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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)

**PROPOSED INCREASE IN SCHEME LIMIT UNDER
THE FIRST SHARE AWARD SCHEME
AND
PROPOSED SCHEME MANDATE TO ISSUE SHARES UNDER
THE FIRST SHARE AWARD SCHEME**

INTRODUCTION

Reference is made to the First Share Award Scheme, details of which are disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme” in Appendix IV to the Prospectus.

PROPOSED INCREASE IN SCHEME LIMIT UNDER THE FIRST SHARE AWARD SCHEME

The Board resolved that, subject to (a) the Shareholders approving the Increase in Scheme Limit and the Scheme Mandate in a general meeting, and (b) the listing division of the Stock Exchange granting the listing of and permission to deal in any Shares to be allotted and issued under the First Share Award Scheme in excess of those previously approved by the Stock Exchange, the Existing Scheme Limit of the First Share Award Scheme be increased by 191,298,011 Shares (representing approximately 3.00% of the total issued Shares as at the date of this announcement), to the New Scheme Limit of 285,250,982 Shares, by way of alteration of the Scheme Rules, in accordance with the provisions in the Scheme Rules.

PROPOSED SCHEME MANDATE UNDER THE FIRST SHARE AWARD SCHEME

As the Company may grant further Awards under the First Share Award Scheme after the Increase in Scheme Limit becoming effective and may issue and allot new Shares to satisfy the Awards in excess of those Shares under the Existing Scheme Limit, ordinary resolutions will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the Increase in Scheme Limit and the Scheme Mandate, subject to the listing division of the Stock Exchange granting the listing of and permission to deal in any Shares to be allotted and issued under the First Share Award Scheme in excess of those previously approved by the Stock Exchange.

An application will be made to the listing division of the Stock Exchange for the listing of and the permission to deal in 191,298,011 Shares which may be issued pursuant to any Awards made under the First Share Award Scheme in excess of those Shares under the Existing Scheme Limit previously approved by the Stock Exchange.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Increase in Scheme Limit and the Scheme Mandate.

A circular containing, among other things, details of the Increase in Scheme Limit and the Scheme Mandate, proposed amendments to the Scheme Rules and a notice convening the EGM will be despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules and the articles of association of the Company.

INTRODUCTION

Reference is made to the First Share Award Scheme, details of which are disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme” in Appendix IV to the Prospectus. The First Share Award Scheme was adopted by the Company on May 26, 2017 and was amended on September 1, 2017.

THE FIRST SHARE AWARD SCHEME

The First Share Award Scheme was adopted by the Company on May 26, 2017 (as amended on September 1, 2017), pursuant to which the Board, its committee or person(s) which it has delegated its authority may from time to time select any Eligible Person to be a Selected Participant and grant an Award to such Selected Participant. Awards granted under the First Share Award Scheme may be vested in the form of Award Shares, or the actual selling price of the Award Shares in cash in accordance with the First Share Award Scheme.

The purpose of the First Share Award Scheme is to align the interests of Eligible Persons’ with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

PROPOSED INCREASE IN SCHEME LIMIT UNDER THE FIRST SHARE AWARD SCHEME

Pursuant to the First Share Award Scheme, the initial scheme limit is 10,118,631 Shares, or 70,830,417 Shares after taking into account the Capitalization Issue. The initial scheme limit is subject to the Additional Shares of 3,303,222 Shares, or 23,122,554 Shares after taking into account the Capitalization Issue (excluding Award Shares that have been forfeited in accordance with the Scheme Rules). Therefore the Existing Scheme Limit after taking into account the Capitalization Issue is 93,952,971 Shares which represents approximately 1.47% of the total issued Shares as at the date of this announcement. The total number of Shares which may be granted under the Existing Scheme Limit thus must not exceed 93,952,971 Shares.

As at the date of this announcement, 107,752,427 Shares in aggregate (including Award Shares that have been forfeited in accordance with the Scheme Rules) or 86,634,321 Award Shares in aggregate (excluding Award Shares that have been forfeited in accordance with the Scheme Rules) had been granted or agreed to be granted under the First Share Award Scheme. None of the relevant grantees is a connected person of the Company. As such, the remaining balance of Shares which could be granted under the First Share Award Scheme is 7,318,650 Shares.

The Board resolved that, subject to (a) the Shareholders approving the Increase in Scheme Limit and the Scheme Mandate in a general meeting, and (b) the listing division of the Stock Exchange granting the listing of and permission to deal in any Shares to be allotted and issued under the First Share Award Scheme in excess of those previously approved by the Stock Exchange, the Existing Scheme Limit of the First Share Award Scheme be increased by 191,298,011 Shares (representing approximately 3.00% of the total issued Shares as at the date of this announcement) to the New Scheme Limit of 285,250,982 Shares, by way of alteration of the Scheme Rules in accordance with the provisions in the Scheme Rules.

Save for the Increase in Scheme Limit, other provisions of the First Share Award Scheme shall remain unchanged.

The New Scheme Limit was determined by reference to the number of potential Eligible Persons and the estimated future need of the Group to incentivize the Eligible Persons.

PROPOSED SCHEME MANDATE TO ISSUE SHARES UNDER THE FIRST SHARE AWARD SCHEME

As the Company may grant further Awards under the First Share Award Scheme after the Increase in Scheme Limit becoming effective and may issue and allot new Shares to satisfy the Awards in excess of those Shares under the Existing Scheme Limit, ordinary resolutions will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the Increase in Scheme Limit and the Scheme Mandate, subject to the listing division of the Stock Exchange granting the listing of and permission to deal in any Shares to be allotted and issued under the First Share Award Scheme in excess of those previously approved by the Stock Exchange.

The Scheme Mandate, once granted, shall remain effective until the variation or revocation of the Scheme Mandate by an ordinary resolution of the Shareholders in a general meeting.

An application will be made to the listing division of the Stock Exchange for the listing of and the permission to deal in 191,298,011 Shares which may be issued pursuant to any Awards made under the First Share Award Scheme in excess of those Shares under the Existing Scheme Limit previously approved by the Stock Exchange.

REASONS FOR THE INCREASE IN SCHEME LIMIT AND THE SCHEME MANDATE

The purpose of the First Share Award Scheme is to retain Eligible Persons and to recognise and motivate the Eligible Persons to make contributions to the Group by aligning their interests with those of the Group through ownership of Shares and other relevant distributions. As the Existing Scheme Limit is nearly depleted, the Increase in Scheme Limit and the Scheme Mandate will allow the Company to continue to grant Awards under the First Share Award Scheme so as to continue to serve its intended purposes and objectives of rewarding and incentivizing the Eligible Persons and to contribute to the success of the Group.

The Directors therefore consider that the Increase in Scheme Limit and the Scheme Mandate are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

The First Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

Each of the Increase in Scheme Limit and the Scheme Mandate is conditional upon, among other things, the approval by the Shareholders by ordinary resolutions to be passed at the EGM. None of the Shareholders or their associates would have any interest in the Scheme Mandate. Accordingly, no Shareholders would be required to abstain from voting on the resolutions relating to the Scheme Mandate at the EGM.

The Board may grant Award Shares to a connected person of the Company under the First Share Award Scheme. Where any grant of Award Shares is proposed to be made to a connected person of the Company, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, unless otherwise exempted under the Listing Rules.

GENERAL

Shareholders' approval is required for the Increase in Scheme Limit in accordance with the Scheme Rules. The Scheme Mandate, being a specific mandate, also requires Shareholders' approval pursuant to Rule 13.36(1) of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Increase in Scheme Limit and the Scheme Mandate.

A circular containing, among other things, details of the Increase in Scheme Limit and the Scheme Mandate, proposed amendment to the Scheme Rules and a notice convening the EGM will be despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules and the articles of association of the Company.

Warning: Shareholders should note that the Increase in Scheme Limit and the Scheme Mandate are conditional upon satisfaction of the respective conditions set out in this announcement and may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company, and if they are in doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Additional Shares”	3,303,222 Shares, or 23,122,554 underlying Shares after taking into account the Capitalization Issue, being the equivalent to the aggregate number of Shares underlying the options that were not granted under the Pre-IPO Share Option Scheme prior to the Global Offering
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Award”	an award granted pursuant to the First Share Award Scheme, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with the First Share Award Scheme
“Award Share(s)”	the Share(s) to be issued and allotted to a grantee of an Award
“Board”	the board of Directors
“Capitalization Issue”	the issue of 4,626,550,692 Shares on the Listing Date to be made upon the capitalization of part of the sum standing to the credit of the share premium account of the Company, details of which are set out in the section headed “History and Corporate Structure – The Capitalization Issue” of the Prospectus
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement to the PRC or China excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entity”	the entity the Company 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), a company established under the laws of the PRC on January 9, 2015
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving, among other things, the Increase in Scheme Limit and the Scheme Mandate
“Eligible Person(s)”	any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group
“Existing Scheme Limit”	the maximum number of Shares underlying all Awards that may be granted under the First Share Award Scheme without further Shareholders’ approval, being 10,118,631 Shares, or 70,830,417 Shares after taking into account the Capitalization Issue, subject to an increase of the Additional Shares (excluding Award Shares that have been forfeited in accordance with the Scheme Rules)
“First Share Award Scheme”	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017, further details of which are disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme” in Appendix IV to the Prospectus
“Global Offering”	the offer of Shares for subscription by the public in Hong Kong and the international placing of Shares as described in the Prospectus
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Scheme Limit”	the Existing Scheme Limit of the First Share Award Scheme be increased by 191,298,011 Shares, in accordance with the provisions in the Scheme Rules
“Listing Date”	November 16, 2017, being the date the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

“New Scheme Limit”	285,250,982 Shares
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on May 26, 2017, further details of which are disclosed in the section headed “Statutory and General – Pre-IPO Share Option and Share Award Schemes – Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated November 6, 2017
“Scheme Mandate”	a mandate to be granted by the Shareholders to the Directors to issue, allot, procure the transfer of and otherwise deal with the 191,298,011 Shares that may be awarded pursuant to the First Share Award Scheme upon the Increase in Scheme Limit becoming effective in excess of those Shares under the Existing Scheme Limit previously approved by the Shareholders
“Scheme Rules”	the scheme rules of the First Share Award Scheme as amended from time to time
“Selected Participant(s)”	any Eligible Person approved for participation in the First Share Award Scheme and who has been granted any Award in accordance with the Scheme Rules
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, February 18, 2021

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

Executive Directors	Mr. Andy Xuan Zhang and Mr. Dong Jiang
Non-executive Directors	Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Huan Zhou
Independent non-executive Directors	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong