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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)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – THE RENEWED USED AUTO SERVICES STRATEGIC COOPERATION AGREEMENT WITH JINGZHENGU

Reference is made to the announcement of the Company dated December 12, 2019 in respect of the Existing Used Auto Services Strategic Cooperation Agreement.

The Board announces that the Existing Used Auto Services Strategic Cooperation Agreement will expire on December 31, 2022. On December 19, 2022, the Company, through its indirect wholly-owned subsidiary Shanghai Yixin, entered into the Renewed Used Auto Services Strategic Cooperation Agreement with Jingzhengu (a subsidiary of Tencent) to renew the existing continuing connected transactions under the Existing Used Auto Services Strategic Cooperation Agreement with a term of three years effective from January 1, 2023.

LISTING RULES IMPLICATIONS

Jingzhengu is a subsidiary of Tencent, which is the Controlling Shareholder. Therefore, Jingzhengu is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As such, the transactions contemplated under the Renewed Used Auto Services Strategic Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 under the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

Given that one or more of the applicable percentage ratio(s) calculated with reference to the annual caps is more than 0.1% but less than 5%, the transactions contemplated under the Renewed Used Auto Services Strategic Cooperation Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated December 12, 2019 in respect of the Existing Used Auto Services Strategic Cooperation Agreement.

The Board announces that the Existing Used Auto Services Strategic Cooperation Agreement will expire on December 31, 2022. On December 19, 2022, the Company, through its indirect wholly-owned subsidiary Shanghai Yixin, entered into the Renewed Used Auto Services Strategic Cooperation Agreement with Jingzhengu (a subsidiary of Tencent) to renew the existing continuing connected transactions under the Existing Used Auto Services Strategic Cooperation Agreement with a term of three years effective from January 1, 2023.

The parties (or through their respective associates) may enter into Subsequent Agreements to further specify the rights and obligations between them under the Renewed Used Auto Services Strategic Cooperation Agreement.

THE RENEWED USED AUTO SERVICES STRATEGIC COOPERATION AGREEMENT

The terms of the Renewed Used Auto Services Strategic Cooperation Agreement are set out below:

Effective Date:	January 1, 2023
Parties:	(1) Shanghai Yixin (2) Jingzhengu
Term:	Three years
Services Provided:	Jingzhengu or its associates shall provide the Group with services including but not limited to (i) onsite and online used car valuation and used car inspection services for the used cars financed or facilitated by the Group, and (ii) a free portal on the Group's website that the Group's customers can use to compute or solicit a quotation for the value of a vehicle. In exchange, the Group shall pay Jingzhengu or its associates a fee.

Historical transaction amounts

The aggregate fee paid by the Group pursuant to the Existing Used Auto Services Strategic Cooperation Agreement for the two years ended December 31, 2021 and the period from January 1, 2022 to October 31, 2022 amounted to approximately RMB10,454,000, RMB22,126,000 and RMB26,837,000, respectively.

The existing annual caps and the new annual caps

The existing annual caps for the Existing Used Auto Services Strategic Cooperation Agreement are as follows:

Year ended December 31, 2020	Year ended December 31, 2021	Year ending December 31, 2022
RMB30 million	RMB40 million	RMB50 million

The new annual caps for the Renewed Used Auto Services Strategic Cooperation Agreement are as follows:

Year ending December 31, 2023	Year ending December 31, 2024	Year ending December 31, 2025
RMB40 million	RMB45 million	RMB50 million

Basis of the new annual caps

The new annual caps have been determined principally with reference to:

- (i) the historical transaction amounts for used auto services and the anticipated demands for similar used auto service needs;
- (ii) the amount payable under the Existing Used Auto Services Strategic Cooperation Agreement that has been incurred; and
- (iii) the anticipated reduced service fee to be charged by Jingzhengu or its associates which is more favourable to the Group.

Pricing policy and fee calculation

The service fee payable by the Group under the Renewed Used Auto Services Strategic Cooperation Agreement was determined after arm's length negotiation between the parties and with reference to the rates charged by independent third parties providing similar services. The service fee and calculation method were agreed between the parties based on the specific type and usage of the services in each transaction. The terms were no less favourable to the Company than those which could be obtained from independent third party suppliers.

REASONS AND BENEFITS FOR ENTERING INTO THE RENEWED USED AUTO SERVICES STRATEGIC COOPERATION AGREEMENT

The Group requires valuation services for the majority of used automobiles that the Group finances as part of the Group's risk management process and in order to accurately value the Group's automobiles which are leased to customers. By entering into the Renewed Used Auto Services Strategic Cooperation Agreement, the Company can further its cooperation with Jingzhengu and continue to establish a close and efficient business relationship.

Aside from the new annual caps, the terms of the Renewed Used Auto Services Strategic Cooperation Agreement (including the pricing policy) are substantially the same as those of the Existing Used Auto Services Strategic Cooperation Agreement disclosed in the announcement of the Company dated December 12, 2019.

The terms of the Renewed Used Auto Services Strategic Cooperation Agreement were agreed upon after arm's length negotiations between the relevant parties thereto and the transactions contemplated thereunder are entered into and conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Renewed Used Auto Services Strategic Cooperation Agreement and the transactions contemplated thereunder (including, the annual caps) are fair and reasonable and are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the best interest of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the transactions contemplated under the Renewed Used Auto Services Strategic Cooperation Agreement, no Director was required to abstain from voting on the Board resolutions in relation to such agreements and the transactions contemplated thereunder.

INTERNAL CONTROL

Reference is made to the Prospectus in relation to the following internal control procedures adopted by the Group for the continuing connected transactions of the Company:

- (i) No member of the Group shall conduct any connected transactions, (i) which are either not on arm's length terms or (ii) which are on arm's length terms but are in excess of 5% of the Group's net assets or if aggregated with all other connected transactions in the same fiscal year will exceed 20% of annual budgeted revenue of the Group for the fiscal year, without the affirmative consent or approval by the majority of the Directors. For further details, see the section headed "HISTORY AND CORPORATE STRUCTURE – PRE-IPO INVESTMENTS" of the Prospectus.
- (ii) The Company has established internal control mechanisms to identify connected transactions. If the Group enters into connected transactions with the Controlling Shareholders or any of their associates, the Company will comply with the applicable Listing Rules. For further details, see the section headed "RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS – CORPORATE GOVERNANCE MEASURES" of the Prospectus.

The legal and compliance department and the financial management department of the Group will review the terms of the transactions under the Renewed Used Auto Services Strategic Cooperation Agreement and each of the Subsequent Agreements to be entered into for ensuring compliance with the Listing Rules, and none of such agreements will be entered into unless with prior approval of the legal and compliance department, the financial management department and senior management of the Group.

The legal and compliance department and financial management department of the Group will summarize the transaction amounts incurred under the transactions under the Renewed Used Auto Services Strategic Cooperation Agreement regularly on a monthly basis and report to the senior management of the Group. The senior management and the relevant departments of the Group will be informed of the status of the transactions under the Renewed Used Auto Services Strategic Cooperation Agreement in a timely manner such that the transaction amounts can be conducted within the annual caps. In addition, the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions. The Company will also engage its external auditors to conduct annual review of the continuing connected transactions in accordance with the requirements under the Listing Rules.

The Group will regularly examine the pricing of the transactions under the Renewed Used Auto Services Strategic Cooperation Agreement to ensure that such transactions are conducted in accordance with the pricing terms thereof, including reviewing the historical transaction records of the Group for similar services and arrangements with other independent third party for similar services.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in (i) the provision of loan facilitation services, guarantee services, after-market services and other services; and (ii) the provision of financing lease services and other self-operated services in the PRC.

Shanghai Yixin is a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company. It is principally engaged in financing lease and operation of leasing business in the PRC.

Jingzhengu is a company established under the laws of the PRC, and a subsidiary of Tencent, the Controlling Shareholder and hence a connected person of the Company. It is principally engaged in automobile valuation and inspection related services.

LISTING RULES IMPLICATIONS

Jingzhengu is a subsidiary of Tencent, which is the Controlling Shareholder. Therefore, Jingzhengu is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As such, the transactions contemplated under the Renewed Used Auto Services Strategic Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 under the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

Given that one or more of the applicable percentage ratio(s) calculated with reference to the annual caps is more than 0.1% but less than 5%, the transactions contemplated under the Renewed Used Auto Services Strategic Cooperation Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Yixin”	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC on January 9, 2015 and a Consolidated Affiliated Entity of the Company
“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region 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 in the Listing Rules
“Consolidated Affiliated Entity”	the entity the Company controls through a series of contractual arrangements

“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Tencent and Morespark and each of them shall be referred to as a Controlling Shareholder
“Directors”	the directors of the Company
“Existing Used Auto Services Strategic Cooperation Agreement”	the used auto services strategic cooperation agreement, dated December 12, 2019 effective from January 1, 2020, entered into between Jingzhengu and Beijing Yixin
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jingzhengu”	Beijing Jingzhengu Information Technology Co., Ltd.* (北京精真估信息技術有限公司), a company established under the laws of the PRC and a subsidiary of Tencent
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Morespark”	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a Controlling Shareholder
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Prospectus”	the prospectus of the Company dated November 6, 2017
“Renewed Used Auto Services Strategic Cooperation Agreement”	the used auto services strategic cooperation agreement dated December 19, 2022, effective from January 1, 2023 entered into between Jingzhengu and Shanghai Yixin
“RMB”	Renminbi, the lawful currency of China
“Shanghai Yixin”	Shanghai Yixin Financing Lease Co., Ltd.* (上海易鑫融資租賃有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Agreement(s)”	the subsequent advertising agreements to be entered into between the parties (or their respective associates) to the Renewed Used Auto Services Strategic Cooperation Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), and a Controlling Shareholder
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

* *For identification purposes only.*

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

Hong Kong, December 19, 2022

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

Executive Directors	Mr. Andy Xuan Zhang and Mr. Dong Jiang
Non-executive Directors	Mr. Qing Hua Xie, Mr. Qin Miao, and Ms. Amanda Chi Yan Chau
Independent non-executive Directors	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong