming Lai, being a non-executive Director, is not considered to be independent for the purpose of making a recommendation to the Disinterested Shareholders and Optionholders in respect of the Offers as he has been nominated to the Board by Tencent Holdings and is therefore precluded from joining the Independent Board Committee. Mr. Chenkai Ling, being a non-executive Director, is not considered to be independent for the purpose of making a recommendation to the Disinterested Shareholders and Optionholders in respect of the Offers as he holds senior management positions with JD.com and has been nominated to the Board by JD.com, which has (through JD Financial) entered into the JD Irrevocable Undertaking with the Consortium, and is therefore precluded from joining the Independent Board Committee. All of the other non-executive Directors are members of the Independent Board Committee.

Optima Capital, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offers.

LETTER FROM THE BOARD

6. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there were 6,376,382,863 Yixin Shares in issue. The following table sets out the number of issued Yixin Shares and the shareholding in the Company of the Joint Offerors and parties acting in concert with any of them and the Committed Management Shareholders as at the date of the Latest Practicable Date:

	<i>Number of Yixin Shares</i>	<i>Approximate %</i>
Joint Offerors and parties acting in concert with any of them		
Bitauto and Bitauto HK ¹	2,786,836,570	43.71%
Tencent Group ²	1,312,059,280	20.58%
Hammer Capital Group ³	94,345,860	1.48%
Tonghai Securities ⁴	500	0.00%
JD Financial ⁵	684,283,320	10.73%
Sub-total	4,877,525,530	76.49%
Mr. Jiang Dong ⁶	34,743,310	0.54%
Committed Management Shareholders (excluding Mr. Jiang Dong) ⁷	4,269,000	0.07%
Other Shareholders	1,459,845,023	22.89%
Total	6,376,382,863	100.00%

Notes:

1. Bitauto directly owns 496,544,440 Yixin Shares and indirectly owns 2,290,292,130 Yixin Shares through Bitauto HK.
2. Tencent Group owns 1,312,059,280 Yixin Shares through THL H Limited (which directly holds 931,604,940 Yixin Shares), Tencent (which directly holds 267,603,350 Yixin Shares) and Tencent Mobility (which directly holds 112,850,990 Yixin Shares).
3. The Hammer Capital Group owns an aggregate of 94,345,860 Yixin Shares, comprising 32,238,850 Yixin Shares directly held by HCM IV Limited and 62,107,010 Yixin Shares directly held by Hammer Capital Management Limited. HCM IV Limited is directly wholly-owned by Hammer Capital Management Limited, which in turn is directly wholly-owned by Mr. Rodney Ling Kay Tsang.
4. Tonghai Capital is the financial adviser to the Joint Offerors in respect of the Offers. Tonghai Securities is a fellow subsidiary of Tonghai Capital and, thus, is regarded as a party acting in concert with the Joint Offerors pursuant to the Takeovers Code. As at the Latest Practicable Date, a discretionary account managed by Tonghai Securities held 500 Yixin Shares in aggregate.
5. JD Financial is wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is controlled in terms of voting power as to 73.3% by Max Smart Ltd., which in turn is wholly-owned by UBS Nominees Limited, and UBS Nominees Limited is wholly-owned by UBS Trustees (B.V.I.) Limited, which is the trustee of a trust the beneficiary of which is 劉強東.

LETTER FROM THE BOARD

6. Mr. Jiang Dong is an executive Director and one of the Committed Management Shareholders. Out of such 34,743,310 Yixin Shares legally and beneficially owned by Mr. Jiang Dong, 34,667,829 Yixin Shares are Committed Yixin Shares subject to the Management Irrevocable Undertaking. The Board was informed by the Joint Offerors that Mr. Jiang Dong is not a party acting in concert with the Joint Offerors, which was not reflected in the Joint Announcement inadvertently.
7. Out of 4,269,000 Yixin Shares legally and beneficially owned by the Committed Management Shareholders (excluding Mr. Jiang Dong), 3,842,100 Yixin Shares are Committed Yixin Shares subject to the Management Irrevocable Undertaking. The Committed Management Shareholders also hold Yixin Options to subscribe for an aggregate of 258,301,260 Yixin Shares, of which 234,113,689 are Committed Yixin Options subject to the Management Irrevocable Undertaking.

7. FIRST SHARE AWARD SCHEME AND SECOND SHARE AWARD SCHEME OF YIXIN

The Company has adopted the First Share Award Scheme and the Second Share Award Scheme. The trustee of the First Share Award Scheme is Tricor Trust (Hong Kong) Limited (formerly known as Acheson Limited) and the trustee of the Second Share Award Scheme is Teeroy Limited. The Yixin Share Awards granted under the First Share Award Scheme and the Second Share Award Scheme may vest in the form of Yixin Shares (the “Award Shares”) or the actual selling price of the Award Shares in cash.

As at the Latest Practicable Date, (i) there are in aggregate 36,969,252 and 5,739,242 outstanding Yixin Share Awards granted under the First Share Award Scheme and the Second Share Award Scheme, respectively; and (ii) Tricor Trust (Hong Kong) Limited (formerly known as Acheson Limited) and Teeroy Limited hold 45,871,471 Yixin Shares and 1,836,264 Yixin Shares, respectively, which are subject to the outstanding Yixin Share Awards under the First Share Award Scheme and the Second Share Award Scheme. According to the rules of the Second Share Award Scheme, the Company shall transfer the necessary funds to and instruct Teeroy Limited to acquire the Yixin Shares through on-market transactions for the purposes of satisfying the vesting of the Yixin Share Awards under the Second Share Award Scheme. As such, the Company will not need or be required to issue and allot new Yixin Shares for the purposes of satisfying the vesting of the outstanding Yixin Share Awards granted under the First Share Award Scheme and the Second Share Award Scheme as at the Latest Practicable Date.

The Company has no intention to grant any new Yixin Share Awards from the Latest Practicable Date until the end of the Yixin Offer Period.

According to the rules for the First Share Award Scheme and the Second Share Award Scheme, if there is an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, the Board shall at its sole discretion determine whether the vesting dates of any Yixin Share Awards granted will be accelerated. The Board has confirmed that it will not exercise such discretion, and that no Yixin Share Awards granted will be cancelled or lapse solely as a result of the making of the Offers.

LETTER FROM THE BOARD

8. INTENTIONS OF THE JOINT OFFERORS WITH REGARD TO THE GROUP

Your attention is drawn to the section headed “Intentions of the Joint Offerors with regard to the Group” in the “Letter from Tonghai Capital” in this Composite Document which sets out the intentions of the Joint Offerors with regard to the Group.

The Board is aware of the Joint Offerors’ intentions as set out in the section headed “Intentions of the Joint Offerors with regard to the Group” in the “Letter from Tonghai Capital” in this Composite Document that, among others, (i) the existing principal businesses of the Group will continue following the close of the Offers; (ii) the employment of the existing employees of the Group will be continued following completion of the Offers (save for the proposed changes to the composition of the Board to be determined); and (iii) there is no plan to dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business, and is willing to render reasonable cooperation with the Joint Offerors and will continue to act in the best interests of the Group and the Shareholders as a whole.

9. INTENTIONS OF THE JOINT OFFERORS WITH RESPECT TO THE BOARD COMPOSITION OF THE COMPANY

Your attention is drawn to the sections headed “Intentions of the Joint Offerors with respect to the Board composition of the Company” in the “Letter from Tonghai Capital” in this Composite Document. As at the Latest Practicable Date, the Board was not aware that the Joint Offerors had identified any candidate(s) for the new director(s) to be appointed to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

10. INFORMATION ON THE JOINT OFFERORS

Your attention is drawn to the sections headed “Information on the Joint Offerors” in the “Letter from Tonghai Capital” in this Composite Document for information on the Joint Offerors.

11. INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability. The Yixin Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company. The Group is principally engaged in the operation of an online financed automobile transaction platform in China. The Group operates its business in two segments (i) transaction platform business and (ii) self-operated financing business.

Your attention is also drawn to the financial information of the Group set out in “Appendix II – Financial Information of the Group” and general information of Yixin set out in “Appendix IV – General Information of Yixin” to this Composite Document.

LETTER FROM THE BOARD

12. PUBLIC FLOAT OF YIXIN

Pursuant to a waiver granted by the Stock Exchange in connection with the listing of the Yixin Shares on the Stock Exchange, the minimum public float applicable to the Company is 22.99% of the issued Yixin Shares. There is a possibility that the public will hold less than 22.99% of the issued Yixin Shares upon closing of the Offers depending on the level of acceptances. As disclosed in the section headed “Public Float of Yixin” in the “Letter from Tonghai Capital” in this Composite Document, the Joint Offerors intend to maintain the listing of the Yixin Shares on the Stock Exchange following closing of the Offers. The directors of the Joint Offerors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Yixin Shares. The new Director(s) to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Yixin Shares.

13. ADDITIONAL INFORMATION

You are advised to read the “Letter from Tonghai Capital”, “Appendix I – Further Terms of the Offers” to this Composite Document and the accompanying Form(s) of Acceptance for information relating to the Offers, the acceptance and settlement procedures of the Offers, the making of the Offers to the overseas Yixin Offer Shareholders and the overseas Optionholders and taxation. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

14. RECOMMENDATIONS

Your attention is also drawn to the letter from the Independent Board Committee addressed to the Disinterested Shareholders and the Optionholders, the full text of which is set out on pages 38 to 39 of this Composite Document, and the letter from the Independent Financial Adviser addressed to the Independent Board Committee, the full text of which is set out on pages 40 to 80 of this Composite Document. You are advised to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offers.

LETTER FROM THE BOARD

The Yixin Offer Shareholders and the Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

Yours faithfully,
For and on behalf of the Board of
Yixin Group Limited
易鑫集团有限公司
Andy Xuan Zhang
Chairman



YIXIN GROUP LIMITED
易鑫集团有限公司

*(incorporated in the Cayman Islands with limited liability and
carrying on business in Hong Kong as “Yixin Automotive Technology Group Limited”)*
(Stock Code: 2858)

11 November 2020

To the Disinterested Shareholders and Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS
BY CHINA TONGHAI CAPITAL LIMITED
ON BEHALF OF TENCENT MOBILITY LIMITED AND
HAMMER CAPITAL OFFERCO 1 LIMITED TO ACQUIRE ALL
THE ISSUED YIXIN SHARES
(OTHER THAN THE EXCLUDED YIXIN SHARES)
AND TO CANCEL ALL THE OUTSTANDING YIXIN OPTIONS**

We refer to the Composite Document dated 11 November 2020 jointly issued by the Joint Offerors and the Company, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Disinterested Shareholders and the Optionholders are concerned and to make a recommendation as to acceptance of the Offers.

Optima Capital has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Your attention is drawn to the “Letter from the Independent Financial Adviser” as set out in the Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the “Letter from Tonghai Capital” and “Letter from the Board” as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offers, the information contained in the Composite Document and the principal factors and reasons considered by, and the independent advice of Optima Capital, as set out in its letter of advice, we consider that (i) the terms of the Yixin Share Offer are fair and reasonable so far as the Disinterested Shareholders are concerned, and (ii) the terms of the Yixin Option Offer are fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend that (i) the Disinterested Shareholders to accept the Yixin Share Offer and (ii) the Optionholders to accept the Yixin Option Offer.

However, for those Disinterested Shareholders and Optionholders who are considering to realise all or part of their holdings in the Yixin Shares and/or Yixin Options, they should monitor the price movement of Yixin Shares until near the end of the Yixin Offer Period. Having regard to their own circumstances and investment objectives, the Disinterested Shareholders should consider selling their Yixin Shares in the open market, and the Optionholders should consider exercising their Yixin Options and then selling the resulting Yixin Shares in the open market, rather than accepting the Offers, if the proceeds from the sale of the Yixin Shares in the open market (after deducting all transaction cost) would exceed the net proceeds receivable under the Offers. The Optionholders are also reminded that there will be a time lag between the exercise of the Yixin Options and the receipt of the resulting Yixin Shares due to the time required for the administrative procedures for processing the exercise of the Yixin Options. Accordingly, Optionholders who wish to exercise their Yixin Options should be mindful of the possible price fluctuations of Yixin Shares during such time lag.

Notwithstanding our recommendation, you should consider carefully the terms of the Offers and your own individual circumstances and investment objectives before deciding whether to accept or not to accept the Offers. If in doubt, you should consult your own professional advisers for professional advice. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Yixin Group Limited

Mr. Huan Zhou
Non-executive Director

Mr. Tin Fan Yuen
Independent non-executive Director

Mr. Chester Tun Ho Kwok
Independent non-executive Director

Ms. Lily Li Dong
Independent non-executive Director

LETTER FROM OPTIMA CAPITAL



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

11 November 2020

To: The Independent Board Committee of Yixin Group Limited

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFERS
BY CHINA TONGHAI CAPITAL LIMITED
ON BEHALF OF TENCENT MOBILITY LIMITED AND
HAMMER CAPITAL OFFERCO 1 LIMITED
TO ACQUIRE ALL THE ISSUED YIXIN SHARES
(OTHER THAN THE EXCLUDED YIXIN SHARES) AND
TO CANCEL ALL THE OUTSTANDING YIXIN OPTIONS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offers, details of which are contained in the Composite Document jointly issued by the Joint Offerors and the Company dated 11 November 2020 of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 15 June 2020, the Joint Offerors and the Company jointly announced that the Parent, the Merger Sub and Bitauto entered into the Merger Agreement on 12 June 2020 (New York time), pursuant to which, amongst others, the Parent, the Merger Sub and Bitauto have conditionally agreed to effect a business combination through the Merger, which was a statutory merger of the Merger Sub with and into Bitauto in accordance with Part XVI of the CICL, with Bitauto being the surviving company and becoming a wholly-owned subsidiary of the Parent.

On 5 November 2020, the Joint Offerors and the Company jointly announced that all of the conditions to the Merger as described in the Joint Announcement have been satisfied and the Merger became effective on 4 November 2020 (New York time), as a result of which there has been a change in statutory control in Bitauto and the Consortium or their affiliates had acquired control (as defined under the Takeovers Code) of the Company. As such, Tonghai Capital, on behalf of the Joint Offerors, makes the Yixin Share Offer for all the issued Yixin Shares (other than the Excluded Yixin Shares) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and the Yixin Option Offer pursuant to Rule 13 of the Takeovers Code.

LETTER FROM OPTIMA CAPITAL

The Independent Board Committee, comprising Mr. Huan Zhou, being a non-executive Director, and Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong, being independent non-executive Directors, has been established to advise and give recommendation to the Disinterested Shareholders and Optionholders in respect of the Offers and as to acceptance of the Offers. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not associated or connected with the Company or the Joint Offerors, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice to the Independent Board Committee on the Offers. Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Joint Offerors, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

As at the Latest Practicable Date, Optima Capital did not have any relationships or interests with the Company and the Joint Offerors that could reasonably be regarded as relevant to the independence of Optima Capital. In the last two years, there has been no other engagement between the Company, the Joint Offerors and Optima Capital. Accordingly, we do not consider any conflict of interest arises for Optima Capital in acting as the Independent Financial Adviser of the Offers.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (the “**Management**”), which we have assumed to be true, accurate and complete. We have reviewed, among other things, the announcement jointly issued by the Company and the Joint Offerors dated 15 June 2020 in relation to, among others, the Offers, the annual report of the Company (the “**2017 Annual Report**”) for the year ended 31 December 2017 (“**FY2017**”), the annual report of the Company (the “**2018 Annual Report**”) for the year ended 31 December 2018 (“**FY2018**”), the interim report of the Company (the “**2019 Interim Report**”) for the six months ended 30 June 2019 (“**1H2019**”), the annual report of the Company (the “**2019 Annual Report**”) for the year ended 31 December 2019 (“**FY2019**”), the interim report of the Company (the “**2020 Interim Report**”) for the six months ended 30 June 2020 (“**1H2020**”), the trading performance of the Yixin Shares on the Stock Exchange, and the information set out in the Composite Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us.

We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Joint Offerors or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all

LETTER FROM OPTIMA CAPITAL

representations contained or referred to in the Composite Document were true at the time they were made and as at the Latest Practicable Date and will continue to be true up to the time of the close of the Offers and that the Disinterested Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information provided or representations made.

We have not considered the tax and regulatory implications of the Offers on the Disinterested Shareholders and Optionholders, since these are particular to their individual circumstances. In particular, Disinterested Shareholders and Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFERS

The Yixin Share Offer

The Yixin Share Offer is made by Tonghai Capital on behalf of the Joint Offerors in compliance with the Takeovers Code on the basis set out below:

For each Yixin Offer ShareHK\$1.9088 in cash

As set out in the “Letter from Tonghai Capital”, the Yixin Share Offer Price was determined in accordance with the applicable requirements under the Takeovers Code by applying the Pacpo Formula in Practice Note 19 issued by the Executive, taking into consideration, among other things, (i) the Bitauto Merger Consideration (equivalent to approximately HK\$123.51 per Bitauto Share, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date); (ii) the unaudited consolidated total net asset value of Bitauto (after deducting non-controlling interests) as at 30 June 2019 (being the latest published financial information of Bitauto prior to the date of the Rule 3.7 Announcement); (iii) the unaudited consolidated total net asset value of the Company (with nil non-controlling interests) as at 30 June 2019 (being the latest published financial information of the Company prior to the date of the Rule 3.7 Announcement); (iv) the total number of issued and outstanding Bitauto Shares (excluding any treasury shares and ordinary shares issued to the depository bank for issuance of ADSs as reserve for future issuance upon the exercise or vesting of awards granted under the share incentive plans of Bitauto) as at the Announcement Date, being 71,046,075.5 Bitauto Shares; (v) the total number of issued Yixin Shares as at the Announcement Date, being 6,374,898,548 Yixin Shares; and (vi) Bitauto’s holding of 2,786,836,570 Yixin Shares (representing approximately 43.72% of the total issued share capital of the Company) as at the Announcement Date.

LETTER FROM OPTIMA CAPITAL

The Yixin Option Offer

In accordance with Rule 13 of the Takeovers Code, Tonghai Capital, on behalf of the Joint Offerors, makes an appropriate offer to all the Optionholders for the cancellation of every Yixin Option, whether vested or unvested, by way of the Yixin Option Offer. The Yixin Option Offer will be made on the following basis:

For cancellation of each Yixin OptionHK\$1.8980 in cash

As set out in the “Letter from Tonghai Capital”, as at the Latest Practicable Date, there were an aggregate of 262,351,444 Yixin Options outstanding (which have an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option), each giving the Optionholder the right to subscribe for one new Yixin Share. The exercise of such Yixin Options in full would result in the issue of 262,351,444 new Yixin Shares, representing approximately 4.11% of the issued share capital of the Company as at the Latest Practicable Date and approximately 3.95% of the issued share capital of the Company as enlarged by the issue of such new Yixin Shares.

The outstanding Yixin Options were granted between 3 July 2017 and 1 October 2017 with an exercise period of ten (10) years from their respective date of grant. As at the Latest Practicable Date, of the 262,351,444 outstanding Yixin Options, 243,129,647 Yixin Options had been vested and the remaining 19,221,797 Yixin Options shall be vested on or after 31 May 2021.

In compliance with Rule 13 of the Takeovers Code, the Yixin Option Offer Price for cancellation of the Yixin Options with an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option represents the “see-through” price, which is the difference between the Yixin Share Offer Price and the exercise price for each Yixin Option.

If any Yixin Option is exercised in accordance with the terms of the Pre-IPO Share Option Scheme prior to the close of the Yixin Share Offer, any Yixin Shares issued as a result of such exercise will be subject to the Yixin Share Offer.

Pursuant to the rules of the Pre-IPO Share Option Scheme, all Yixin Options shall remain valid and exercisable during their respective exercise periods in accordance with the terms thereof notwithstanding the Offers.

Further terms of the Offers

Further terms and conditions of the Offers, including the procedures for acceptance, are set out in the “Letter from Tonghai Capital”, the “Letter from the Board” contained in the Composite Document and in Appendix I to the Composite Document and the accompanying Form(s) of Acceptance.

LETTER FROM OPTIMA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Background and information of the Group

1.1 Principal Activities

The Company operates two business segments through its platform, namely (i) the transaction platform business; and (ii) the self-operated financing business in the PRC.

Transactions platform business

The transaction platform business comprises (i) loan facilitation services; and (ii) advertising and other services.

Loan facilitation services

The loan facilitation services are provided by the Company to both automobile consumers and auto finance partners such as banks and financial institutions. The Company charges a service fee through borrower sourcing for their finance partners and provision of assistance in application process, administration services and asset management.

Advertising and other services

The Company charges advertising fees from automakers, auto dealers, auto finance partners, and insurance companies that have advertised on the online platform, and services fees from auto dealers for provision of promotional services.

Self-operated financing business

The self-operated financing business comprises (i) the financing lease services; and (ii) other self-operated services.

LETTER FROM OPTIMA CAPITAL

Financing lease services

The financing lease services are primarily structured using the sale-and-leaseback model, where the customer shall purchase an automobile, using products provided by the Company, from an auto dealer and shall transfer the title of the automobile to the Company, and the Company shall lease the automobile back to the customer in return for a monthly repayment. The title of the automobile will be obtained by the customer at the end of the lease term. The lease is categorised as a financing lease if the terms and conditions of the lease agreement transfer substantially all the risk and rewards of the ownership with respect to the subject assets to the lessee.

Other self-operated services

Other self-operated services primarily consist of the operating lease services. The operating lease services are traditional leasing services, where the Company retains the title but leases the automobile to the consumer. The consumer only has the rights of use of the automobile during the lease term, but will never obtain the title of the automobile. The lease is categorised as an operating lease, if the terms and conditions of the lease agreement allow the risk and rewards of the ownership with respect to the subject assets remain with the Company, the lessor.

Since the beginning of 2018, the Company has strategically shifted its business focus to the loan facilitation services, which is believed to have stronger scalability and higher growth potential. The loan facilitation services, where the Company facilitates auto loans to consumers offered by its auto finance partners, pose a lower liquidity risk as compared to the self-operated financing business with a capital intensive nature, which requires borrowings from banks or financial institutions as one of the sources of fund for its operation. Furthermore, it is believed that the loan facilitation transactions will improve the overall financial performance of the Company. As a result of the emphasis on the loan facilitation services due to the aforesaid reasons, the number of its related transactions contributed to 30% of the Company's transactions in 2018 compared to 2% in 2017 and further increased to 66% in 2019. Accordingly, its contribution to the Company's revenue grew from 0.1% in FY2017 to 10% in FY2018 and further increased to 29% in FY2019.

LETTER FROM OPTIMA CAPITAL

2. Financial information of the Group

2.1 Financial results

Set out below are the audited consolidated financial results of the Group for the three years ended 31 December 2017, 2018 and 2019, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2019 and 2020 as extracted from the relevant annual reports and interim reports of the Company:

RMB'million	FY2017 <i>(audited)</i>	FY2018 <i>(audited)</i>	FY2019 <i>(audited)</i>	1H2019 <i>(unaudited)</i>	1H2020 <i>(unaudited)</i>
Revenue	3,906	5,533	5,800	3,162	1,624
Cost of revenues	<u>(1,716)</u>	<u>(3,058)</u>	<u>(3,034)</u>	<u>(1,630)</u>	<u>(889)</u>
Gross profit	2,190	2,475	2,766	1,532	735
Selling and marketing expenses	(1,171)	(1,099)	(1,062)	(579)	(402)
Administrative expenses	(1,170)	(763)	(506)	(206)	(224)
Research and development expenses	(217)	(240)	(195)	(104)	(82)
Credit impairment losses	(259)	(669)	(1,108)	(530)	(1,488)
Other gains, net	<u>22</u>	<u>112</u>	<u>155</u>	<u>51</u>	<u>89</u>
Operating (loss)/profit	(605)	(184)	50	164	(1,372)
Finance income/ (expense), net	33	28	28	25	(3)
Fair value loss of convertible redeemable preferred shares	(17,698)	–	–	–	–
Share of profits/(losses) of an investment accounted for using the equity method	<u>–</u>	<u>1</u>	<u>(2)</u>	<u>(1)</u>	<u>(1)</u>
(Loss)/profit before income tax	(18,270)	(155)	76	188	(1,376)
Income tax	<u>(67)</u>	<u>(12)</u>	<u>(45)</u>	<u>(65)</u>	<u>323</u>
(Loss)/profit for the year/period	<u><u>(18,337)</u></u>	<u><u>(167)</u></u>	<u><u>31</u></u>	<u><u>123</u></u>	<u><u>(1,053)</u></u>

LETTER FROM OPTIMA CAPITAL

Revenue

The Group's revenue was contributed by its two segments (i) the transaction platform business which comprises (a) loan facilitation services; and (b) advertising and other services and (ii) the self-operated financing business which comprises (a) financing lease services; and (b) other self-operated services.

Set out below is the revenue breakdown of the Group by business segments for each of FY2017, FY2018, FY2019, 1H2019 and 1H2020:

RMB'million	FY2017		FY2018		FY2019		1H2019		1H2020	
	<i>(audited)</i>		<i>(audited)</i>		<i>(audited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>	
	<i>% of</i>		<i>% of</i>		<i>% of</i>		<i>% of</i>		<i>% of</i>	
	<i>total</i>		<i>total</i>		<i>total</i>		<i>total</i>		<i>total</i>	
	<i>revenue</i>		<i>revenue</i>		<i>revenue</i>		<i>revenue</i>		<i>revenue</i>	
Revenue										
Transaction platform business										
Loan facilitation services	4	0%	539	10%	1,668	29%	839	27%	462	29%
Advertising and other services	960	25%	223	4%	91	1%	42	1%	34	2%
Subtotal	964	25%	762	14%	1,759	30%	881	28%	496	31%
Self-operated financing business										
Financing lease services	2,653	68%	4,101	74%	3,755	65%	2,081	66%	1,111	68%
Other self-operated services	289	7%	670	12%	286	5%	200	6%	17	1%
Subtotal	2,942	75%	4,771	86%	4,041	70%	2,281	72%	1,128	69%
Total	3,906	100%	5,533	100%	5,800	100%	3,162	100%	1,624	100%

LETTER FROM OPTIMA CAPITAL

FY2017 vs FY2018

Transaction platform business

Starting from FY2018, the Company strategically shifted its business focus to its loan facilitation services and de-emphasised the advertising and other services. As such, the number of transactions of loan facilitation services recorded a 15 times year-on-year surge and accordingly the revenue from loan facilitation services rose from approximately RMB4 million for FY2017 to approximately RMB539 million for FY2018.

However, as the Company just implemented the new business strategy since the beginning of FY2018, the revenue contribution from the loan facilitation services was still relatively small. The total revenue of transaction platform business recorded an overall decrease in revenue resulting from the decline in revenue derived from advertising and other services. Accordingly, the segment revenue dropped from approximately RMB964 million for FY2017 to approximately RMB762 million for FY2018.

Self-operated financing business

The segment revenue increased by approximately 62% from approximately RMB2,942 million in FY2017 to approximately RMB4,771 million in FY2018. Such growth was mainly attributable to the increase in revenue derived from its financing lease services which contributed around 86% of the segment revenue. Although the Group recorded a decrease in the number of financed automobile transactions from approximately 386,000 in FY2017 to approximately 340,000 in FY2018 as a result of the shift of the Company's strategic focus to loan facilitation services, it recorded an increase in revenue derived from financing lease services by around 55% (of which around 38% and 62% of the revenue were derived from new financing lease contracts entered into by the Company in 2018 and existing financing lease contracts entered into by the Company prior to 2018, respectively). The revenue generated from the provision of other self-operated services also increased by around 132% in FY2018.

Overall, the Company recorded a significant increase in the revenue of its self-operated financing business which offset the decline in the revenue of transaction platform business, thus achieved a 42% growth in total revenue from approximately RMB3,906 million in FY2017 to approximately RMB5,533 million in FY2018.

LETTER FROM OPTIMA CAPITAL

FY2018 vs FY2019

Transaction platform business

During FY2019, the Company continued to focus on its loan facilitation services and gradually ramped up the revenue derived from the loan facilitation services. The revenue from loan facilitation services increased from approximately RMB539 million for FY2018 to approximately RMB1,668 million for FY2019, which was attributable to a 141% year-on-year increase in the number of loan facilitation transactions. Such growth was partially offset by the decrease in the revenue derived from its advertising and other services. As a result, the segment recorded an increase in revenue by around 131% from approximately RMB762 million for FY2018 to approximately RMB1,759 million for FY2019, and the segment contributed around 30% of the Group's total revenue as compared with around 14% in the previous year.

Self-operated financing business

As a result of the aforesaid shift of business focus, the number of self-operated financing transactions decreased from around 340,000 in FY2018 to 176,000 in FY2019, resulting in a decrease in revenue derived from its financing lease services by around 8.4% from approximately RMB4,101 million for FY2018 to approximately RMB3,755 million for FY2019. Meanwhile, other self-operated services recorded a decrease in the revenue by about RMB384 million in FY2019. As such, the segment revenue decreased by around 15% from approximately RMB4,771 million for FY2018 to approximately RMB4,041 million for FY2019.

The Company has continued to focus on the loan facilitation services and reduced its emphasis on the self-operated financing business to improve the scalability of the business model of the Company. As a result of the strategic move, a growth in the revenue of the transaction platform business was recorded, which was partially offset by the decrease in the revenue of the self-operated financing business, and the Group's total revenue increased by approximately 5% from approximately RMB5,533 million for FY2018 to RMB5,800 million for FY2019.

1H2019 vs 1H2020

Transaction platform business

As a result of the continued strategic focus on the loan facilitation services, the segment's contribution to the Group's revenue increased from 28% in 1H2019 to 31% in 1H2020, despite recording a 44% decrease in the revenue from approximately RMB881 million for 1H2019 to approximately RMB496 million for 1H2020. The decrease was mainly attributable to the decrease in revenue of the loan facilitation services caused by a reduction of approximately 37% in the number of loan facilitation transactions in 1H2020 as compared to 1H2019 mainly due to the unprecedented COVID-19 pandemic.

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Self-operated financing business

The revenue of the self-operated financing business decreased by approximately 51% from approximately RMB2,281 million in 1H2019 to approximately RMB1,128 million in 1H2020, which was primarily attributable to the decrease in the revenue generated from financing lease services in 1H2020. During 1H2020, being negatively impacted by the COVID-19, the Group only facilitated around 18,000 self-operated financing transactions, representing an 85% decrease in the number of transaction as compared to that of 1H2019. Revenues from other self-operated services also decreased by around 92% to approximately RMB17 million for 1H2020 as compared to approximately RMB200 million for 1H2019.

Overall, the Group recorded a 49% drop in its total revenue from approximately RMB3,162 million in 1H2019 to approximately RMB1,624 million in 1H2020.

Gross profit

The gross profit increased by approximately 13% from approximately RMB2,190 million for FY2017 to approximately RMB2,475 million for FY2018 and further went up by around 12% to approximately RMB2,766 million for FY2019. The gross profit for 1H2020 was approximately RMB735 million, representing a decrease of 52% as compared to approximately RMB1,532 million for 1H2019. The movements in the gross profit are aligned with that of the revenue as discussed above.

Set out below is the summary of the gross profit margin for FY2017, FY2018, FY2019, 1H2019 and 1H2020:

	FY2017	FY2018	FY2019	1H2019	1H2020
Transaction platform business	78%	66%	59%	61%	58%
Self-operated financing business	49%	41%	43%	44%	40%
Gross profit margin	56%	45%	48%	48%	45%

FY2017 vs FY2018

Due to the decline of advertising and other services which had a comparatively higher gross profit margin than that of loan facilitation services, the gross profit margin of the transaction platform business decreased from 78% for FY2017 to 66% for FY2018. The gross profit margin of the self-operating financing business also decreased from 49% for FY2017 to 41% for FY2018, which was primarily due to (i) the increase in average funding costs in a credit tightening environment which resulted in the decrease in net interest spread of financing leases; and (ii) the increase of cost of automobiles sold.

As a result of the foregoing, the gross profit margin of the Group decreased from 56% in FY2017 to 45% in FY2018.

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FY2018 vs FY2019

The gross profit margin of the transaction platform business decreased from 66% in FY2018 to 59% in FY2019 due to (i) the aforementioned change in revenue mix; and (ii) the increase in commission associated with the loan facilitation services. However, the decrease was offset by the increase in the gross profit margin of the self-operated financing business from 41% to 43% due to the increase in the average yield of finance receivables due to the decrease in funding costs of net finance receivables.

As a result of the foregoing, the gross profit margin of the Group increased from 45% in FY2018 to 48% in FY2019.

1H2019 vs 1H2020

The gross profit margin of the transaction platform business decreased from 61% in 1H2019 to 58% in 1H2020 due to the change of revenue mix. The gross profit margin of the self-operated financing business also decreased from 44% in 1H2019 to 40% in 1H2020 due to the sale promotions launched by the Group during the period which offered more products with a lower interest rate to boost purchasers' incentive.

As a result of the foregoing, the gross profit margin of the Group decreased from 48% in 1H2019 to 45% in 1H2020.

Selling and marketing expenses

Selling and marketing expenses mainly comprise salary and employee benefits, share based compensation expenses, depreciation and amortisation charges, leasing related expenses, marketing and advertising expenditures, office and administrative expenses, and other expenses.

It decreased by 6% from approximately RMB1,171 million for FY2017 to approximately RMB1,099 million for FY2018 and further decreased by 3% to approximately RMB1,062 million for FY2019.

The decrease in FY2018 were primarily attributable to a reduction in marketing and advertising expenditure as less advertising costs were incurred as compared to FY2017 when advertising campaigns were launched back then to increase the brand recognition of the Company with its listing in 2017. The effect of which was partially offset by the increase in salary and benefit expenses and share based compensation expenses due to an increase in headcounts to facilitate business expansion.

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In FY2019, the expenses further decreased due to the aforesaid reduction in advertising costs and improved operating efficiency. However, the effect was offset by the increases in additional professional fees incurred by the Company to address regulatory changes for delinquent consumer account collection which came into place in FY2019 and an increase in leasing related expenses which is in line with the increase of the volume of financing transactions.

The selling and marketing expenses decreased by 31% from approximately RMB579 million for 1H2019 to approximately RMB402 million for 1H2020. The decrease was attributable to (i) a decrease in salary and benefit expenses, professional fees and share based compensation expenses, which was in line with the drop in revenue; and (ii) a decrease in leasing-related expenses as the volume of financing transactions reduced in the environment of the COVID-19 pandemic.

Administrative expenses

Administrative expenses consist of office and administrative expenses, provision of impairment of non-current assets, depreciation and amortisation charges, leasing related expenses, and salary and benefits and share based compensation expenses.

It decreased by 35% from approximately RMB1,170 million for FY2017 to approximately RMB763 million for FY2018 and further decreased by 34% to approximately RMB506 million for FY2019.

The decrease in FY2018 was attributable to the decrease in share based compensation expenses, the effect of which was offset by the increase in salary and employee benefits, leasing related expenses and professional fees which were in line with the increase in revenue and business expansion of the Company. The decrease in FY2019 was due to a decrease in salary and benefits expenses and share based compensation expenses benefiting from business scalability and improved operating efficiency.

The administrative expenses for 1H2020 increased by 9% to approximately RMB224 million for 1H2020 as compared with that of approximately RMB206 million for 1H2019. The increase was attributable to an increase in provision of impairment of other non-current assets amounted to approximately RMB51 million, which was partially offset by the decrease in salary and benefits expenses and share based compensation expenses.

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Research and development expenses

Research and development expenses consist of salary and benefits and share based compensation, depreciation and amortisation charges, office and administrative expense and other expenses relating to the research and development functions.

It increased by 11% from approximately RMB217 million for FY2017 to approximately RMB240 million for FY2018. The increase was attributable to an increase in share based compensation, salary and benefits expenses which was in line with the business expansion of the Company. In FY2019, the research and development expenses decreased by 19% to approximately RMB195 million due to a decrease in salary and employee benefits benefiting from improved operating efficiency. Such effect was partially offset by the increase in share based compensations.

The research and development expenses decreased by 21% from approximately RMB104 million for 1H2019 to approximately RMB82 million for 1H2020. The decrease was attributable to the decrease in salary and benefits expenses and share based compensation expenses and professional fees.

Credit impairment losses

Credit impairment losses mainly include (i) provision for expected credit losses for finance receivables; and (ii) provision for impairment of trade receivables. Set out below is the breakdown of credit impairment losses of the Group for FY2017, FY2018, FY2019, 1H2019 and 1H2020:

RMB'million	FY2017	FY2018	FY2019	1H2019	1H2020
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Provision for expected credit losses of finance receivables	196	497	811	256	1,381
Provision for impairment of trade receivables	40	170	269	274	28
Provision for impairment of other receivables	23	2	28	–	20
Provision for expected credit losses or risk assurance liabilities	–	–	–	–	59
Credit impairment losses	<u>259</u>	<u>669</u>	<u>1,108</u>	<u>530</u>	<u>1,488</u>

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The provision for expected credit losses for finance receivables charged to the income statement is related to the movement of the finance receivables during the year/period. The carrying amount of finance receivables at the end of each financial year/period represents the difference between (i) the net balance of finance receivables; and (ii) the provision for expected credit losses (which is calculated based on the expected credit loss rate on the net balance of finance receivables as at the year/period end), details of which are to be discussed under the paragraph headed “2.2 Financial position of the Group – Major assets of the Group – Finance receivables” below. Set out below is the movement of the Group’s provision for expected credit losses of finance receivables for FY2017 to FY2019 and 1H2020:–

RMB'million	FY2017	FY2018	FY2019	1H2020
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
As at January 1	22	320 <i>(Note)</i>	515	680
Recovery of finance receivables written off in previous years:	–	10	9	8
Charge for the year/period				
– provision for expected credit losses for finance receivables	196	507	820	1,389
– reversal of impairment for the year/period	–	(10)	(9)	(8)
Write off	<u>(84)</u>	<u>(312)</u>	<u>(655)</u>	<u>(1,283)</u>
 As at 31 December/ 30 June	 <u>134</u>	 <u>515</u>	 <u>680</u>	 <u>786</u>

Note: The opening balance as at 1 January 2018 includes the increase in provision for expected credit losses for finance receivables of RMB186 million as a result of the change in accounting policy.

As shown in the table above, the write off of the finance receivables is included in the movement of the Group’s provision for expected credit losses of finance receivables. Finance receivables are written off when there is no reasonable expectation of recovery including, amongst others, the failure of a debtor to engage in a repayment plan after the completion of legal proceedings and execution, and a failure to make contractual payments for a certain period of time past due.

During FY2018, the credit impairment losses on financial assets increased by approximately 158% from approximately RMB259 million in FY2017 to approximately RMB669 million in FY2018 as a result of the provision for expected credit losses of finance receivables after the adoption of IFRS9 as well as an increase in the provision of trade receivables following an economic slowdown in 2018.

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During FY2019, the credit impairment losses on financial assets further increased by approximately 66% to approximately RMB1,108 million due to an increase in provision for expected credit loss for finance receivables. Such increase was attributable to a stricter regulatory environment in delinquent consumer account collection which led to the Company using litigation as a primary method of collection in the second half of 2019. As illustrated in the table above, the Company wrote off the finance receivables of approximately RMB655 million during FY2019 as the Company was bound by more restrictions from stricter regulatory changes and required more effort and a longer period in recovering such balance from the customers.

During 1H2020, the credit impairment losses on financial assets increased by 181% to approximately RMB1,488 million as compared to approximately RMB530 million in 1H2019, which was a result of the increase in provision of expected credit losses for finance receivables as the COVID-19 outbreak reduced consumer's repayment capability. As illustrated in the table above, the Company wrote off the finance receivables of approximately RMB1,283 million during 1H2020 as it took a longer period for the Company to recover such balance from the customers as a result of COVID-19.

Operating (loss)/profit

As a result of the foregoing, the Group recorded a 70% decrease in operating loss of approximately RMB184 million for FY2018 as compared to approximately RMB605 million in FY2017 and an operating profit of approximately RMB50 million for FY2019.

For 1H2020, the Group recorded an operating loss of approximately RMB1,372 million as compared to an operating profit of approximately RMB164 million for 1H2019 due to the above discussed factors, in particular, the decrease in gross profit and increase in credit impairment losses during 1H2020.

(Loss)/profit for the year/period

Due to the absence of a fair value loss of convertible redeemable preferred shares (which were converted into ordinary shares of the Company in FY2017) of around RMB17,698 million as recorded for FY2017, the Group recorded a loss for the year of approximately RMB167 million for FY2018 as compared with that of approximately RMB18,337 million for FY2017. For FY2019, the Group recorded a profit of approximately RMB31 million for the year as a result of the factors as discussed above.

For 1H2020, the Group recorded a loss for the period of approximately RMB1,053 million as compared with a profit of approximately RMB123 million for 1H2019 as a result of the factors as discussed above.

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Adjusted operating profit/(loss) and adjusted net profit/(loss)

Set out below is the summary of the adjusted operating profit/(loss) and the adjusted net profit/(loss):

RMB'million	FY2017	FY2018	FY2019	1H2019	1H2020
Operating (loss)/profit	(605)	(184)	50	164	(1,372)
Add:					
Fair value gain on financial assets	(7)	(3)	–	–	–
Amortisation of intangible assets resulting from asset and business acquisition	133	165	175	79	119
Share based compensation	913	349	233	141	63
Listing expenses	55	–	–	–	–
	<u>489</u>	<u>327</u>	<u>458</u>	<u>384</u>	<u>(1,190)</u>
Adjusted operating profit/(loss)					
Net (loss)/profit	(18,337)	(167)	31	123	(1,053)
Fair value loss of convertible redeemable preferred shares	17,699	–	–	–	–
Fair value gain on financial assets, net of tax	(5)	(2)	–	–	–
Amortisation of intangible assets resulting from asset and business acquisition, net of tax	131	165	175	79	119
Issuance costs of convertible redeemable preferred shares, net of tax	14	–	–	–	–
Share based compensation	913	349	233	141	63
Listing expenses, net of tax	49	–	–	–	–
	<u>464</u>	<u>345</u>	<u>439</u>	<u>343</u>	<u>(871)</u>
Adjusted net profit/(loss)					

The adjusted operating profit/(loss) eliminates the effects of certain non-cash items and one-time events, namely (i) fair value gain on financial assets; (ii) amortisation of intangible assets resulting from assets and business acquisition; (iii) share based compensation; and (iv) listing expenses, which the Management considers such items are not indicative for evaluating the operating performance of the Group. The adjusted net

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profit/(loss) eliminates the effects of fair value loss of convertible redeemable preferred shares, issuance costs of convertible redeemable preferred shares, the aforesaid items and any related tax impacts, which the Management considers these items are not indicative for evaluating the overall performance of the Group.

The Group recorded decreases in both adjusted operating profit and adjusted net profit in FY2018 as compared to FY2017, which was primarily due to the increase of provision for credit losses of finance receivables since the adoption of IFRS 9 “Financial instruments” accounting policy starting from 1 January 2018, and the factors discussed above. Both the adjusted operating profit and the adjusted net profit increased in FY2019, which was mainly due to the increase in gross profit and the decrease in operating expenses resulting from business expansion and improved operating efficiency. For 1H2020, the Group recorded adjusted operating loss and adjusted net loss as a result of substantial increase in credit impairment losses as discussed above.

2.2 *Financial position of the Group*

Set out below are the audited consolidated financial position of the Group as at 31 December 2017, 2018 and 2019, and the unaudited consolidated financial position of the Group as at 30 June 2020 as extracted from the relevant annual reports and interim report of the Company:

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
<i>Assets</i>				
<i>Non-current asset</i>				
Property and equipment	1,209	353	108	505
Rights of use assets	–	–	35	31
Intangible assets	2,385	2,160	1,990	1,867
Investment in an associate	16	17	16	15
Financial assets at fair value through profit or loss	157	2,098	2,550	2,582
Deferred income tax assets	48	217	424	743
Prepayments, deposits and other assets	1,358	1,142	1,708	1,223
Finance receivable	16,538	18,027	10,193	5,796
Restricted cash	150	446	114	183

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RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
<i>Current assets</i>				
Finance receivables	13,375	18,792	16,711	11,948
Trade receivables	680	677	1,056	1,108
Prepayments, deposits and other assets	764	1,405	1,262	1,520
Cash and cash equivalents	5,825	2,116	1,587	2,168
Restricted cash	361	3,092	1,793	2,160
<i>Total assets</i>	42,866	50,542	39,547	31,849
<i>Liabilities</i>				
<i>Non-current liabilities</i>				
Borrowings	7,686	8,391	3,432	1,555
Lease liabilities	–	–	17	16
Deferred income tax liabilities	16	3	3	3
Other non-current liabilities	138	1,948	1,492	1,404
<i>Current liabilities</i>				
Trade payables	948	693	472	347
Other payables and accruals	1,310	2,173	1,759	1,177
Current income tax liabilities	17	109	238	184
Borrowings	17,409	21,807	16,409	12,402
Lease liabilities	–	–	12	12
<i>Total liabilities</i>	27,524	35,124	23,834	17,100
Net asset value	15,342	15,418	15,713	14,749

Major assets of the Group

The total assets of the Group amounted to around RMB31,849 million as at 30 June 2020 and the major components of which were (i) finance receivables; (ii) prepayments, deposits and other assets; (iii) financial assets at fair value through profit or loss; (iv) restricted cash; (v) cash and cash equivalents and (vi) intangible assets, representing approximately 56%, 9%, 8%, 7%, 7% and 6% of the total assets of the Group, respectively.

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Set out below is a brief description of each asset component mentioned above with our discussion with Management as and when appropriate:

Finance receivables

RMB'million	As at 31 December 2017 <i>(audited)</i>	As at 31 December 2018 <i>(audited)</i>	As at 31 December 2019 <i>(audited)</i>	As at 30 June 2020 <i>(unaudited)</i>
Finance receivables (both current and non-current portions)	30,047	37,334	27,584	18,530
Less: Provision for expected credit losses	<u>(134)</u>	<u>(515)</u>	<u>(680)</u>	<u>(786)</u>
Net carrying amount of finance receivables (both current and non-current portions)	<u>29,913</u>	<u>36,819</u>	<u>26,904</u>	<u>17,744</u>
Provision to net finance receivables ratio <i>(Note)</i>	<u>0.45%</u>	<u>1.40%</u>	<u>2.53%</u>	<u>4.43%</u>

Note: The ratio is calculated based on the provision for expected credit losses divided by net finance receivables.

Finance receivables represent the receivables due from customers of its self-operated financing business. The provision for expected credit losses was calculated based on the expected credit loss rate on the net balance of finance receivables as at the year/period end. The increase in provision to net finance receivables ratio as at 31 December 2018 was mainly due to the adoption of IFRS9 in 2018. The ratio increased as at 31 December 2019 and 30 June 2020 as a result of a stricter regulatory environment and the pandemic of COVID-19 as discussed under the paragraph headed “2.1 Financial results – Credit impairment losses” above.

The finance receivables increased by around 23% to approximately RMB36,819 million as at 31 December 2018. The increase was in line with the development of the self-operated financing business for FY2018. Finance receivables decreased by around 27% to approximately RMB26,904 million as at 31 December 2019 and further decreased by around 34% to approximately RMB17,744 million as at 30 June 2020. Such decreases were primarily due to (i) the continuous decrease in the number of self-operated financing lease contracts entered into by the Group since the second half of 2018 as a result of the

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shift of business focus of the Group as discussed above; and (ii) the increase in provision for finance receivables during FY2019 resulting from a stricter regulatory environment in delinquent consumer account collection and the pandemic of COVID-19 during 1H2020 which reduced consumer's repayment capability.

Prepayments, deposits and other assets

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Prepayments, deposits and other assets (both current and non-current portions)	2,122	2,547	2,970	2,743

Prepayments, deposits and other assets mainly comprise prepayment for a capital investment, vehicles collected from financing lease customers, long-term receivables from loan facilitation services and deposits. The balance remained relatively stable at the end of each financial year/period.

Financial assets at fair value through profit or loss

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Financial assets at fair value through profit or loss	157	2,098	2,550	2,582

Financial assets at fair value through profit or loss increased significantly from approximately RMB157 million as at 31 December 2017 to approximately RMB2,098 million as at 31 December 2018, which was primarily due to the Company's investment in Yusheng Holdings Limited ("Yusheng"), a company which focuses on used automobile transaction business, by way of subscription of the convertible notes in the principal amount of US\$260 million issued by Yusheng in June 2018. The convertible notes are interest free and convertible into 13 million non-voting Series pre-A preferred shares of Yusheng at the conversion price of US\$20.00 per share. The convertible notes are accounted for as financial assets at fair value through profit or loss of approximately RMB1,789 million as at 31 December 2018.

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In November 2019, the Company subscribed for another convertible note issued by Yusheng with a cash consideration of US\$43 million (equivalent to approximately HK\$335 million) to further strengthen its cooperation relationship with Yusheng in the used automobile transaction business. As such, the financial assets at fair value through profit or loss increased by approximately 22% to approximately RMB2,550 million as at 31 December 2019. We have discussed with the auditors of the Company and the Management regarding the investment in Yusheng and have reviewed the valuation report of Yusheng as at 30 June 2020. We understood from the Management that it has considered the future development of Yusheng and is of the view that the impact of COVID-19 on the prospects of Yusheng would only be temporary and would not be significant on a longer term spectrum at this stage, and thus no impairment was made for 1H2020, and the balance remained stable at approximately RMB2,582 million as at 30 June 2020.

Restricted cash

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Restricted cash (both current and non-current portions)	511	3,538	1,907	2,343

Restricted cash mainly represents the term deposits pledged for bank borrowings and cash pledged for loan facilitation services. The movements of such balances as at 31 December 2018 and 31 December 2019 are in line with the movements of the bank borrowings of the Group as at the respective year end. The balance increased by approximately 23% to approximately RMB2,343 million as at 30 June 2020, which was mainly due to the increase in cash pledged for loan facilitation services of the Group as at the period end.

Cash and cash equivalents

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Cash and cash equivalents	5,825	2,116	1,587	2,168

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The Group's cash and cash equivalents decreased by around 64% to approximately RMB2,116 million as at 31 December 2018 which was due to the expansion of the business of the Group during the year. The balance further decreased to approximately RMB1,587 million as at 31 December 2019 due to the repayment of borrowings due by the Group. As at 30 June 2020, the balance increased to approximately RMB2,168 million which was mainly due to the collection of interest and principal from the Group's financing lease services.

Intangible assets

	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
RMB'million				
Intangible assets	2,385	2,160	1,990	1,867

The Group's intangible assets comprise goodwill, trademarks and licenses, customer relationships, domain names, computer software and technology and business cooperation agreements, which were mainly acquired by the Group. The business cooperation agreements of approximately RMB1,707 million represent over 91% of the intangible assets of the Group as at 30 June 2020, which were mainly acquired by the Group as a result of the reorganisation for the purpose of listing in 2017.

The business cooperation agreements comprise Bitauto Group's direction of all online enquiries regarding the transaction platform business and products arising from Bitauto Group's websites to the Group, free traffic support from Bitauto Group in relation to automobile financing services and used automobile-related business, Bitauto Group's non-compete undertakings in relation to the used automobile-related business, and free access to Bitauto Group's automobile model database for 20 years. The amortisation charges are included in the "selling and marketing expenses" of the consolidated income statement. The intangible assets in respect of the business cooperation agreements were mainly recognised by the Group in 2017 prior to the listing. We understood from the Management that, although COVID-19 has impacted the business of the Company in 1H2020, the loan facilitation services have benefited from the strategic shift of the Group's focus since FY2018 and as evidenced by its increase in revenue contribution from 0% in FY2017 to around 29% in 1H2020, its performance since FY2018 was more satisfactory than expected in FY2017. As such, the Management is of the view that no impairment had to be made for the business cooperation agreements. Under the accounting policy of the Group, the business cooperation agreements are amortised on (i) the respective straight-line amortisation method and (ii) an actual usage basis, respectively.

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Under the accounting policy of the Group, trademarks and licenses, domain names, and computer software and technology have estimated useful lives of 5 to 10 years, 10 years and 5 years, respectively. These items are amortised on a straight-line basis over their respective useful lives. As regards goodwill, impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. As at the aforesaid year/period end, the Directors are of the view that there was no evidence of impairment of goodwill.

The movement of the balances as at the above year/period end mainly represents the depreciation/amortisation charges recognised by the Group during the respective year/period.

Major liabilities of the Group

As at 30 June 2020, the Group's major liabilities included (i) borrowings; (ii) other non-current liabilities; and (iii) other payables and accruals, which accounted for approximately 82%, 8% and 7% of the total liabilities of the Group.

Set out below is the brief description and discussion on each major liability of the Group as mentioned above.

Borrowings

	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Borrowings	25,095	30,198	19,841	13,957

The Group's borrowings increased by approximately 20% to approximately RMB30,198 million as at 31 December 2018. Such increase was due to the development of self-operated financing business and in line with the increase in finance receivables due from customers as at the year end. The balance decreased by approximately 34% to approximately RMB19,841 million as at 31 December 2019 and further decreased to approximately RMB13,957 million as at 30 June 2020, which was primarily due to the shift of business focus discussed above and the repayment of borrowings during the respective year/period.

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Other non-current liabilities

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Other non-current liabilities	138	1,948	1,492	1,404

Other non-current liabilities mainly represent deferred revenue. As discussed above, in June 2018, the Company and Yusheng entered into the agreements in relation to, among other things, the Company's investment in Yusheng by way of subscription of the convertible notes issued by Yusheng. As the consideration for the subscription of the convertible notes, the Company agreed to (i) pay cash consideration of US\$21 million; and (ii) provide certain cooperation services to Yusheng and/or its affiliates pursuant to the terms of the agreement. The Group shall provide the cooperation services to Yusheng and/or its affiliates for a term of 20 years from the date of the agreement. Actions in connection with respect to such cooperation services include (i) the Group providing certain traffic support in relation to the used automobile transaction business to Yusheng and/or its affiliates; (ii) the Group providing certain automobile database related services to Yusheng and/or its affiliates on a non-exclusive basis; and (iii) the Group shall not engage in, invest in, own, manage, operate or provide assistance to businesses that may compete with the used automobile transaction business during the term of the agreement or until the Group holds less than 10% equity interest in Yusheng on an as converted and fully diluted basis (whichever comes earlier). Deferred revenue amounting to US\$227,792,000 was initially recognised at fair value of the services in "Other payables and accruals" and "Other non-current liabilities" on face of the consolidated balance sheet. Other income from the business cooperation arrangements with Yusheng was recognised over time within the term of the agreement included in "Other gains, net" on the consolidated income statement.

Other payables and accruals

RMB'million	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
Other payables and accruals	1,310	2,173	1,759	1,177

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Other payables and accruals mainly represent deposits payable, other payables to related parties, advance from customers, loans payable to Bitauto Group and interest payables. Other payables and accruals increased by approximately 66% to approximately RMB2,173 million as at 31 December 2018, which was primarily due to the increases in loans payable to Bitauto Group and interest payables. The balance decreased to approximately RMB1,759 million as at 31 December 2019, which was primarily due to the repayment of loans payable to Bitauto Group. The balance further decreased to approximately RMB1,177 million as at 30 June 2020 which was mainly due to the repayment of loans payable to Bitauto Group during the period.

Net asset value

	As at 31 December 2017 (audited)	As at 31 December 2018 (audited)	As at 31 December 2019 (audited)	As at 30 June 2020 (unaudited)
RMB'million				
Net asset value	15,342	15,418	15,713	14,749

Net asset value remained relatively stable at the end of FY2017, FY2018 and FY2019. It decreased by around 6% to approximately RMB14,749 million as at 30 June 2020, which was mainly due to the loss recorded for the period as discussed above.

3. Prospects of the Group

National economy of the PRC

According to the statistics published by the National Bureau of Statistic of China (“**PRC Statistics Bureau**”) in February 2020, PRC recorded a national gross domestic product (“**GDP**”) of approximately RMB99,086.5 billion in 2019, representing a growth of approximately 6% compared to the previous year. The annual disposable income per capita in the PRC was approximately RMB30,733 in 2019, representing an increase of approximately 9% when compared to the previous year. Despite so, its GDP was growing at its slowest speed since the 2009 financial crisis.

In addition, the economic growth of the PRC was hit by the wave of COVID-19 outbreak in early 2020, particularly after the countrywide lockdown during the first quarter of 2020. The restrictions and damages brought on by the pandemic have forced companies to face major business disruption, presenting unprecedented challenges to the PRC’s economy. According to the data from the People’s Bank of China, the GDP of the PRC has contracted by around 7% in the first quarter of 2020.

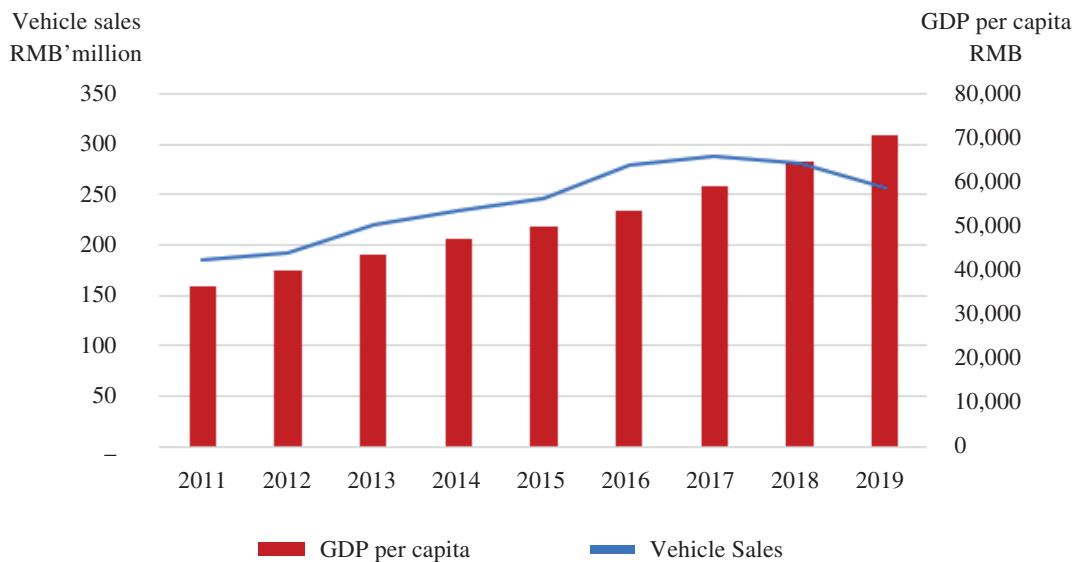
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On a brighter note, the business activities have resumed in the second quarter of 2020 and regained normality and growth momentum. A recent report published by the International Monetary Fund in October 2020 projected that the growth of GDP of the PRC to be approximately 2% in 2020 and 8% in 2021.

Automobile industry

The car parc in China has been increasing in the last decade and stood at 262 million in 2019 according to the statistics published by PRC Statistics Bureau, compared to 91 million in 2010 and the numbers are expected to be on the rise. Despite the large vehicle population, the automobile density of 188 cars per 1,000 people is relatively low compared to an estimated global average of 610 cars per 1,000 inhabitants in the European Union and 836 cars per 1,000 inhabitants in the United States in 2018, indicating room for growth of the industry.

The automobile sales have been increasing for over a decade, however, against the backdrop of PRC's slower economic growth which reduced consumer's purchasing incentive, the increasing ride sharing market and the effect of the US-Sino trade war, the industry saw a first time drop in sales since 2018.



Source: China Association of Automobile Manufacturers (“CAAM”) and PRC Statistics Bureau

Furthermore, COVID-19 had undeniably brought on an adverse global hit which also impacted the PRC automobile industry. According to the data from CAAM and China Automobile Dealers Association (“CADA”), during 1H2020, with lockdown restrictions, China's total sales of new and used passenger vehicles decreased by approximately 21% year-on-year.

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To overcome the challenges caused by COVID-19 and to re-boost consumer incentive, the PRC government has rolled out various relief packages to strengthen consumer sentiment for vehicles such as the auto replacement plan to speed up the replacement of older diesel vehicles and further opening up of second-hand vehicle markets to boost sales of new vehicles. The PRC government has also scrapped the vehicle purchase tax and provided subsidies for sales of new-energy vehicles as part of its effort to reduce air pollution. Furthermore, the local offices have also implemented incentive plans such as additional licence quotas in top-tier cities including Guangzhou, Hangzhou and Shanghai and larger local subsidies for trading in older cars to support demand for higher-end cars. The resumption to normal life coupled with favourable policy supports the aim to speed up the momentum of the auto sector.

According to CAAM, the overall sales of vehicles in China rose 16% year-on-year in July 2020 compared with the earlier decrease, which indicated that the government policies has started to take effect and has helped the market to recover to a pre-COVID-19 demand. Although the COVID-19 and the flat purchasing demand in recent years has indeed caused uncertainties and unprecedented challenges in the PRC automobile industry in the short run, it is anticipated that favourable policy support shall help the industry to stay on track and gradually recover in the long run.

Auto finance market

The Group is the leading automobile finance transaction platform in the PRC. In accordance with the increasing demand for vehicles, the auto financing penetration rate is increasing at a rapid speed and has grown to 40%-50% currently, from around 20% five years ago. Although it is still relatively uncommon compared with more developed markets, the auto finance market has evolved swiftly over the past few years at an impressive speed. Furthermore, according to a newly published memo “Measures for Stabilising and Expanding Automobile Consumption” (關於穩定和擴大汽車消費若干措施的通知), the PRC government has pushed for the wider usage of auto financing.

Fuelled by urbanisation, consumers are more willing to upgrade their vehicles as their preferences become more sophisticated. As auto financing offers an easy way to fund their purchases, consumers are shifting towards a more receptive attitude towards auto loans. It is however indisputable that COVID-19 has shaken the economy which somewhat brought hindrance in consumer’s repayment capability. The Company had to allow a longer period in recovering finance receivables from its customers and hence had to make increased provisions of expected credit losses for finance receivables in 1H2020.

In addition, it is envisioned that millennials (i.e. the generation born after 1980) will also form a core target group of the PRC auto finance market. Having been born in a period of China’s exponential economic growth and having witnessed the improvement of quality of life from technological advances, they are more willing to spend. According to CAAM, it is expected that in the long run, millennials will emerge as the main buying

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group for automobiles in the PRC. Considering millennials' willingness to experiment with their purchases, it is anticipated that they will increasingly accept that auto finance enables consumer to purchase automobiles at a lower cost.

Having endured lower purchasing incentive in recent years and the aftermath of the COVID-19 pandemic, the automobile market faces uncertainty in the short run and will need time to recover. It is however anticipated that favourable policies implemented by the government will trigger consumer demand and offset the impacts of the COVID-19 and allow the automobile industry to regain momentum in the long run. Taking into account the shift in consumer spending habits which favours the business model of the Group, auto finance is becoming more widely accepted and the industry possesses potential. It is expected that its performance shall hinge on the gradual recovery of the automobile industry.

Background of the Joint Offerors

Tencent Mobility is a company incorporated in Hong Kong with limited liability. Its primary businesses are development and operation of online entertainment services, provision of advertising services and investment holding. It is a wholly-owned subsidiary of Tencent Holdings, which is a leading provider of internet services in China.

Hammer Capital Offerco is a company incorporated in the British Virgin Islands with limited liability. It is incorporated for the purpose of implementing the Offers. It is wholly-owned by Hammer Capital, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang.

As set out in the section headed "Intention of the Joint Offerors with regards to the Group" in the "Letter from Tonghai Capital", as at the Latest Practicable Date, the Joint Offerors intend to continue the existing principal businesses of the Group following the close of the Offers and do not intend to discontinue the employment of any employees of the Group (save for the proposed change to the composition of Board to be determined) or dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Immediately after the close of the Offers, however, the Joint Offerors will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. The Joint Offerors may explore business/investment opportunities and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate for enhancing its future development and strengthening its revenue bases. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate.

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As set out above, the Joint Offerors will only conduct a review of the financial position and operations of the Group after the close of Offers and they have yet to formulate a long-term strategy for the Group as the Latest Practicable Date. Taking into account the substantial increase in Tencent Mobility's interest in the Company through the Merger and its background as a subsidiary of Tencent Holdings, a leading internet provider in the PRC, there may or may not be potential synergy effects to the Company's future prospect given that the Company's business also possesses an online presence. However, as no concrete business plan has been laid out, we are unable to assess such effects (if any), thus the aforesaid has not formed part of the basis of our opinion.

4. Evaluation of the Yixin Share Offer Price

4.1 Comparison with historical Yixin Share prices

The Yixin Share Offer Price of HK\$1.9088 per Yixin Offer Share represents:

- (i) a discount of approximately 1.1% to the closing price of HK\$1.93 per Yixin Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 11.6% over the closing price of HK\$1.71 per Yixin Share as quoted on the Stock Exchange on the last trading date prior to the publication of the Rule 3.7 Announcement;
- (iii) a premium of approximately 17.8% over the average closing price of HK\$1.62 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the last trading date prior to the publication of the Rule 3.7 Announcement;
- (iv) a premium of approximately 0.5% over the closing price of HK\$1.90 per Yixin Share as quoted on the Stock Exchange on the Last Trading Date;
- (v) a premium of approximately 4.9% over the average closing price of HK\$1.82 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Date;
- (vi) a premium of approximately 10.3% over the average closing price of HK\$1.73 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Date;
- (vii) a premium of approximately 27.3% over the average closing price of HK\$1.50 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Date;

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- (viii) a premium of approximately 37.3% over the average closing price of HK\$1.39 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the sixty (60) consecutive trading days immediately prior to and including the Last Trading Date;
- (ix) a premium of approximately 29.0% over the average closing price of HK\$1.48 per Yixin Share, being the average closing price of Yixin Shares as quoted on the Stock Exchange for the ninety (90) consecutive trading days immediately prior to and including the Last Trading Date;
- (x) a discount of approximately 30.3% to the audited consolidated net asset value attributable to owners of the Company per Yixin Share of approximately RMB2.47 (equivalent to approximately HK\$2.74) as at 31 December 2019, based on the total number of issued Yixin Shares as at 31 December 2019; and
- (xi) a discount of approximately 24.3% to the unaudited consolidated net asset value attributable to owners of the Company per Yixin Share of approximately RMB2.31 (equivalent to approximately HK\$2.52) as at 30 June 2020 based on the total number of issued Yixin Shares as at 30 June 2020.

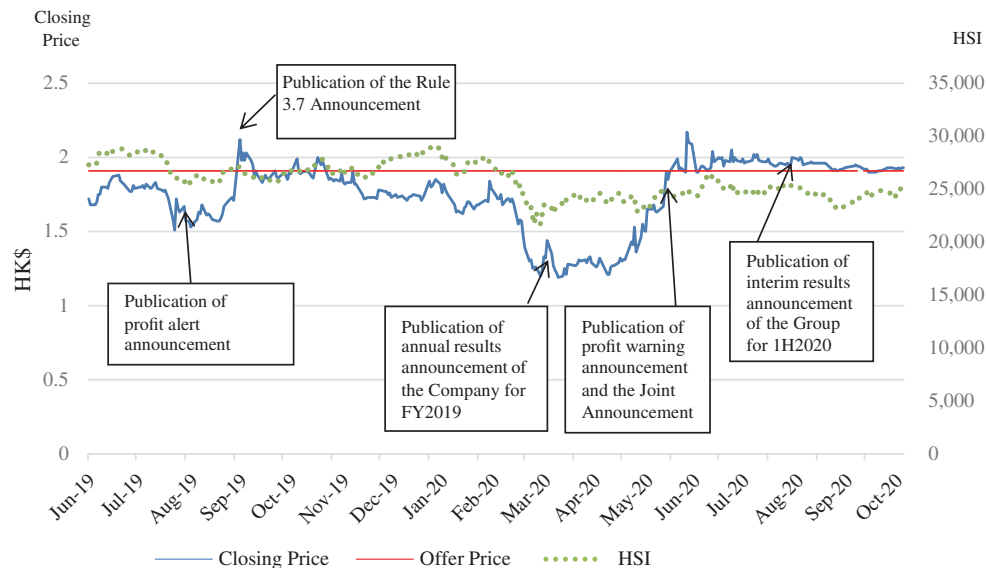
For the purpose of item (x) above, the exchange rate between RMB and HK\$ is RMB1 = HK\$1.11 as at 31 December 2019 and for the purpose of item (xi) above, the exchange rate between RMB and HK\$ is RMB1 = HK\$1.09 as at 30 June 2020.

The Yixin Share Offer Price represents a premium over the closing price of the Yixin Shares as quoted on the Stock Exchange for the Last Trading Date and the average closing prices for the five, 10, 30, 60 and 90 consecutive trading days up to and including the Last Trading Date. The Yixin Share Offer Price represents a discount to the net asset value attributable to owners of the Company (“NAV”) per Yixin Share as at 31 December 2019 and as at 30 June 2020 of 30.3% and 24.3%, respectively. However, as shown in the section headed “4.2 Historical price trend of the Yixin Shares” below, the Yixin Shares have been consistently traded at a substantial discount to the NAV per Yixin Share as at 31 December 2019 and 30 June 2020 for all the trading days during the 12 months preceding the date of the Joint Announcement, ranging from 23% to 57% and 17% to 53%, respectively. The aforesaid discount of the Yixin Share Offer Price to the NAV per Yixin Share are lower than the historical discount of closing price to the aforementioned NAV per Yixin Share for over 93% of the trading days during the 12 months preceding the date of the Joint Announcement.

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4.2 Historical price trend of the Yixin Shares

The chart below depicts the closing prices of the Yixin Shares traded on the Stock Exchange from 14 June 2019, being the date falling 12 months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date (the “**Review Period**”):



Source: Stock Exchange

During the period from 14 June 2019 to 2 August 2019, the closing price of the Yixin Shares fluctuated between the range of HK\$1.68 and HK\$1.88 per Yixin Share and was in line with the overall market. Since 2 August 2019, the closing price per Yixin Share dipped from HK\$1.72 to HK\$1.58 per Yixin Share, but subsequently rose back to HK\$1.72 after the publication of a profit alert announcement relating to the interim results for the six months ended 30 June 2019 on 7 August 2019. The closing price remained in the range of HK\$1.57 to HK\$1.68 per Yixin Share and its movement was in line with the Hang Seng Index (“**HSI**”) until the trading halt on 13 September 2019 pending the publication of the Rule 3.7 Announcement. Immediately thereafter, the closing price of the Yixin Shares reached HK\$2.12 per Yixin Share on 16 September 2019 (i.e. the first trading day following the Rule 3.7 Announcement).

Subsequently, the closing price of the Yixin Shares dropped to approximately HK\$2.00 per Yixin Share, and stayed between HK\$1.83 to HK\$2.03 per Yixin Share. The closing price of the Yixin Shares continued to follow the downward trend which is similar to that of the HSI until reaching HK\$1.20 per Yixin Share on 23 March 2020. Following the publication of the annual results announcement of the Company for the year ended 31 December 2019, the closing price rose from HK\$1.32 to HK\$1.44 per Yixin Share on 27 March 2020, but subsequently dropped to HK\$1.19 per Yixin Share on 3 April 2020, being the lowest point during the Review Period. The Yixin Share Price then gradually demonstrated an upward trend up until the Last Trading Date.

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After the publication of the Joint Announcement, the Yixin Share price closed at HK\$1.97 per Yixin Share and began to outperform the HSI until reaching its recent peak of HK\$2.17 per Yixin Share on 23 June 2020. Since then, the Yixin Share price dropped slightly and has maintained in the range of HK\$2.10 to HK\$1.90 per Yixin Share and closed at HK\$1.93 per Yixin Share as at the Latest Practicable Date.

During the Review Period, the closing prices of the Yixin Shares ranged between HK\$1.19 and HK\$2.17 per Yixin Share and the average closing price was approximately HK\$1.75 per Yixin Share. The Yixin Share Offer Price of HK\$1.9088 is within the range of the closing prices and higher than the average closing price during the Review Period. The Yixin Share Offer Price also represents a premium over the closing price of the Yixin Shares as quoted on the Stock Exchange for the Last Trading Date and the average closing prices for the five, 10, 30, 60 and 90 consecutive trading days up to and including the Last Trading Date. It is also worth noting that, on over 68.9% of the trading days during the Review Period, Yixin Share price closed at a price below the Yixin Share Offer Price.

In our opinion, the generally higher Yixin Share price after the publication of the Joint Announcement and up to the Latest Practicable Date as compared to the earlier time of the Review Period was likely associated with the market response to the Offers. After taking into account the historical Yixin Share prices, there is no assurance that the Yixin Share price will continue to maintain at the current level after the close of the Offers. Disinterested Shareholders are reminded to closely monitor the market price of the Yixin Shares during the period for the acceptance of the Yixin Share Offer.

Based on the above, we consider that the Yixin Share Offer Price is fair and reasonable in comparison to the historical closing prices of the Yixin Shares.

4.3 *Liquidity of the Yixin Shares*

The following table sets out the trading volume of the Yixin Shares during the Review Period:

	Total trading volume for the month/period (Note 1)	Average daily trading volume for the month/period (Note 2)	Percentage of average daily trading volume to the total issued Yixin Shares as at the end of the month
2019			
14 to 30 June	29,243,370	2,658,488	0.04%
July	29,541,812	1,342,810	0.02%
August	69,066,399	3,139,382	0.05%
September	272,022,201	13,601,110	0.21%
October	79,885,927	3,804,092	0.06%
November	100,684,050	4,794,479	0.08%
December	52,731,599	2,636,580	0.04%

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	Total trading volume for the month/period (Note 1)	Average daily trading volume for the month/period (Note 2)	Percentage of average daily trading volume to the total issued Yixin Shares as at the end of the month
2020			
January	70,882,302	3,544,115	0.06%
February	60,689,478	3,034,474	0.05%
March	91,913,899	4,177,905	0.07%
April	62,850,090	3,307,899	0.05%
May	157,316,683	7,865,834	0.12%
June	732,353,583	36,617,679	0.57%
July	330,578,206	15,026,282	0.24%
August	154,465,978	7,355,523	0.12%
September	111,465,112	5,066,596	0.08%
October	48,420,173	2,690,010	0.04%
November (Up to the Latest Practicable Date)	16,935,786	4,233,947	0.07%

Source: Stock Exchange

Notes:

1. Total trading volume is expressed in terms of the number of Yixin Shares traded.
2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period excluding any trading days on which trading of the Yixin Shares on the Stock Exchange was suspended for the whole trading day.

As illustrated in the above table, the average daily trading volume during the Review Period ranged from around 1,342,810 Yixin Shares to 36,617,679 Yixin Shares, representing approximately 0.02% to 0.57% of the total number of Yixin Shares in issue as at the end of the month.

During the five trading days post the publication of the Joint Announcement, the average daily trading volume of the Yixin Shares surged to approximately 56,156,150 Yixin Shares which was mainly attributable to the investors' reaction. As a result, the trading volume in June 2020 was higher than all other months prior to the publication of the Joint Announcement. The average daily trading volume of the Yixin Shares subsequently decreased to approximately 15,026,282 Yixin Shares in July 2020 and further decreased to approximately 7,355,523 Yixin Shares in August 2020 and have not reached a higher average daily trading volume up until the Latest Practicable Date.

Given the relatively thin historical trading volume of the Yixin Shares, it is uncertain as to whether there would be sufficient liquidity in the Yixin Shares for Disinterested Shareholders to dispose of a significant number of Yixin Shares in the open market without causing an adverse impact on the market price level of the Yixin Shares. We consider that the Disinterested Shareholders may find it difficult to dispose of a large number of Yixin Shares in the open market without exerting a significant downward pressure on the price of the Yixin Shares, and the Yixin Share Offer provides the Disinterested Shareholders with an assured exit if they wish to realise their investments in the Yixin Shares.

5. Comparison Analysis

5.1 Analysis on Offer Comparables

We have, based on our search on the website of the Stock Exchange, identified an exhaustive list of companies (the “**Offer Comparables**”) listed on the Stock Exchange which have undergone mandatory general offer exercises by an offeror (“**MGO**”) since 1 January 2020 and up to the date of the Joint Announcement. We consider that the period under review, being approximately six months, is adequate to provide a fair and representative sample for analysis of recent mandatory general offer transactions in the market.

The analysis on the Offer Comparables provide a comparison between the Yixin Offer Price and the offer prices of companies which have undergone MGOs. Although (i) the Offer Comparables have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company; and (ii) there are different circumstances which may trigger MGOs, namely sale and purchase of shares or subscription of new shares in offeree companies, on market purchase by the offeror, enforcement of share charges, or in this case a chain principle offer, we consider that the Offer Comparables can provide a general reference to the pricing trend of recent mandatory general offer transactions, i.e. the pricing trend of and appetite towards recent MGOs in the Stock Exchange under the current economic atmosphere, which we consider is a relevant factor in assessing the range of reasonable offer prices in the market so as to determine whether the Yixin Share Offer Price is in line with those of the recent mandatory general offer transactions in the market. As such, we consider that the Offer Comparables provides an appropriate basis in assessing the fairness and reasonableness of the Yixin Offer Price.

Disinterested Shareholders should note that the triggering circumstance for the Offer Comparables are different to that of the Yixin Offer. Despite so, we consider that the analysis on the Offer Comparables can provide a general reference to the pricing trend of recent mandatory general offer transactions and we are of the view that the Offer Comparables forms an appropriate basis of our opinion.

The table below illustrates the premiums/discounts of the offer prices offered in the Offer Comparables over/to the prevailing share prices prior to the announcement of the relevant mandatory general offer transactions as well as the net asset value per share of the Offer Comparables:

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Date of announcement	Company name (stock code)	Type of general offer exercise	Offer Price (HK\$)	Premium over/ (discount to) the average closing price for the five consecutive trading days immediately prior to and including the last trading date	Premium over/ (discount to) the average closing price for the 10 consecutive trading days immediately prior to and including the last trading date	Premium over/ (discount to) the average closing price for the 30 consecutive trading days immediately prior to and including the last trading date	
08-Jan-20	Sunway International Holdings Limited (58.HK)	Mandatory conditional cash offer	0.1	25.00%	24.07%	14.03%	7.60%
17-Jan-20	Season Pacific Holdings Limited (1709.HK)	Mandatory unconditional cash offer	0.55	-19.12%	-16.16%	-17.17%	-6.62%
21-Jan-20	Zhuhai Holdings Investment Group Limited (908.HK)	Mandatory conditional cash offer	1.21	0.83%	1.51%	2.72%	0.58%
24-Jan-20	Imperium Group Global Holdings Limited (776.HK)	Mandatory unconditional cash offer	1.04	-20.00%	-20.00%	-20.00%	-21.63%
05-Feb-20	Pine Care Group Limited (1989.HK)	Mandatory unconditional cash offer	1.647	105.90%	116.70%	87.20%	55.40%
11-Feb-20	Windmill Group Limited (1850.HK)	Mandatory unconditional cash offer	0.268	-4.29%	-5.96%	-6.62%	-11.26%
17-Feb-20	Bonjour Holdings Limited (653.HK)	Mandatory unconditional cash offer	0.1147	-7.50%	13.80%	20.90%	25.50%

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Date of announcement	Company name (stock code)	Type of general offer exercise	Offer Price (HK\$)	Premium over/ (discount to) the average closing price for the five consecutive trading days immediately prior to and including the closing price on the last trading date	Premium over/ (discount to) the average closing price for the 10 consecutive trading days immediately prior to and including the last trading date	Premium over/ (discount to) the average closing price for the 30 consecutive trading days immediately prior to and including the last trading date	
03-Apr-20	Zhongchang International Holdings Group Limited (859.HK)	Mandatory unconditional cash offer	0.5425	6.37%	-3.12%	-8.05%	-1.90%
28-Apr-20	Hopefluent Group Holdings Limited (733.HK)	Mandatory unconditional cash offer	1.5	7.14%	8.70%	11.94%	7.14%
06-May-20	PF Group Holdings Limited (8221.HK)	Mandatory unconditional cash offer	0.0812	84.55%	63.71%	56.76%	45.52%
14-May-20	Bossini International Holdings Limited (592.HK)	Mandatory unconditional cash offers	0.043	-70.95%	-71.90%	-71.14%	-68.15%
25-May-20	Global Mastermind Capital Limited (905.HK)	Mandatory unconditional cash offer	0.09	-15.09%	-1.10%	7.14%	20.00%
			Maximum	105.90%	116.70%	87.20%	55.40%
			Minimum	-70.95%	-71.90%	-71.14%	-68.15%
			Mean	7.74%	9.19%	6.48%	4.35%
			Median	-1.73%	0.21%	4.93%	3.86%
15 June 2020	The Company	Mandatory unconditional cash offer		0.50%	4.90%	10.30%	27.30%

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According to the above table, we noted that the premiums of the Offer Comparables over their respective last trading day, five, 10, and 30 trading days average share prices (up to and including the last trading day) ranged from approximately -70.95% to 105.90%, -71.90% to 116.70%, -71.14% to 87.20% and -68.15% to 55.40% respectively, with average premiums of approximately 7.74%, 9.19%, 6.48%, and 4.35% respectively and a median of -1.73%, 0.21%, 4.93% and 3.86% respectively.

In comparison, the Yixin Share Offer Price represented premiums over the last trading day, 5, 10 and 30 trading days average share closing prices on the SEHK (up to and including the Last Trading Date) of approximately 0.50%, 4.90%, 10.30% and 27.30% respectively. Although the premiums were lower than the average of premiums of the Offer Comparables over the last trading day and last five trading days, such premiums (i) fell within the range and were above the median of the last trading day and last five trading days average share prices; and (ii) exceeded the average of premiums of the Offer Comparables over the last 10 and 30 trading days average share prices.

6. Peer Comparison

In order to assess the fairness and reasonableness of the Yixin Offer Price, we have sought to identify comparable companies exhaustively on Bloomberg based on the criteria that (i) the company is listed on the Stock Exchange; (ii) it is engaged in the automobile transaction platform business and self-operated financing business which is similar to the Group's principal businesses; and (iii) over 50% of the total revenue of the company was generated from the Similar Businesses in their most recent financial year. However, no comparable companies can be identified.

Given that we did not identify any comparable companies which match the above criteria, we are of the view that a comparable analysis may not be applicable in assessing the fairness and reasonableness of the Yixin Offer Price.

7. The Yixin Option Offer

As at the Latest Practicable Date, the Company has outstanding Yixin Options in respect of 262,351,444 Yixin Shares, of which the exercise price in respect of Yixin Shares is US\$0.0014 (equivalent to HK\$0.0108 using the exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date).

The outstanding Yixin Options were granted between 3 July 2017 and 1 October 2017 with an exercise period of ten years from their respective date of grant. As at the Latest Practicable Date, of the 262,351,444 outstanding Yixin Options, 243,129,647 Yixin Options had been vested and the remaining 19,221,797 Yixin Options shall be vested on or after 31 May 2021.

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Pursuant to Rule 13.5 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Yixin Option Offer to cancel each Yixin Share Option is calculated on a see-through basis, so that the Yixin Option Offer Price would represent the difference between the exercise price for each Yixin Option and the Yixin Share Offer Price, which is in line with the normal practice. We note that the current Yixin Option Offer Price is derived based on the “see-through” principle, which is in accordance with the general practice. On this basis, we are of the view that the Yixin Option Offer at the Yixin Option Offer Price is fair and reasonable.

DISCUSSION

In forming our opinion and recommendation below, we have taken into account the factors set out under the section headed “Principal factors and reasons considered” above, none of which can be considered in isolation. We would like to draw the attention of the Disinterested Shareholders in particular to the points summarised below:

- I. **Company’s financial performance/position:** The Company’s financial performance improved in FY2019 which was mainly attributable to the increased revenue prompted by the focus on the loan facilitation services which is partially offset by the decrease due to de-emphasis from the self-operated financing business and recorded a profit of RMB31 million. It also recorded an adjusted net profit of RMB439 million that excluded certain non-cash or one-off items such as the share based compensation and amortisation charge of intangible assets, which the Management considers are not indicative for evaluating the overall performance of the Group. However the financial performance deteriorated in 1H2020 especially in the wake of COVID-19. The focus on the loan facilitation services did drive up its revenue contribution, but did not offset the decrease from the self-operated financing business. An operating loss of RMB1,053 million and an adjusted net loss of RMB871 million was recorded. The effect of COVID-19 on the financial performance of the Group in the second half of 2020 remains uncertain. The financial position as at the recent year/period end remained generally healthy.
- II. **Prospects of the Company:** COVID-19 has caused an impact globally and also brought on hindrance to the PRC economy and the automobile industry. The automobile market faces uncertainty in the aftermath of the pandemic and the automobile demand has remained flat in recent years. However, with favourable policy support by the PRC government and local offices and resumption of business activities, it is expected that in time the automobile industry will regain momentum in the long run. The auto finance industry in the PRC is indeed on the rise and possesses growth potential taking into account the shifts in spending habits of consumers which favour the business model of the Group and it is expected that its development shall hinge on the gradual recovery of the automobile market.
- III. **Comparison with historical Yixin Share prices:** The Yixin Share Offer Price represents premiums over the price of the Yixin Shares in all selected benchmark periods but it also represents a discount to the consolidated net asset value

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attributable to owners of the Company per Yixin Share as at 31 December 2019 and 30 June 2020 of 30.3% and 24.3%, respectively. Despite so, the Yixin Shares have been consistently traded at a substantial discount to the NAV per Yixin Share as at 31 December 2019 and 30 June 2020 for all the trading days during the 12 months preceding the date of the Joint Announcement, ranging from 23% to 57% and 17% to 53%, respectively. The aforesaid discount of the Yixin Share Offer Price to the NAV per Yixin Share are lower than the historical discount of closing price to the aforementioned NAV per Yixin Share for over 93% of the trading days during the 12 months preceding the date of the Joint Announcement.

- IV. **Historical Yixin Share price performance:** The Yixin Share Offer Price represents a discount of approximately 12.0% to the highest closing price of HK\$2.17 on 23 June 2020 and a premium of approximately 60% over the lowest closing price of HK\$1.19 on 4 April 2020 during the Review Period, respectively, and is higher than the closing price of the Yixin Shares for over 68.9% of the trading days during the Review Period. Based on the above, we consider that the Yixin Share Offer Price is fair and reasonable in comparison to the historical closing prices of the Yixin Shares. The recent increase in the Yixin Share price may be due to the Offers which may not be sustainable, as such, the Offers represent a good opportunity for the Disinterested Shareholders to dispose of their holdings at a fixed cash price, without regard to the effects of selling in the market.
- V. **Historical trading liquidity:** The average daily trading volume during the Review Period ranged from around 1,342,810 Yixin Shares to 36,617,679 Yixin Shares, representing approximately 0.02% to 0.57% of the total number of Yixin Shares in issue as at the Latest Practicable Date. Hence, we consider that the historical trading liquidity has been thin in general during the Review Period and the Yixin Share Offer provides an exit alternative for the Disinterested Shareholders to realise their investment without exerting downward pressure on the market price.
- VI. **Comparison analysis:** the premiums implied by the Yixin Share Offer Price fall squarely within all the premium ranges of the Offer Comparables, and are above the median premium of all ranges, and above the average premium for the two ranges calculated based on the share prices on the last 10 and 30 trading days which suggests that the Yixin Share Offer Price is on favourable terms compared to the market.
- VII. **Yixin Option Offer:** The Yixin Option Offer adopts the “see-through” price, which is a common market practice and in accordance with Rule 13 and Practice Note 6 of the Takeovers Code, as such, we consider that the Yixin Option Offer Price is fair and reasonable so far as the Optionholders are concerned.

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OPINION AND RECOMMENDATIONS

Based on the above analysis, we consider the terms of the Offers (being the Yixin Share Offer and the Yixin Option Offer) to be fair and reasonable so far as the Disinterested Shareholders and Optionholders are concerned and advise the Independent Board Committee to advise (i) the Disinterested Shareholders to accept the Yixin Share Offer; and (ii) the Optionholders to accept the Yixin Option Offer.

For Disinterested Shareholders who are attracted by and confident in the future prospects of the Group, given the background of the Joint Offerors as detailed in the “Letter from Tonghai Capital” contained in the Composite Document and notwithstanding that no detailed business plan has been formulated by the Joint Offerors, they may consider to retain their Yixin Shares in full or in part. We would like to remind the Disinterested Shareholders that if they consider retaining their Yixin Shares or tendering less than all their Yixin Shares under the Yixin Share Offer, they should carefully consider the potential difficulties they may encounter in disposing of their investments in the Yixin Shares after the close of the Yixin Share Offer in view of the historical thin liquidity of the Yixin Shares and there is no guarantee that the prevailing level of the Yixin Share price will sustain. The Disinterested Shareholders are strongly advised that the decision to realise or to continue to hold their investments in the Yixin Shares is subject to individual circumstances and investment objectives.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director, Corporate Finance

Mr. Ng is a responsible officer of Optima Capital and a licensed person registered with the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. PROCEDURES FOR ACCEPTANCE

To accept any of the Offers, you should duly complete and sign the relevant accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the relevant Offers.

1.1 The Yixin Share Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Yixin Offer Shares is/are in your name, and you wish to accept the Yixin Share Offer in respect of your Yixin Offer Shares (whether in full or in part), you must deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Yixin Offer Shares for which you intend to accept the Yixin Share Offer, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong marked "Yixin Group Limited – Yixin Share Offer" on the envelope so as to reach the Registrar as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Joint Offerors may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Yixin Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Yixin Share Offer in respect of your Yixin Offer Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Yixin Offer Shares for which you intend to accept the Yixin Share Offer with the nominee company, or other nominee, and with instructions authorising it to accept the Yixin Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Yixin Offer Shares tendered for acceptance to the Registrar; or

- (ii) arrange for the Yixin Offer Shares to be registered in your name by Yixin through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Yixin Offer Shares for which you intend to accept the Yixin Share Offer to the Registrar; or
 - (iii) if your Yixin Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Yixin Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Yixin Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Yixin Offer Shares for registration in your name or if you have exercised your Yixin Options and have not yet received your share certificate(s), and you wish to accept the Yixin Share Offer in respect of those Yixin Offer Shares, you should nevertheless duly complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title or entitlement in respect of the Yixin Options (as the case may be). Such action will constitute an irrevocable authority to the Joint Offerors and/or Tonghai Capital and/or their respective agent(s) to collect from Yixin or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Yixin Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Yixin Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Yixin Share Offer in respect of any of your Yixin Offer Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be duly completed, signed and delivered to the Registrar together with

a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Yixin Offer Shares or that it is/they are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Yixin Offer Shares, you should also write to the Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar. The Joint Offerors have absolute discretion to decide whether any Yixin Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Joint Offerors.

- (e) Acceptance of the Yixin Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Yixin Offer Shares for which you intend to accept the Yixin Share Offer and, if that/those share certificate(s) and/or any other document(s) of title is/are not in your name, such other document(s) (e.g. a duly stamped transfer of the relevant Yixin Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Yixin Offer Shares; or
 - (ii) from a registered Yixin Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Yixin Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Yixin Offer Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (g) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Yixin Offer Shares tendered for acceptance will be given.
- (h) The address of the Registrar, Computershare Hong Kong Investor Services Limited, is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

1.2 The Yixin Option Offer

- (a) If you are an Optionholder and you wish to accept the Yixin Option Offer in respect of your Yixin Options, you must deliver the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Yixin Options and/or any other document(s) (if applicable) evidencing the grant of the Yixin Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Yixin Options or if applicable, for not less than the number of the Yixin Options in respect of which you intend to accept the Yixin Option Offer, by post or by hand, to Yixin Group Limited at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong marked "Yixin Group Limited – Yixin Option Offer" on the envelope so as to reach Yixin as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Joint Offerors may determine and announce in accordance with the Takeovers Code.
- (b) If the **PINK** Form of Option Offer Acceptance is executed by a person other than the registered Optionholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of Yixin must be produced.
- (c) No acknowledgement of receipt of any **PINK** Form of Option Offer Acceptance and/or the relevant certificate(s), document(s) of title or entitlement in respect of your Yixin Options and/or any other document(s) (if applicable) evidencing the grant of the Yixin Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (d) The address of Yixin and the office of Yixin in Hong Kong is at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong.

2. SETTLEMENT UNDER THE OFFERS

2.1 The Yixin Share Offer

Provided that a duly completed and signed **WHITE** Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Yixin Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Joint Offerors may determine and announce in accordance with the Takeovers Code, a cheque from each of the Joint Offerors for the amount due to each of the Yixin Offer Shareholders who accepts the Yixin Share Offer less seller's ad valorem stamp duty in respect of the Yixin Offer Shares tendered by him under the Yixin Share Offer will be despatched to such Yixin Offer Shareholder by ordinary post at his own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of a duly completed and signed **WHITE** Form of Share Offer Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance under the Yixin Share Offer valid.

Settlement of the consideration to which any Yixin Offer Shareholder is entitled under the Yixin Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against such Yixin Offer Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to a Yixin Offer Shareholder who accepts the Yixin Share Offer will be rounded up to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact the Joint Offerors for payment.

2.2 The Yixin Option Offer

Provided that a duly completed and signed **PINK** Form of Option Offer Acceptance and the relevant certificate(s), document(s) of title or entitlement in respect of the Yixin Options and/or any other document(s) (if applicable) evidencing the grant of the Yixin Options to the relevant Optionholder (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by Yixin before the close of the Yixin Option Offer, payment of the consideration for the Yixin Options surrendered for cancellation under the Yixin Option Offer will be made to Yixin as the agent of the Optionholders, by cheque(s) drawn in the name of Yixin which will be delivered to the office of Yixin in Hong Kong at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong or, at the election of the Joint Offerors, by wire transfer to the bank account of Yixin, and Yixin will transfer any payment received to the respective Optionholders, after

deducting relevant transaction costs (including bank transfer fees and costs arising from currency conversion) and applicable PRC taxes by wire transfer, in each case, within seven (7) Business Days of the date of receipt of a duly completed and signed **PINK** Form of Option Offer Acceptance together with all the relevant document(s) by Yixin to render such acceptance, surrender and cancellation under the Yixin Option Offer valid. Payments will be made in Hong Kong dollars. Settlement of the consideration to which any Optionholder is entitled to under the Yixin Option Offer will be implemented in full in accordance with its terms, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against such Optionholder.

No fraction of a cent will be payable and the amount of consideration payable to an Optionholder who accepts the Yixin Option Offer will be rounded up to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact the Joint Offerors for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers are revised or extended in accordance with the Takeovers Code, to be valid, the **WHITE** Form of Share Offer Acceptance must be received by the Registrar and the **PINK** Form of Option Offer Acceptance must be received by Yixin, in each case, in accordance with the instructions printed thereon and in this Composite Document by no later than 4:00 p.m. (Hong Kong time) on the Closing Date.

If the Offers are revised or extended, the Joint Offerors will issue an announcement in relation to such revision or extension of the Offers, which announcement will state the next Closing Date. There is no obligation on the Joint Offerors to extend the Offers. If, in the course of the Offers, the Joint Offerors revise the terms of the Offers, all of the Yixin Offer Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. Any revised Offers must be kept open for at least fourteen (14) days, and shall not be closed earlier than Wednesday, 2 December 2020. In any case where the Offers are revised, and the consideration offered under each of the revised Offers does not represent on such date a reduction in the value of the Offers in its original or any previously revised form(s), the benefit of such revised Offers will be made available as set out herein to acceptors of the Offers in its original or any previously revised form(s) (hereinafter called “previous acceptor(s)”). The execution by, or on behalf of, a previous acceptor of any Form of Acceptance shall be deemed to constitute acceptance of the Offers as so revised.

If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Yixin Offer Shareholders, those Yixin Offer Shareholders who hold Yixin Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Yixin Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers. Acceptance of the Yixin Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Joint Offerors that the number of Yixin Offer Shares it has indicated in the Form of Share Offer Acceptance is the aggregate number of Yixin Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the Yixin Share Offer on their behalf.

5. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Joint Offerors must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offers. The Joint Offerors must publish an announcement in accordance with the Listing Rules and the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers. The announcement will state the following:

- (a) the total number of Yixin Offer Shares and Yixin Options for which acceptances of the Offers have been received;
- (b) the total number of Yixin Offer Shares and Yixin Options held, controlled or directed by the Joint Offerors and the parties acting in concert with them before the Yixin Offer Period;
- (c) the total number of Yixin Offer Shares and Yixin Options acquired or agreed to be acquired or cancelled during the Yixin Offer Period by the Joint Offerors and the parties acting in concert with them; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Yixin which the Joint Offerors and any parties acting in concert with them have borrowed or lent, save for any borrowed Yixin Offer Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of Yixin Offer Shares.

In computing the total number of Yixin Offer Shares and Yixin Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Registrar (in respect of the Yixin Share Offer) or Yixin (in respect of the Yixin Option Offer) by no later than 4:00 p.m. (Hong Kong time) on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

If any of the Joint Offerors, the parties acting in concert with them or their respective advisers make any statement during the Yixin Offer Period about the level of acceptances or the number or percentage of accepting Yixin Offer Shareholders or Optionholders, the Joint Offerors must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

6. RIGHT OF WITHDRAWAL

As the Offers are unconditional in all respects, acceptances of the Offers tendered by the Yixin Offer Shareholders and the Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the paragraph below.

Under Rule 19.2 of the Takeovers Code, if the Joint Offerors are unable to comply with the requirements set out in section headed “Announcements” in this Appendix I above, the Executive may require that the holders of Yixin Offer Shares and Yixin Options who have tendered acceptances to the relevant Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met. In such case, where the Yixin Offer Shareholders and/or the Optionholders withdraw their acceptance(s), the Joint Offerors shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the Yixin Options and/or other document(s) of the title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Yixin Offer Shareholders and/or Optionholders at their own risk.

7. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Yixin Share Offer or (ii) if higher, the market value of the Yixin Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the Yixin Offer Shareholders who accept the Yixin Share Offer insofar as their Yixin Offer Shares are registered on the Hong Kong branch share register of the Company. The relevant amount of stamp duty payable by the relevant Shareholders will be deducted from the consideration payable to such Shareholders

under the Yixin Share Offer. The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Yixin Offer Shareholders in connection with the acceptance of the Yixin Share Offer and the transfer of the Yixin Offer Shares.

No stamp duty is payable in connection with the acceptances of the Yixin Option Offer and the cancellation of the Yixin Options.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the Yixin Options and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) and/or cheques to settle the consideration payable under the Offers if delivered by or sent to or from the Yixin Offer Shareholders or the Optionholders or their designated agents by post, shall be posted at their own risk, and none of the Joint Offerors, Yixin, Tonghai Capital or any of their respective directors, the Registrar or any other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offers.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Joint Offerors, Tonghai Capital or such person or persons as the Joint Offerors may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Joint Offerors, or such person or persons as it may direct, the Yixin Offer Shares and/or cancelling the Yixin Options in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any person will be deemed to constitute a representation and warranty by such person or persons to:

- (i) the Joint Offerors, Yixin and Tonghai Capital, that the Yixin Offer Shares sold by such person or persons to the Joint Offerors are free from all Encumbrances and are sold together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of this Composite Document.
- (ii) the Joint Offerors, Yixin and their respective advisers, including Tonghai Capital, the financial adviser to the Joint Offerors in respect of the Offers, that if such Yixin Offer Shareholder/Optionholder accepting the Yixin Share Offer/Yixin Option Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas Yixin Offer Shareholder/Optionholder is subject to receive and accept the Yixin Share Offer/Yixin Option Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment by the accepting Yixin Offer Shareholders or, as the case may be, Optionholders of any transfer or other taxes in respect of their acceptances, and that he/she has not taken or omitted to take any action which will or may result in the Joint Offerors, Yixin or their respective advisers, including Tonghai Capital, the financial adviser to the Joint Offerors, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offers or his/her acceptance thereof, and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.
- (g) The acceptance of the Yixin Option Offer by any Optionholder will be deemed to constitute a warranty by such person that the Yixin Share Options and all rights attaching thereto are cancelled with effect from the date on which the Yixin Option Offer is made, being the date of this Composite Document.
- (h) Reference to any of the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (i) In making their decisions with regard to the Offers, the Yixin Offer Shareholders and the Optionholders should rely on their own examination of the Joint Offerors, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Joint Offerors, Yixin and/or Tonghai Capital. The Yixin Offer Shareholders and the Optionholders should consult their own professional advisers for professional advice.

- (j) The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

- (k) The Offers are made in accordance with the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION ON THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 and the unaudited consolidated financial results of the Group for the six months ended 30 June 2020, as extracted from the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019 and the interim report of the Company for the six months ended 30 June 2020, respectively.

	For the six months ended 30 June 2020 (unaudited) <i>RMB'000</i>	For the year ended 31 December		
		2019 (audited) <i>RMB'000</i>	2018 (audited) <i>RMB'000</i>	2017 (audited) <i>RMB'000</i>
Revenue	1,623,834	5,799,982	5,532,632	3,905,509
Profit/(loss) before income tax	(1,376,035)	76,016	(154,876)	(18,270,224)
Income tax expense	323,123	(45,080)	(11,704)	(66,330)
Net profit/(loss) for the year attributable to:				
– Owners of the Company	(1,052,912)	30,936	(166,580)	(18,330,870)
– Non-controlling interests	–	–	–	(5,684)
Comprehensive income/(loss) for the year/period attributable to:				
– Owners of the Company	(1,020,914)	64,429	(129,384)	(17,667,913)
– Non-controlling interests	–	–	–	(5,684)
Amount of dividends distributed to owners of the Company	–	–	–	–
Earnings/(loss) per share from operations attributable to owners of the Company:				
– Basic earnings/(loss) per Share (RMB)	(0.17)	0.01	(0.03)	(11.37)
– Diluted earnings/(loss) per Share (RMB)	(0.17)	0.01	(0.03)	(11.37)
Dividend per share	–	–	–	–

The auditor's reports from PricewaterhouseCoopers in respect of the Group's audited consolidated financial statements for each of the years ended 31 December 2017, 2018 and 2019 did not contain any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion, and material uncertainty related to going concern).

2. CONSOLIDATED FINANCIAL INFORMATION

The audited consolidated financial statements of the Group, together with the accompanying notes to the financial statements, for each of the three financial years ended 31 December 2017, 2018 and 2019 are disclosed in the annual report of the Company for the financial year ended 31 December 2017, the annual report of the Company for the financial year ended 31 December 2018, and the annual report of the Company for the financial year ended 31 December 2019, respectively. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020, together with the accompanying notes to the financial statements, are disclosed in the Company's interim report for the six months ended 30 June 2020. The said annual reports and interim report are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yixincars.com).

Annual report for the year ended 31 December 2017 (pages 111 to 245):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltm201804261203.pdf>

Annual report for the year ended 31 December 2018 (pages 131 to 260):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0404/ltm20190404990.pdf>

Annual report for the year ended 31 December 2019 (pages 100 to 194):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000415.pdf>

Interim report for the six months ended 30 June 2020 (pages 36 to 72):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0915/2020091500629.pdf>

The audited consolidated financial statements of the Group for each of the three financial years 31 December 2017, 2018 and 2019 and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 (but not any other part of the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019 and the interim report of the Company for the six months ended 30 June 2020 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at the close of business on 31 August 2020, being the most recent practicable date for the purpose of the statement of indebtedness prior to the printing of this Composite Document, the Group had the following indebtedness:

(a) Borrowing

	As at August 31, 2020 <i>RMB'000</i>
Included in non-current liabilities:	
Pledge borrowings	243,031
Asset-backed securitization debt	712,621
Other secured borrowings	774,113
Unsecured borrowings	129,520
	<u>1,859,285</u>
Included in current liabilities:	
Pledge borrowings	1,914,083
Asset-backed securitization debt	3,878,319
Other secured borrowings	4,726,206
Unsecured borrowings	813,234
	<u>11,331,842</u>
Total borrowings	<u>13,191,127</u>

(b) Lease liabilities

As of August 31, 2020, our current and non-current lease liabilities were RMB12.3 million, and RMB16.2 million, respectively, representing our outstanding rental amounts mainly in respect of leases of certain properties from third parties.

(c) Off-balance sheet items

Under our arrangements with certain financial institutions in respect of loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of August 31, 2020, the total outstanding balance of loans funded by those financial institutions under such arrangements was RMB12,911 million.

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as of August 31, 2020, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, guarantees or other material contingent liabilities.

4. MATERIAL CHANGES

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up and disclosed in the annual report of the Company for the year ended 31 December 2019, and up to the Latest Practicable Date:

- (i) The outbreak of COVID-19 in early 2020 has caused a significant year-on-year decline in both new and used passenger vehicles sales and has substantively lowered consumer's consumption demand and repayment capabilities, which have negatively impacted the Group's trading volume, revenues and delinquency ratio.
- (ii) As disclosed in the interim report of the Company for the six months ended 30 June 2020 (the "**Interim Report**"), the revenue of the Group decreased from approximately RMB3,162 million for the six months ended 30 June 2019 ("**1H2019**") to approximately RMB1,624 million for the six months ended 30 June 2020 ("**1H2020**"), which was mainly due to the negative impact of COVID-19. Despite the cost of revenue decreased in 1H2020, the gross profit of the Group decreased from approximately RMB1,532 million for 1H2019 to approximately RMB735 million for 1H2020.
- (iii) As disclosed in the Interim Report, the credit impairment losses increased substantially from approximately RMB530 million for 1H2019 to approximately RMB1,489 million for 1H2020, mainly as a result of the increase in impairment losses on finance receivables, as impacted by the aforesaid outbreak of COVID-19 and the reduced consumer's repayment capability.
- (iv) As disclosed in the Interim Report, the balance of finance receivables decreased from approximately RMB26,904 million as at 31 December 2019 to approximately RMB17,745 million as at 30 June 2020. The decrease was primarily due to (i) the continuous decrease in the number of self-operated financing lease contracts entered into by the Group as a result of the shift of business focus of the Group to loan facilitation services; and (ii) the increase in impairment losses on the finance receivables during 1H2020 as mentioned above.

- (v) As disclosed in the Interim Report, restricted cash increased from approximately RMB1,907 million as at 31 December 2019 to approximately RMB2,342 million as at 30 June 2020. The increase was mainly as a result of more deposits were used as pledged assets for the Group's loan facilitation services.

- (vi) As disclosed in the Interim Report, the borrowings of the Group decreased from approximately RMB19,840 million as at 31 December 2019 to approximately RMB13,957 million as at 30 June 2020. The decrease was mainly due to the abovementioned shift of business focus.

1. RESPONSIBILITY STATEMENTS

The directors of Tencent Mobility jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Hammer Capital Offerco and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Board or the Group, Hammer Capital Offerco and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The sole director of Hammer Capital Offerco and the directors of Hammer Capital Opportunities General Partner (which is the general partner of Hammer Capital which in turn wholly owns Hammer Capital Offerco) jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Tencent Mobility and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Board or the Group, Tencent Mobility and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURES OF INTERESTS IN YIXIN'S SECURITIES

For the purpose of paragraphs 2 and 3 in this Appendix III to this Composite Document, "interested" has the same meaning as ascribed to that term in Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed in the section headed "Shareholding Structure of the Company" in the "Letter from Tonghai Capital" in this Composite Document:

- (a) the Joint Offerors did not own any Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares;
- (b) no director of any of the Joint Offerors was interested in any Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares; and
- (c) no party acting in concert with any of the Joint Offerors owned or controlled any Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares.

3. DEALINGS IN YIXIN'S SECURITIES

As at the Latest Practicable Date, save for the Yixin Options, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Yixin Shares.

The Joint Offerors confirm that, to the best knowledge of each of the Joint Offerors, as at the Latest Practicable Date, the Joint Offerors and parties acting in concert with any of them, together with Bitauto and Bitauto HK, hold 4,877,525,530 Yixin Shares in aggregate, representing approximately 76.49% of the total issued share capital of the Company. Please see the section headed "Shareholding Structure of the Company" in the "Letter from Tonghai Capital". Save as aforesaid, as at the Latest Practicable Date, neither the Joint Offerors, the members of the Consortium nor parties acting in concert with any of them hold, control or have direction over any Yixin Shares or hold any convertible securities, warrants, options or derivatives in respect of the Company.

Save as disclosed below, to the best knowledge of each of the Joint Offerors, the Joint Offerors, the members of the Consortium and the parties acting in concert with any of them have not dealt for value in any Yixin Shares or any options, warrants, derivatives or securities convertible into Yixin Shares during the Relevant Period.

During the Relevant Period, a discretionary account managed by Tonghai Securities has conducted the following dealings:

Transaction date	Buy/Sell	Number of Yixin Shares involved	Transaction price per Yixin Share (HK\$)	
			Lowest	Highest
2019				
5 September	Buy	180,000	1.61	1.64
6 September	Buy	110,000	1.65	1.68
9 September	Buy	40,000	1.69	1.72
10 September	Sell	30,000	1.71	1.71
12 September	Sell	300,000	1.70	1.70
16 September	Buy	375,000	2.17	2.33
16 September	Sell	375,000	2.08	2.30
18 September	Buy	250,000	2.02	2.11
18 September	Sell	250,000	2.04	2.05

The above dealings had been conducted prior to the verbal engagement of Tonghai Capital as the financial adviser by the Joint Offerors on 30 September 2019. The discretionary account manager did not have knowledge about the engagement prior to 30 September 2019.

Save as disclosed above, none of the Joint Offerors, the Joint Offerors' directors or any parties acting in concert with the Joint Offerors had dealt for value in any Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares.

During the Relevant Period, the following persons who have entered into the Management Irrevocable Undertaking have dealt for value in the Yixin Shares, details of which are set out below:

Name of Director	Type of Transaction	Transaction Date	Number of Yixin Shares involved	Transaction Price per Yixin Shares (HK\$)
Mr. Jiang Dong	On-market share disposal	16 June 2020	151,500	1.97-2.00
Mr. Jiang Dong	On-market share disposal	17 June 2020	800,000	2.00-2.03
Mr. Jiang Dong	On-market share disposal	19 June 2020	1,100,000	1.92-1.93
Mr. Jiang Dong	On-market share disposal	23 June 2020	1,200,000	1.93-2.10
Mr. Jiang Dong	On-market share disposal	21 July 2020	400,000	2.04-2.06
Mr. Jiang Dong	On-market share disposal	4 August 2020	50,000	2.03
Mr. Jiang Dong	On-market share disposal	8 October 2020	75,000	1.94
Sub-total:			<u>3,776,500</u>	
Name of Committed Management Shareholder	Type of Transaction	Transaction Date	Number of Yixin Shares involved	Transaction Price per Yixin Shares (HK\$)
Mr. Jia Zhifeng	On-market share disposal	15 April 2019	300,000	2.16
Mr. Jia Zhifeng	On-market share disposal	16 April 2019	78,500	2.13
Mr. Jia Zhifeng	On-market share disposal	16 April 2019	300,000	2.24
Mr. Jia Zhifeng	On-market share disposal	11 October 2019	100,000	1.87
Mr. Jia Zhifeng	On-market share disposal	2 December 2019	100,000	1.77
Mr. Jia Zhifeng	On-market share disposal	10 December 2019	100,000	1.72
Mr. Jia Zhifeng	On-market share disposal	12 December 2019	100,000	1.76
Mr. Jia Zhifeng	On-market share disposal	14 January 2020	18,000	1.82
Mr. Jia Zhifeng	On-market share disposal	16 January 2020	100,000	1.81
Mr. Jia Zhifeng	On-market share disposal	8 April 2020	455,000	1.16
Mr. Jia Zhifeng	On-market share disposal	8 April 2020	534,000	1.14
Sub-total:			<u>2,185,500</u>	
Total:			<u><u>5,962,000</u></u>	

Save as disclosed above, during the Relevant Period, none of the persons who has entered into the Irrevocable Undertakings had dealt for value in the Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares.

4. ARRANGEMENTS IN CONNECTION WITH THE OFFERS

As at the Latest Practicable Date,

- (a) none of the Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Offers;
- (b) save for the Irrevocable Undertakings, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Joint Offerors or any parties acting in concert with them and any of the Directors or recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the outcome of the Offers;
- (c) save for the Irrevocable Undertakings, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Joint Offerors or any parties acting in concert with them and any other person;
- (d) save for the Irrevocable Undertakings, no person who owned or controlled Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares had irrevocably committed themselves to accept or reject the Offers;
- (e) there were no Yixin Shares, Yixin Options or convertible securities, warrants, options or derivatives in respect of Yixin Shares which the Joint Offerors or any parties acting in concert with them had borrowed or lent, save for borrowed securities (if any) which have been either on-lent or sold;
- (f) since the Offers are unconditional in all respects, there was no agreement or arrangement to which any of the Joint Offerors were a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Offers;
- (g) save for the Irrevocable Undertakings, no arrangement of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between a person on one hand and the Joint Offerors or any parties acting in concert with them or any other associate of them on the other hand during the Relevant Period;
- (h) save for the Management Irrevocable Undertaking, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) in relation to the Offers between any Shareholder (other than the Joint

Offerors, the members of the Consortium or any party acting in concert with any of them) and any of the Joint Offerors, the members of the Consortium or any party acting in concert with any of them;

- (i) save as disclosed in the section headed “Confirmation of Financial Resources” in the “Letter from Tonghai Capital”, the Joint Offerors had no intention to transfer, charge or pledge any Yixin Shares acquired pursuant to the Offers to any other persons and had no agreement, arrangement or understanding with any third party to do so; and
- (j) there is no arrangement in relation to the credit facility disclosed in the section headed “Confirmation of Financial Resources” in the “Letter from Tonghai Capital”, pursuant to which the payment of interest on, repayment of or security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of Yixin.

5. EXPERT AND CONSENT

The following is the name and the qualifications of the expert of the Joint Offerors whose letter is contained in this Composite Document:

Name	Qualifications
Tonghai Capital	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Tonghai Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its letter and references to its name in the form and context in which they respectively appear.

6. MISCELLANEOUS

- (a) Tencent Mobility is a company incorporated in Hong Kong with limited liability. The address of the registered office of Tencent Mobility is 29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong.
- (b) Tencent Mobility board comprises two directors, namely Mr. Ma Huateng and Mr. Charles St Leger Searle.
- (c) Tencent Holdings is a company incorporated in the Cayman Islands with limited liability. The address of the registered office of Tencent Holdings is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The correspondence address of Tencent Holdings is 29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong.

- (d) The directors of Tencent Holdings are Mr. Ma Huateng, Mr. Lau Chi Ping Martin, Mr. Jacobus Petrus (Koos) Bekker, Mr. Charles St Leger Searle, Mr. Li Dong Sheng, Mr. Iain Ferguson Bruce, Mr. Ian Charles Stone, Mr. Yang Siu Shun and Professor Ke Yang.
- (e) The address of the registered office of Tencent is 29/F., Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong.
- (f) Hammer Capital Offerco is a company incorporated in the British Virgin Islands with limited liability. The address of the registered office of Hammer Capital Offerco is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands. The correspondence address of Hammer Capital Offerco is Suite 1901, 19th Floor, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong.
- (g) The sole director of Hammer Capital Offerco is Mr. Ka Wai Wong.
- (h) The address of the registered office of Hammer Capital Opportunities General Partner (which is the general partner of Hammer Capital which in turn wholly owns Hammer Capital Offerco) is c/o Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The correspondence address of Hammer Capital Opportunities General Partner is Suite 1901, 19th Floor, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong.
- (i) The directors of Hammer Capital Opportunities General Partner are Mr. Rodney Ling Kay Tsang, Ms. Jing Zhou and Mr. Titus Man Tsing Chiu.
- (j) The address of the registered office of Hammer Capital is c/o Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The correspondence address of Hammer Capital is Suite 1901, 19th Floor, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong.
- (k) The registered office of Tonghai Capital is situated at 18/F-19/F, China Building, 29 Queen's Road Central, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the websites of the SFC (<http://www.sfc.hk/>) and the Company (www.yixincars.com); and (ii) at the principal place of business of the Company in Hong Kong at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong from 9:30 a.m. to 5:00 p.m. on any weekday other than public holidays from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of each of the Joint Offerors;

- (b) the letter from Tonghai Capital, the text of which is set out on pages 11 to 26 of this Composite Document;
- (c) the written consent as referred to in the section headed “ Expert and Consent” in this appendix;
- (d) the Yixin Option Offer Letter;
- (e) the Irrevocable Undertakings;
- (f) the Consortium Agreement; and
- (g) the facility agreement dated 15 June 2020 entered into between Hammer Capital Offerco and Tonghai Securities.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information relating to the Group contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Board or the Group in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the Company had an authorised share capital of US\$1,500,000 divided into 15,000,000,000 Yixin Shares;
- (b) the Company had 6,376,382,863 Yixin Shares in issue;
- (c) among the total Shares in issue stated in (b) above, (i) 45,871,471 Yixin Shares were held by Tricor Trust (Hong Kong) Limited (formerly known as Acheson Limited), trustee of the First Share Award Scheme, which were subject to the outstanding Yixin Share Awards granted pursuant to the First Share Award Scheme, and (ii) 1,836,264 Yixin Shares were held by Teeroy Limited, trustee of the Second Share Award Scheme, which were subject to the outstanding Yixin Share Awards granted pursuant to the Second Share Award Scheme; and
- (d) 243,129,647 Yixin Shares may be issued and allotted upon exercise of the outstanding share options granted under the Pre-IPO Share Option Scheme.

Save as disclosed above, the Company did not have any outstanding convertible securities, options, warrants or other derivatives which are convertible or exchangeable into Yixin Shares.

2,697,815 Yixin Shares were issued since 31 December 2019, being the end of the last financial year of the Company, up to and including the Latest Practicable Date.

All the issued Yixin Shares rank equally with each other in all respects including the rights in respect of capital, dividends and voting.

3. MARKET PRICES

The table below shows the closing prices of the Yixin Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the last trading date prior to the publication of the Rule 3.7 Announcement; (c) the Last Trading Date; and (d) the Latest Practicable Date:

Date	Closing price per Yixin Share (HK\$)
29 March 2019	1.91
30 April 2019	1.92
31 May 2019	1.88
28 June 2019	1.87
31 July 2019	1.78
30 August 2019	1.58
12 September 2019 (being the last trading date prior to the publication of the Rule 3.7 Announcement)	1.71
30 September 2019	1.83
31 October 2019	1.87
29 November 2019	1.80
31 December 2019	1.73
31 January 2020	1.64
28 February 2020	1.68
31 March 2020	1.27
29 April 2020	1.32
29 May 2020	1.65
12 June 2020 (being the Last Trading Date)	1.90
30 June 2020	1.90
31 July 2020	1.97
31 August 2020	1.99
30 September 2020	1.93
30 October 2020	1.93
6 November 2020 (being the Latest Practicable Date)	1.93

During the Relevant Period:

- (a) the highest closing price of the Yixin Shares quoted on the Stock Exchange was HK\$2.17 per Yixin Share on 23 June 2020; and
- (b) the lowest closing price of the Yixin Shares quoted on the Stock Exchange was HK\$1.19 per Yixin Share on 3 April 2020.

4. DISCLOSURES OF INTERESTS IN YIXIN'S SECURITIES

(A) Directors' and chief executive's interests and short positions in the securities of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Yixin Shares, underlying Yixin Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; or (d) to be disclosed under the Takeovers Code were as follows:

(i) *Interests in the underlying Yixin Shares*

Name of Director	Personal interest	Number of Yixin Shares		Approximate percentage of issued Yixin Shares ⁽⁵⁾
		Number of underlying Yixin Shares interested ⁽⁴⁾	Total interests	
Mr. Andy Xuan Zhang	–	257,601,260 (L) ⁽¹⁾	257,601,260	4.04%
Mr. Dong Jiang	34,743,310 (L)	2,450,000 (L) ⁽²⁾	37,193,310	0.58%
Ms. Lily Li Dong	–	337,848 (L) ⁽³⁾	337,848	0.01%
Mr. Chester Tun Ho Kwok	–	675,697 (L) ⁽³⁾	675,697	0.01%
Mr. Tin Fan Yuen	–	675,697 (L) ⁽³⁾	675,697	0.01%

Notes:

- (1) Mr. Andy Xuan Zhang's entitlement to receive up to 257,601,260 Yixin Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (2) Such interest represents the award shares granted to Mr. Dong Jiang under the Second Share Award Scheme.
- (3) Such interest represents the award shares granted to each of Ms. Lily Li Dong, Mr. Chester Tun Ho Kwok and Mr. Tin Fan Yuen under the Second Share Award Scheme, and 168,924 Yixin Shares, 337,847 Yixin Shares and 337,847 Yixin Shares have been vested respectively as at the Latest Practicable Date.
- (4) The letter "L" denotes long position in such underlying Yixin Shares.
- (5) The percentages are calculated on the basis of 6,376,382,863 Yixin Shares in issue as at 6 November 2020.

(ii) Interests in the underlying shares of associated corporations of the Company

Name of Director	Beneficiary of a trust (other than a discretionary interest)	Number of ordinary shares in Bitauto			Approximate percentage of issued shares ⁽³⁾
		Personal interest	Number of underlying Yixin Shares interested ⁽²⁾	Total interests	
Mr. Andy Xuan Zhang	–	–	1,680,000 (L) ⁽¹⁾	1,680,000	2.28%

Notes:

- (1) Mr. Andy Xuan Zhang's entitlement to shares related to outstanding restricted stock units granted under Bitauto's employee incentive plans.
- (2) The letter "L" denotes long position in such underlying shares.
- (3) The percentage is calculated in the basis of 73,761,089 ordinary shares of Bitauto in issue as at 30 June 2020.

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

(B) Substantial shareholders' interests and short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Yixin Shares or underlying Yixin Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of Yixin Shares held⁽⁸⁾	Approximate percentage of issued share capital of the Company⁽⁹⁾
Bitauto	Beneficial owner	496,544,440 (L)	7.79%
Bitauto ⁽¹⁾	Interest of controlled corporation	2,290,292,130 (L)	35.92%
Bitauto HK ⁽¹⁾	Beneficial owner	2,290,292,130 (L)	35.92%
THL H Limited ⁽²⁾	Beneficial owner	931,604,940 (L)	14.61%
Tencent Mobility ⁽²⁾	Beneficial owner	112,850,990 (L)	1.77%
Tencent ⁽²⁾⁽⁵⁾	Beneficial owner	267,603,350 (L)	4.20%
Tencent ⁽³⁾⁽⁵⁾	Interest of controlled corporation	2,786,836,570 (L)	43.71%
Parent ⁽²⁾⁽³⁾	Interest of controlled corporation	2,786,836,570 (L)	43.71%
Tencent Holdings ⁽³⁾	Interest of controlled corporation	4,098,895,850 (L)	64.28%
JD Financial ⁽⁴⁾	Beneficial owner	684,283,320 (L)	10.73%
JD.com Investment Limited ⁽⁴⁾	Interest of controlled corporation	684,283,320 (L)	10.73%
JD.com ⁽⁴⁾	Interest of controlled corporation	684,283,320 (L)	10.73%
Max Smart Ltd ⁽⁴⁾	Interest of controlled corporation	684,283,320 (L)	10.73%
UBS Trustees (B.V.I.) Limited ⁽⁴⁾	Trustee	684,283,320 (L)	10.73%
劉強東	Beneficiary of a trust	684,283,320 (L)	10.73%
Hammer Capital ⁽⁵⁾	A concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	3,691,774,125 (L)	57.90%

Name of Substantial Shareholder	Nature of interest	Number of Yixin Shares held ⁽⁸⁾	Approximate percentage of issued share capital of the Company ⁽⁹⁾
Hammer Capital Asset Management Limited ⁽⁶⁾	Investment manager	3,691,774,125 (L)	57.90%
Hammer Capital Partners Ltd. ⁽⁶⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Hammer Capital Opportunities General Partner ⁽⁵⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Silver Oryx Limited ⁽⁵⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Avantua Investments Limited ⁽⁵⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Go Winner Investments Limited ⁽⁵⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Woodbury Capital Management Limited ⁽⁵⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Cheng Chi Kong ⁽⁵⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Cheung Siu Fai ⁽⁶⁾	Interest of controlled corporation	3,691,774,125 (L)	57.90%
Tsang Ling Kay Rodney ⁽⁵⁾⁽⁶⁾⁽⁷⁾	Interest of controlled corporation	3,786,119,985 (L)	59.38%

Notes:

- (1) Bitauto HK is a wholly-owned subsidiary of Bitauto. Accordingly, Bitauto is deemed to be interested in the same number of Yixin Shares in which Bitauto HK is interested under the SFO.
- (2) THL H Limited which holds 931,604,940 Yixin Shares, Tencent which holds 267,603,350 Yixin Shares and deemed to be interested in 2,786,836,570 Yixin Shares (as detailed in (3) below), and Tencent Mobility which holds 112,850,990 Yixin Shares, are wholly-owned subsidiaries of Tencent Holdings. Accordingly, Tencent Holdings is deemed to be interested in the same number of Yixin Shares in which THL H Limited, Tencent and Tencent Mobility are interested under the SFO.
- (3) Tencent owns 68.18% of Parent after Merger Closing. As such, Tencent is deemed to be interested in the same number of Yixin Shares in which Parent is interested under the SFO.

- (4) JD Financial is wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is owned as to 73.3% by Max Smart Limited, which in turn is wholly-owned by UBS Nominees Limited, and UBS Nominees Limited is owned as to 100% by UBS Trustees (B.V.I.) Limited. Accordingly, each of JD.com Investment Limited, JD.com, Max Smart Limited, UBS Nominees Limited and UBS Trustees (B.V.I.) Limited are deemed to be interested in the same number of Yixin Shares in which JD Financial is interested under the SFO.
- (5) Tencent (an entity controlled by Tencent Holdings) and Hammer Capital (a corporation controlled by Silver Oryx Limited, Avantua Investments Limited, Go Winner Investments Limited, Woodbury Capital Management Limited, Cheng Chi Kong, Hammer Capital Opportunities General Partner and Tsang Ling Kay Rodney) entered into the consortium agreement dated 15 June 2020 under section 317 of the SFO relating to, amongst others, the possible unconditional mandatory general offer to be made for all the issued Yixin Shares. By virtue of the SFO, each of Hammer Capital, its controlling corporations and controlling persons is deemed to be interested in the same number of shares in which Tencent is interested.
- (6) Hammer Capital Asset Management Limited, being a corporation controlled by Hammer Capital Partners Ltd., Tsang Ling Kay Rodney and Cheung Siu Fai, is the investment manager of Hammer Capital which has become a member of the concert party group with interest in the Company (details refer to (5) above). By virtue of the SFO, each of Hammer Capital Asset Management Limited, its controlling corporation and controlling persons is deemed to be interested in the same number of shares in which Hammer Capital is interested.
- (7) Hammer Capital Management Limited which is interested in 94,345,860 Yixin Shares is a corporation controlled by Tsang Ling Kay Rodney. By virtue of the SFO, Tsang Ling Kay Rodney is deemed to be interested in the same number of shares in which Hammer Capital Management Limited is interested.
- (8) The letter “L” denotes the substantial Shareholder’s long position in such Yixin Shares.
- (9) The percentages are calculated on the basis of 6,376,382,863 Yixin Shares in issue as at 6 November 2020.

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

5. SHAREHOLDING AND DEALINGS IN YIXIN’S SECURITIES

- (a) Save as disclosed below, none of the Directors had dealt for value in any Yixin Shares or any securities, convertible securities, warrants, options of the Company or derivatives in respect of securities of the Company during the Relevant Period.

Name of Director	Type of Transaction	Transaction Date	Number of Yixin Shares involved	Transaction Price per Yixin Shares (HK\$)
Mr. Jiang Dong	On-market share disposal	16 June 2020	151,500	1.97-2.00
Mr. Jiang Dong	On-market share disposal	17 June 2020	800,000	2.00-2.03
Mr. Jiang Dong	On-market share disposal	19 June 2020	1,100,000	1.92-1.93
Mr. Jiang Dong	On-market share disposal	23 June 2020	1,200,000	1.93-2.10
Mr. Jiang Dong	On-market share disposal	21 July 2020	400,000	2.04-2.06
Mr. Jiang Dong	On-market share disposal	4 August 2020	50,000	2.03
Mr. Jiang Dong	On-market share disposal	8 October 2020	75,000	1.94
Total:			<u><u>3,776,500</u></u>	

- (b) During the Relevant Period, none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had owned, controlled or dealt for value in any Yixin Shares or any securities, convertible securities, warrants, options of the Company or derivatives in respect of securities of the Company.
- (c) During the Relevant Period, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Yixin Shares or any securities, convertible securities, warrants, options of the Company or derivatives in respect of securities of the Company.

- (d) During the Relevant Period, no Yixin Shares or any securities, convertible securities, warrants, options of the Company or derivatives in respect of securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Yixin Shares or any securities, convertible securities, warrants, options of the Company or derivatives in respect of securities of the Company.
- (e) During the Relevant Period, there were no Yixin Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent.
- (f) Save as disclosed in the paragraphs headed “Irrevocable Undertaking” in the “Letter from Tonghai Capital” contained in this Composite Document, no person had irrevocably committed himself/herself/itself to accept or reject the Offers.
- (g) Each of Mr. Andy Xuan Zhang and Ms. Lily Li Dong intends to, in respect of his/her own Yixin Shares or Yixin Options, accept the Offers (other than the Committed Yixin Options held by Mr. Andy Xuan Zhang). Each of Mr. Dong Jiang, Mr. Tin Fan Yuen and Mr. Chester Tun Ho Kwok intends to, in respect of his own Yixin Shares (other than the Committed Yixin Shares held by Mr. Dong Jiang), reject the Offers.

6. INTERESTS IN SECURITIES OF THE JOINT OFFERORS

During the Relevant Period and as at the Latest Practicable Date, none of the Company or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Joint Offerors, and the Company or any of the Directors had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Joint Offerors during the Relevant Period.

7. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

- (a) As at the Latest Practicable Date, no benefit (other than statutory compensation required under applicable laws) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.
- (c) As at the Latest Practicable Date, there were no material contract entered into by the Joint Offerors in which any Director had a material interest.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was, so far as the Directors were aware, pending or threatened against the Company or any other member of the Group.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group, have been entered into by the members of the Group within two years preceding the date of the commencement of the Yixin Offer Period and up to and including the Latest Practicable Date and which are, or may be, material:

- (a) an underwriting agreement dated 3 November 2017 relating to the Hong Kong public offering of the Company entered into among, inter alia, the Company, Citigroup Global Markets Asia Limited, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, China Merchants Securities (HK) Co., Limited, CLSA Limited, The Hongkong and Shanghai Banking Corporation Limited, Futu Securities International (Hong Kong) Limited, Sun Securities Limited and Zhongtai International Securities Limited;
- (b) a convertible note purchase agreement dated 13 June 2018 entered into between the Company and Yusheng Holdings Limited (“**Yusheng**”), pursuant to which Yusheng agreed to issue, and the Company agreed to purchase, certain convertible note in the principal amount of US\$260 million;
- (c) a business cooperation agreement dated 13 June 2018 entered into between the Company and Yusheng, pursuant to which the Group shall provide certain cooperation services to Yusheng and/or its affiliates for a term of twenty (20) years from the date of the business cooperation agreement; and
- (d) a framework agreement dated 13 June 2018 entered into between the Company and Yusheng, pursuant to which, among other things, the Company agreed to sell, either directly or through its affiliates, and Yusheng agreed to purchase, either directly or through its affiliates, certain fixed and intangible assets.

10. EXPERT AND CONSENT

The following are the name and qualifications of the expert who has given opinions and recommendations which are contained in this Composite Document:

Name	Qualifications
Optima Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Optima Capital had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinions, recommendations, letter of advice and all references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Optima Capital did not have any direct or indirect shareholding in any member of the Group or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any direct or indirect interests in any assets which had been, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. DIRECTORS' SERVICE CONTRACTS

Mr. Huan Zhou was appointed a non-executive Director of Yixin with effect from 17 May 2019 (the “**Appointment Date**”). Mr. Zhou and Yixin had entered into an appointment letter in respect of Mr. Zhou's appointment as a non-executive Director. Pursuant to the appointment letter, Mr. Zhou was appointed for an initial period (i) of three years from the Appointment Date or (ii) from the Appointment Date until the third annual general meeting of the Company since the Appointment Date, whichever ends sooner. Mr. Zhou is subject to re-election at the next following general meeting and subsequent retirement by rotation and re-election at least once every three years at the annual general meeting in accordance with the Listing Rules and the articles of association of Yixin. Under the appointment letter, Mr. Zhou is entitled to the reimbursement of all reasonable expenses properly and reasonably incurred in the performance of his duties as director or otherwise in connection with the business of the Company. He is not entitled to receive any other fee, salary, remuneration, reimbursement, welfare, benefits or any other forms of monetary or non-monetary payment (whether as a director of or in any other capacity of the Company) unless otherwise provided in the appointment letter or required by the applicable laws and regulations.

Save as disclosed above, as at the Latest Practicable Date, there is no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contracts) was entered into or amended within 6 months before the date of the commencement of the Offer Period; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

12. MISCELLANEOUS

- (a) The address of the registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The registered office of Optima Capital Limited, the Independent Financial Adviser, is at Suite 1501, 15th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the Company's principal place of business in Hong Kong at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong from 9:30 a.m. to 5:00 p.m. on any weekdays, except public holidays; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.yixincars.com) from the date of this Composite Document for as long as the Offers remain open for acceptance:

- (a) the memorandum and articles of association of Yixin;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2017, 2018 and 2019;
- (c) the interim report of the Company for the six months ended 30 June 2020;
- (d) a copy of this Composite Document and the accompanying Forms of Acceptance;
- (e) the letter from the Board, the text of which is set out on pages 27 to 37 of this Composite Document;
- (f) the letter from the Independent Board Committee to the Disinterested Shareholders and the Optionholders, the text of which is set out on pages 38 to 39 of this Composite Document;
- (g) the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out on pages 40 to 80 of this Composite Document;
- (h) the written consent referred to in the section headed "Expert's Qualification and Consent" in this Appendix IV;

- (i) the material contracts as referred to in the section headed “Material Contracts” of this Appendix IV; and
- (j) the service contract referred to in the section headed “Directors’ Service Contracts” of this Appendix IV.

The following is the form of the Yixin Option Offer Letter being sent to the Optionholders in connection with the Yixin Option Offer.



11 November 2020

To the Optionholders

Dear Sir or Madam,

YIXIN OPTION OFFER

IN RELATION TO THE
UNCONDITIONAL MANDATORY CASH OFFERS
BY CHINA TONGHAI CAPITAL LIMITED
ON BEHALF OF TENCENT MOBILITY LIMITED AND
HAMMER CAPITAL OFFERCO 1 LIMITED TO ACQUIRE ALL
THE ISSUED YIXIN SHARES
(OTHER THAN THE EXCLUDED YIXIN SHARES)
AND TO CANCEL ALL THE OUTSTANDING YIXIN OPTIONS

A composite offer and response document dated the same date as this letter jointly issued by Tencent Mobility Limited, Hammer Capital Offerco 1 Limited (collectively, the “**Joint Offerors**”) and Yixin Group Limited (“**Yixin**”) (the “**Composite Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Composite Document. This letter should be read in conjunction with the Composite Document and the **PINK** Form of Option Offer Acceptance.

The Joint Offerors and Yixin issued a joint announcement dated 15 June 2020 (the “**Joint Announcement**”) which stated that, among others, Tonghai Capital, on behalf of the Joint Offerors, would make a possible unconditional mandatory cash offer to acquire all of the Yixin Offer Shares. As stated in the Joint Announcement, as part of the Offers, we, on behalf of the Joint Offerors, would make an appropriate offer, namely the Yixin Option Offer, to the Optionholders for the cancellation of all outstanding Yixin Options in accordance with Rule 13 of the Takeovers Code. The Offers, including the Yixin Option Offer, were subject to the pre-condition of Merger Closing and the Merger becoming effective. On 4 November 2020 (New York time), Merger Closing occurred and the Merger became effective. The Yixin Option Offer is now being made on the terms of this letter.

This letter explains the actions you may take in relation to your outstanding Yixin Options. You are advised to refer to the Composite Document and the **PINK** Form of Option Offer Acceptance when considering them.

Your attention is also drawn to the terms and conditions of the Pre-IPO Share Option Scheme.

TERMS OF THE YIXIN OPTION OFFER

In accordance with Rule 13 of the Takeovers Code and on behalf of the Joint Offerors, Tonghai Capital is making the Yixin Option Offer to you for the cancellation of every Yixin Option, whether vested or unvested, on the following basis:

For cancellation of each Yixin Option. HK\$1.8980 in cash

In compliance with Rule 13 of the Takeovers Code, the Yixin Option Offer Price for cancellation of the Yixin Options with an exercise price of US\$0.0014 (equivalent to approximately HK\$0.0108, using an exchange rate of US\$1 = HK\$7.7192 as at the Announcement Date) per Yixin Option represents the “see-through” price, which is the difference between the Yixin Share Offer Price and the exercise price for each Yixin Option.

Pursuant to the rules of the Pre-IPO Share Option Scheme, all Yixin Options shall remain valid and exercisable during their respective exercise periods in accordance with the terms thereof notwithstanding the Offers.

The Closing Date as disclosed in the “Expected Timetable” in the Composite Document is Wednesday, 2 December 2020. Further announcement(s) will be made in the event that there is any change to the Closing Date.

All payments in respect of the Yixin Option Offer Price will be made by cheques drawn in the name of Yixin as your agent in Hong Kong dollars or, at the election of the Joint Offerors, by wire transfer by the Joint Offerors to the bank account of Yixin as your agent. You may face delays or obstacles in changing Hong Kong dollars to other currency.

You are further advised to refer to the section headed “Overseas Shareholders and Optionholders” and the section headed “Taxation and Independent Advice” in the “Letter from Tonghai Capital” in the Composite Document, and the section headed “Nominee Registration” in “Appendix I – Further Terms of the Offers” to the Composite Document.

Your attention is drawn to the “Letter from the Independent Board Committee” to the Yixin Offer Shareholders and the Optionholders set out in the Composite Document and the “Letter from the Independent Financial Adviser” set out in the Composite Document, which contain the recommendations of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Offers.

COURSES OF ACTION AVAILABLE TO THE OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding Yixin Options are:

- (a) to the extent any of your outstanding Yixin Options (whether vested or unvested) is not exercised on or prior to the Closing Date, you may accept the Yixin Option Offer in accordance with its terms (as set out in the Composite Document and the **PINK** Form of Option Offer Acceptance) and receive the Yixin Option Offer Price, by allowing such unexercised outstanding Yixin Options to remain unexercised on the Closing Date, and returning, duly completed and signed, the **PINK** Form of Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date;
- (b) you may in accordance with the terms of the Pre-IPO Share Option Scheme exercise all of your outstanding vested Yixin Options (to the extent not already exercised) or only some of them to the extent specified in your notice of exercise, by submitting a notice of exercise of Yixin Options to Yixin at any time after the date of this letter (being 11 November 2020) and up to the Closing Date. Any Yixin Shares issued as a result of the exercise of such outstanding Yixin Options as mentioned above will be subject to and eligible to participate in the Yixin Share Offer. Please refer to the Composite Document for the details of the Offers in this regard; or
- (c) do nothing, in which case your unexercised outstanding Yixin Options (whether vested or unvested) will remain valid and exercisable during their respective exercise periods in accordance with the terms of the Pre-IPO Share Option Scheme notwithstanding the Offers and you will not receive the Yixin Option Offer Price.

Each outstanding Yixin Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, the Composite Document, the **PINK** Form of Option Offer Acceptance and the terms and conditions of the Pre-IPO Share Option Scheme.

LAPSED YIXIN OPTIONS

Please note that nothing in this letter or the Composite Document serves to extend the life of a Yixin Option which lapses, will lapse, or has already lapsed under the terms of the Pre-IPO Share Option Scheme. You cannot exercise or accept the Yixin Option Offer in respect of a Yixin Option once it lapses in accordance with its terms.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the Composite Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

GENERAL

- (a) All communications, notices, the **PINK** Form of Option Offer Acceptance, cheques, certificates and other documents of any nature, if delivered by or sent to or from you as a Optionholder or your designated agents by post, shall be posted at your own risk, and none of the Joint Offerors, Yixin or Tonghai Capital and any of their respective directors, the Registrar and other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Composite Document and the **PINK** Form of Option Offer Acceptance form part of the terms of the Yixin Option Offer.
- (c) The Yixin Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (d) The due execution of a **PINK** Form of Option Offer Acceptance in respect of the Yixin Option Offer will constitute an authority to the Joint Offerors, Tonghai Capital or such person(s) as any of them may direct (i) to complete on behalf of the accepting Optionholder the **PINK** Form of Option Offer Acceptance and any other document(s) and (ii) to do any other act that may be necessary or expedient for the purpose of cancelling all rights of the Optionholders in respect of the outstanding Yixin Options which are the subject of such acceptance.
- (e) By completing the **PINK** Form of Option Offer Acceptance in respect of a particular outstanding Yixin Option, you irrevocably appoint Yixin as your agent in respect of your entitlement under the Yixin Option Offer and irrevocably instruct and authorise each of the Joint Offerors and/or Tonghai Capital and/or their respective agent(s) to, at the election of the Joint Offerors, either (i) deliver a cheque drawn in the name of Yixin as your agent for payment of the consideration for the Yixin Options you surrendered for cancellation under the Yixin Option Offer, or (ii) wire transfer a sum representing the consideration for the Yixin Options you surrendered for cancellation under the Yixin Option Offer to the bank account of Yixin as your

agent. Yixin will transfer any payment received to you, after deducting relevant transaction costs (including bank transfer fees and costs arising from currency conversion) and applicable PRC taxes, by wire transfer.

ACTIONS TO BE TAKEN FOR ACCEPTING THE YIXIN OPTION OFFER

In order to accept the Yixin Option Offer, you must deliver the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Yixin Options, and/or any other document(s) (if applicable) evidencing the grant of the Yixin Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of Yixin Options (or if applicable, for not less than the number of Yixin Options in respect of which you intend to accept the Yixin Option Offer), by post or by hand, to Yixin at Suite 709, Champion Tower, Three Garden Road, Central, Hong Kong marked “Yixin Group Limited – Yixin Option Offer” on the envelope so as to reach Yixin as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Joint Offerors may determine and announce in accordance with the Takeovers Code.

Before delivering the **PINK** Form of Option Offer Acceptance to Yixin, please ensure that you have signed the **PINK** Form of Option Offer Acceptance and that your signature has been witnessed.

Payment of the Yixin Option Offer Price will be made within seven (7) Business Days following the date of receipt of the duly completed **PINK** Form of Option Offer Acceptance and all relevant document(s) by Yixin to render such acceptance, surrender and cancellation under the Yixin Option Offer valid.

No acknowledgment of receipt of any **PINK** Form of Option Offer Acceptance and/or Yixin Options relevant certificate(s) (if applicable) and/or any other document(s) evidencing the grant of the outstanding Yixin Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

RESPONSIBILITY STATEMENTS

The directors of Tencent Mobility jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than the information relating to the Group, Hammer Capital Offerco and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than the opinions expressed by the Board or the Group, Hammer Capital Offerco and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The sole director of Hammer Capital Offerco and the directors of Hammer Capital Opportunities General Partner (which is the general partner of Hammer Capital which in turn wholly owns Hammer Capital Offerco) jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than the information relating to the Group, Tencent Mobility and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than the opinions expressed by the Board or the Group, Tencent Mobility and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information relating to the Group contained in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Board or the Group in this letter have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours faithfully,
For and on behalf of
China Tonghai Capital Limited
Noelle Hung
Managing Director

China Tonghai Capital Limited is a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.