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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF REMAINING EQUITY INTERESTS IN DALIAN  
RONGXIN**

**Independent Financial Adviser to the Independent Board Committee**



**ACQUISITION**

The Board is pleased to announce that on May 29, 2023, Xince Investment (an indirect wholly-owned subsidiary of the Company), Beijing Bitauto and Dalian Rongxin entered into the Equity Transfer Agreement, pursuant to which Xince Investment has conditionally agreed to acquire and Beijing Bitauto has conditionally agreed to sell 67.7966% equity interest in Dalian Rongxin, at a total consideration of RMB640 million. As at the date of this announcement, Beijing Bitauto and Xince Investment each holds 67.7966% and 32.2034% equity interests in Dalian Rongxin, respectively. Upon Completion, Dalian Rongxin will become a wholly-owned subsidiary of Xince Investment and therefore an indirect wholly-owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios in respect of the Acquisition is more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

As at the date of this announcement, Beijing Bitauto is a subsidiary of Tencent, which is a Controlling Shareholder. Therefore, Beijing Bitauto is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition. A circular containing, amongst others, details of the Acquisition, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, together with a notice convening the EGM to approve the Acquisition is expected to be despatched to the Shareholders on or before June 30, 2023, as sufficient time is required to prepare and finalise the circular.

Reference is made to the Announcement. As disclosed in the Announcement, on August 2, 2019, Xince Investment (an indirect wholly-owned subsidiary of the Company), Beijing Bitauto and Dalian Rongxin entered into the Investment Agreement, pursuant to which Xince Investment, as the investor, invested RMB475 million into Dalian Rongxin. After the prior Investment, Dalian Rongxin was held by Beijing Bitauto and Xince Investment as to 67.7966% and 32.2034%, respectively.

The Board is pleased to announce that on May 29, 2023, Xince Investment (an indirect wholly-owned subsidiary of the Company), Beijing Bitauto and Dalian Rongxin entered into the Equity Transfer Agreement, pursuant to which Xince Investment has conditionally agreed to acquire and Beijing Bitauto has conditionally agreed to sell 67.7966% equity interest in Dalian Rongxin, at a total consideration of RMB640 million. Details of the Acquisition are set out below:

## **THE ACQUISITION**

**Date:** May 29, 2023

**Parties:** Xince Investment (as the purchaser)

Beijing Bitauto (as the vendor); and

Dalian Rongxin (as the target company)

### **Subject matter**

Pursuant to the Equity Transfer Agreement, Xince Investment conditionally agreed to purchase, and Beijing Bitauto conditionally agreed to sell, 67.7966% equity interest in Dalian Rongxin, at a total consideration of RMB640 million.

Upon Completion, Dalian Rongxin will become a wholly-owned subsidiary of Xince Investment and therefore an indirect wholly-owned subsidiary of the Company, and Dalian Rongxin's financial results be consolidated into the financial statements of the Group.

## Consideration and conditions precedent

The total consideration for the Acquisition is RMB640 million, which shall be paid in cash to Beijing Bitauto's designated bank account and will be satisfied in the following manner:

- (a) RMB384 million, being 60% of the total consideration, shall be paid within 15 business days upon the fulfilment of the following conditions (or otherwise waived by the Xinche Investment, other than with respect to (iii) below which cannot be waived) (the “**First Instalment**”):
- (i) each of Dalian Rongxin, Xinche Investment and Beijing Bitauto having obtained all necessary internal approvals (including but not limited to approvals from the board of directors and the shareholders, if applicable) in relation to the Acquisition and related matter (including but not limited to the amendment of the articles of association of Dalian Rongxin);
  - (ii) Xinche Investment and Beijing Bitauto having signed and delivered the Equity Transfer Agreement, and the Equity Transfer Agreement having become effective;
  - (iii) the Acquisition having been approved by the Independent Shareholders at the EGM in accordance with the relevant requirements under the Listing Rules;
  - (iv) the representations and warranties made under the Equity Transfer Agreement having remained true and accurate in all material respects, and any obligations and agreements that shall be observed or fulfilled by Dalian Rongxin, Xinche Investment and Beijing Bitauto having been observed or performed in all material aspects as at the payment date of the First Instalment;
  - (v) there has been no event or circumstance (including but not limited to any proceedings, arbitral proceedings, penalties or any investigation or punishment conducted by other government authorities which may have any material adverse effects on Dalian Rongxin's products and services) that has a material adverse effect on the legal registration, business license, product registration, intellectual property rights, business operations or other material aspects of Dalian Rongxin since the date of the Equity Transfer Agreement and up to the payment date of the First Instalment; and
  - (vi) the Equity Transfer Agreement complying with applicable laws and regulations of the registered location of the relevant party, and necessary government approvals (if any) for the transaction contemplated thereunder having been obtained.
- (b) RMB256 million, being the remaining 40% of the total consideration, shall be paid within 15 business days upon the fulfilment of the following conditions (or otherwise waived by Xinche Investment, other than with respect to (ii) below which cannot be waived) (the “**Second Instalment**”):
- (i) Dalian Rongxin having obtained the relevant filing notice and operation permit in relation to the subscription of equity interest in Dalian Rongxin by Xinche Investment at the consideration of RMB475 million in September 2020 from the relevant PRC authority;
  - (ii) the freeze on the equity interest of Dalian Rongxin held by Beijing Bitauto having been released and there are no other circumstances affecting the equity transfer;

- (iii) Dalian Rongxin having completed all necessary government approval procedures and obtained all necessary approval documents, including but not limited to the business registration procedures for the transfer of equity interest in relation to the Acquisition, excluding the required filing and registration with the relevant financial regulatory authority for the transfer of equity interest in relation to the Acquisition;
- (iv) the representations and warranties made under the Equity Transfer Agreement having remained true and accurate in all material respects, and any obligations and agreements that shall be observed or fulfilled by Dalian Rongxin, Xincheng Investment and Beijing Bitauto having been observed or performed in all material aspects as at the Completion Date; and
- (v) there has been no material adverse change to Dalian Rongxin since the date of the Equity Transfer Agreement and up to the Completion Date.

The total consideration for the Acquisition shall be satisfied by the internal resources of the Group.

The consideration for the Acquisition was determined after arm's length negotiations among the parties to the Equity Transfer Agreement on normal commercial terms taking into account (1) the net assets value and financial position of the Dalian Rongxin (and in particular, its key financial metrics for the latest financial year); (2) the valuation performed by Avista Valuation Advisory Limited, an independent valuer engaged to value Dalian Rongxin; and (3) the synergies that already exist and are anticipated to be enhanced between the Group and Dalian Rongxin as detailed in, and the factors further contained in, the section headed "Reasons for and Benefits of the Acquisition" below.

The independent valuation of Dalian Rongxin adopted the market approach. This approach was selected as the most appropriate for this transaction, as it accounts for the state of the market and industry in which the target operates as compared with comparable companies from a market consensus perspective; it was also considered appropriate given the availability of comparable companies in the market. Under the market approach, the target was compared against public companies listed in Hong Kong or China operating in a comparable market and industry sector (namely, financial guarantee sector) as well as comparable transactions, with this scope taking into account similar capital investment requirements, and overall industry fluctuations and market performance being universal factors impacting both the target and comparable companies. A price-to-book (or P/B) valuation multiple was used, considering recent market fluctuations in China and globally and the fact that the P/B multiple is commonly used for capital-intensive businesses such as those operating in the financial guarantee sector, with adjustments made for the target being a non-public company but with a control premium after the transaction. The valuation was based on certain principal factors, including, among others, the maturity of the target, the economic and industry conditions in which the target operations, and the business and other risks associated with this industry; and certain assumptions, including, among others, that there will be no material changes to the regulatory and economic environment governing the financial guarantee sector, no material changes to the financial performance of the target and comparable companies, and the retention of competent management and key personnel.

Based on the above factors, the Board considered the independent valuation to be a fair and reasonable basis upon which to calculate the consideration amount.

## Completion

Xinche Investment and Beijing Bitauto agreed that (i) after the payment of the First Instalment and the Second Instalment, Xinche Investment and Beijing Bitauto shall coordinate with Dalian Rongxin to complete the business registration in respect of the Acquisition as soon as possible; and (ii) within 3 months from the Completion Date, Xinche Investment and Dalian Rongxin shall complete the required filing and registration with the relevant financial regulatory authority.

## Termination

If the above condition precedents for which Beijing Bitauto is unilaterally responsible remain unfulfilled after 3 months of Xinche Investments giving notice to Beijing Bitauto of the condition's status, Xinche Investments has the right to unilaterally terminate the Equity Transfer Agreement. In the event that the parties are unable to continue to carry out their obligations under the Equity Transfer Agreement for reasons such as internal business adjustments within their respective groups or due to the regulatory requirements of Dalian Rongxin (including but not limited to the required filing and registration with the relevant financial regulatory authority is ultimately not completed) or due to Listing Rules requirements etc., Xinche Investment and Beijing Bitauto may mutually agree to terminate the Equity Transfer Agreement by way of written notice to Dalian Rongxin. If Xinche Investment and Beijing Bitauto fail to reach an agreement on the termination of the Equity Transfer Agreement within one month after the discussion, Xinche Investment has the right to unilaterally terminate the Equity Transfer Agreement.

Upon the termination described above, Beijing Bitauto shall refund in full the amount of the consideration already paid by Xinche Investment (if any) within five business days after the termination. In the event that the termination occurs after the abovementioned business registration having been completed, Xinche Investment shall, within 20 business days after receiving the refund (if any), cooperate with Beijing Bitauto and Dalian Rongxin to restore the shareholding structure of Dalian Rongxin to that which was subsisting immediately prior to the execution of the Equity Transfer Agreement (including but not limited to executing necessary documents and cooperating with the filing of the further revised business registration, etc.).

## FINANCIAL INFORMATION OF DALIAN RONGXIN

Set out below are certain financial information of Dalian Rongxin based on the audited financial statements prepared in accordance with International Financial Reporting Standards for the two financial years ended December 31, 2022:

	<b>For the financial year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Net profit/(loss) before tax	<b>29,380</b>	(36,552)
Net profit/(loss) after tax	<b>19,934</b>	(27,308)

As at December 31, 2022, the audited net assets of Dalian Rongxin amounted to approximately RMB1,055,721,000 based on the audited financial statements prepared in accordance with International Financial Reporting Standards.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

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. Dalian Rongxin is a licensed financing guarantee company which is principally engaged in providing financing guarantee services.

In August 2019, the Group entered into the Investment Agreement with the view to further strengthen the business cooperation with Dalian Rongxin while expanding its loan facilitation services, to the extent that Dalian Rongxin provides financing guarantee services to certain auto loans for which the Group provides loan facilitation services. During the past few years, there has been significant growth and expansion in the Group's loan facilitation services, therefore creating greater demand in the business cooperation with Dalian Rongxin in the provision of financing guarantee services. Given the past business cooperation between the Group and Dalian Rongxin, the Company believes that the proposed acquisition of the remaining 67.7966% equity interest in Dalian Rongxin will be a meaningful step in realizing the Group's strategy of creating greater value and also further strengthening the industry position of the Group. In addition, with the view to further expand its loan facilitation services, the Company is of the view that the Acquisition enables the Group to explore and leverage the synergy between Dalian Rongxin and the Group, and will be complementary to the Group's existing operation and business layout, consolidate its existing advantageous position, generate synergies and accelerate the Group's development.

In particular, Dalian Rongxin (a) holds a financing guarantee license that the Company considers valuable to the Group's future business direction; and (b) has established strong business relationships with financial institutions in China, including being one of the few selected financing guarantee companies admitted into the financial institution's credit inquiry platform with system-to-system connection. Accordingly, by bringing Dalian Rongxin (and its business) into the Group, the Group can streamline and integrate its existing and future business collaborations with Dalian Rongxin and the Acquisition would enable the enlarged Group to expand into new business opportunities in the future.

Having considered the above factors, the Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) are of the view that, though the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

Xinche Investment is an indirect wholly-owned subsidiary of the Company and the holding company of the PRC entities of the Group.

Beijing Bitauto is a company established under the laws of the PRC and a subsidiary of Tencent. It is principally engaged in research and development, the production of computer software, internet and e-commerce systems; computer network engineering, system integration; as well as the provision of technical training and consulting services.

Dalian Rongxin, is a company established under the laws of the PRC, and a licensed financing guarantee company which is principally engaged in providing financing guarantee services.

## LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios in respect of the Acquisition is more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

As at the date of this announcement, Beijing Bitauto is a subsidiary of Tencent, which is a Controlling Shareholder. Therefore, Beijing Bitauto is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

An Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong, has been formed to consider, and to advise the Independent Shareholders, among other things, whether the Acquisition is in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Optima Capital has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the Equity Transfer Agreement and the transactions contemplated thereunder.

The EGM will be held to consider and, if thought fit, passing the ordinary resolution to approve, among other matters, the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, amongst others, details of the Acquisition, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, together with a notice convening the EGM to approve the Acquisition is expected to be despatched to the Shareholders on or before June 30, 2023, as sufficient time is required to prepare and finalise the circular.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the remaining 67.7966% equity interest in Dalian Rongxin by Xince Investment under the Equity Transfer Agreement
“Announcement”	the announcement of the Company dated August 2, 2019 in relation to the Investment
“Beijing Bitauto”	Beijing Bitauto Internet Information Company Limited* (北京易車互聯信息技術有限公司), a company established under the laws of the PRC and a subsidiary of Tencent

“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)
“Completion”	the completion of the Acquisition in accordance with the Equity Transfer Agreement. Details of which are stipulated under the section headed “Completion” in this announcement
“Completion Date”	the date on which Beijing Bitauto receives the First Instalment and the Second Instalment
“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
“Controlling Shareholder(s)”	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
“Dalian Rongxin”	Dalian Rongxin Financing Guarantees Company Ltd.* (大連融鑫融資擔保有限公司), a company established under the laws of the PRC on June 6, 2016
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement dated May 29, 2023 entered into among Xince Investment, Beijing Bitauto and Dalian Rongxin in relation to the Acquisition
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong, which has been formed to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder
“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, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who have no material interest in, and are not required to abstain from voting at the EGM to approve, the Equity Transfer Agreement and the transactions contemplated thereunder
“Investment”	the investment in the amount of RMB475 million into Dalian Rongxin by Xinche Investment pursuant to the Investment Agreement
“Investment Agreement”	an investment agreement dated August 2, 2019 entered into among Xinche Investment, Beijing Bitauto and Dalian Rongxin in relation to the Investment in Dalian Rongxin
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under 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
“Xinche Investment”	Xinche Investment (Shanghai) Co., Ltd.* (鑫車投資(上海)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

\* for identification purposes only

By Order of the Board  
**Yixin Group Limited**  
 易鑫集團有限公司  
**Andy Xuan Zhang**  
*Chairman*

Hong Kong, May 29, 2023

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

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