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XXF GROUP HOLDINGS LIMITED

喜相逢集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2473)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ENTERING INTO OF THE FINANCE LEASE FRAMEWORK AGREEMENT

ENTERING INTO OF THE FINANCE LEASE FRAMEWORK AGREEMENT

On 31 January 2024 (after trading hours), XXF Group (an indirect wholly-owned subsidiary of the Company) and Dongfeng Nissan entered into the Finance Lease Framework Agreement, pursuant to which (i) Dongfeng Nissan as lessor agreed to provide XXF Group (and/or its subsidiaries or associated companies) as Lessee(s) with the Financing Amount of up to RMB262,011,475, which may be drawn down by the Lessee(s) from time to time during the term of the Finance Lease Framework Agreement subject to the terms and conditions therein; and (ii) at each drawdown, the Lessee(s) shall sell the relevant Leased Assets to Dongfeng Nissan, and the Leased Assets shall then be leased back to the Lessee(s) by Dongfeng Nissan in return for monthly rent payments.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Finance Lease Framework Agreement exceeds 5% but is less than 25%, the transactions contemplated under the Finance Lease Framework Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirement, but are exempt from the circular and shareholders' approval requirements, under the Listing Rules.

In addition, since the Listing Date and up to the date of the Finance Lease Framework Agreement, the Group (through XXF Group and other subsidiaries) as lessee and Dongfeng Nissan as lessor entered into the Previous Sale and Leaseback Agreements. Therefore, the transactions contemplated under the Finance Lease Framework Agreement and the Previous Sale and Leaseback Agreements will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As none of the applicable percentage ratios in respect of the Previous Sale and Leaseback Agreements exceeded 5%, the transactions contemplated thereunder did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Finance Lease Framework Agreement and the Previous Sale and Leaseback Agreements, when aggregated, exceeds 5% but is less than 25%, the transactions contemplated under the Finance Lease Framework Agreement and the Previous Sale and Leaseback Agreements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirement, but are exempt from the circular and shareholders' approval requirements, under the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, Mr. Huang Wei (an executive Director of the Company), Ms. Xie Xiaohui (the spouse of Mr. Huang Wei and thus an associate of Mr. Huang Wei) and Mr. Ye Fuwei (an executive Director of the Company) are connected persons of the Company and therefore the guarantee given by them in respect of the sale and leaseback arrangements under the Finance Lease Framework Agreement constitute financial assistance received by the Group from the connected persons. As the relevant guarantee is on normal commercial terms or better and is not secured by the assets of the Group, the guarantee given by Mr. Huang Wei, Ms. Xie Xiaohui and Mr. Ye Fuwei pursuant to the Finance Lease Framework Agreement is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

ENTERING INTO OF THE FINANCE LEASE FRAMEWORK AGREEMENT

On 31 January 2024 (after trading hours), XXF Group (an indirect wholly-owned subsidiary of the Company) and Dongfeng Nissan entered into the Finance Lease Framework Agreement, pursuant to which (i) Dongfeng Nissan as lessor agreed to provide XXF Group (and/or its subsidiaries or associated companies) as Lessee(s) with the Financing Amount of up to RMB262,011,475, which may be drawn down by the Lessee(s) from time to time during the term of the Finance Lease Framework Agreement subject to the terms and conditions therein; and (ii) at each drawdown, the Lessee(s) shall sell the relevant Leased Assets to Dongfeng Nissan, and the Leased Assets shall then be leased back to the Lessee(s) by Dongfeng Nissan in return for monthly rent payments.

FINANCE LEASE FRAMEWORK AGREEMENT

The major terms of the Finance Lease Framework Agreement are set out below:

- Date: 31 January 2024 (after trading hours)
- Parties: (i) XXF Group; and
(ii) Dongfeng Nissan.
- Subject matter: Dongfeng Nissan agreed to provide XXF Group with the Financing Amount of up to RMB262,011,475, which may be drawn down by XXF Group (and/or its subsidiaries or associated companies) as Lessee(s) from time to time during the term of the Finance Lease Framework Agreement subject to, among others, the entering into of individual sale and leaseback agreement(s), and the satisfaction of any other conditions required by Dongfeng Nissan.
- At each drawdown of the whole or part of the Financing Amount, the Lessee(s) shall sell the relevant Leased Assets to Dongfeng Nissan, and the Leased Assets shall then be leased back to the Lessee(s) by Dongfeng Nissan in return for monthly rent payments. The specific Leased Assets, the lease period of the Leased Assets, and the amount of rent payments shall be set out in the individual sale and leaseback agreement(s) to be separately entered into by the Lessee(s) and Dongfeng Nissan pursuant to the Finance Lease Framework Agreement.
- Term: From the date of the Finance Lease Framework Agreement to 30 June 2024.
- Sale and leaseback arrangement: Under each individual sale and leaseback agreement, the Lessee(s) shall sell the relevant Leased Assets to Dongfeng Nissan at a consideration (the “**Sale Price**”), which is determined upon arm’s length negotiation between XXF Group and Dongfeng Nissan with reference to the net asset value of the automobiles, which is based on the total cost of procurement of the automobiles by the Group from its suppliers, including the purchase price, tax and/or insurance coverage of the automobiles payable by the Group.

The Leased Assets shall then be leased back to the Lessee(s) by Dongfeng Nissan in return for the lease principal (which shall be the same amount as the Sale Price), together with interest accrued thereon, to be settled by the Lessee(s) in monthly installments. The lease interest was determined upon arm's length negotiation between XXF Group and Dongfeng Nissan with reference to the prevailing market interests of the same category of finance lease products in the PRC.

Upon the expiration of the lease period and the settlement in full by the Lessee(s) of all outstanding indebtedness under the relevant individual sale and leaseback agreement(s), the Lessee(s) may purchase back the relevant Leased Assets at a nominal consideration (typically being RMB1 per automobile).

The maximum aggregate amount of the lease principal, together with interest accrued thereon and the nominal repurchase price of the Leased Assets under the Finance Lease Framework Agreement is RMB315,561,475.

Pledge of assets:

Under each individual sale and leaseback agreement, the relevant Leased Assets shall be pledged to Dongfeng Nissan until the full repayment by the Group of all indebtedness under all sale and leaseback agreements entered into by Dongfeng Nissan and the relevant entities of the Group as Lessee(s) pursuant to the Finance Lease Framework Agreement.

Guarantee:

Each of Fujian Xidi (an indirect wholly-owned subsidiary of the Company), Mr. Huang Wei (an executive Director of the Company), Ms. Xie Xiaohui (the spouse of Mr. Huang Wei and thus an associate of Mr. Huang Wei) and Mr. Ye Fuwei (an executive Director of the Company) has provided a guarantee in favour of Dongfeng Nissan for the aggregate amount of up to RMB315,561,475 for the lease principal, together with interest accrued thereon and the nominal repurchase price of the Leased Assets under the individual sale and leaseback agreement(s), together with all liabilities of the Group, including but not limited to any outstanding interest, damages and other costs incidental to the enforcement of the rights of the debtor/lessor contemplated thereunder.

PREVIOUS SALE AND LEASEBACK AGREEMENTS

On 16 November 2023, 21 November 2023, 24 November 2023, 25 November 2023, 16 January 2024 and 24 January 2024, XXF Group (together with the relevant entities of the Group) and Dongfeng Nissan entered into the Previous Sale and Leaseback Agreements, respectively.

The table below sets out certain information about each of the Previous Sale and Leaseback Agreements, including the (i) the approximate amount of lease principal at which the Previous Leased Assets were leased back to the Group by Dongfeng Nissan (being of the same amount as the consideration for the sale of the Previous Leased Assets by the Group to Dongfeng Nissan); (ii) the approximate total rent (inclusive of the lease principal and the interest accrued thereon) payable by the Group to Dongfeng Nissan; and (iii) the approximate net asset value of the Previous Leased Assets under each Previous Sale and Leaseback Agreement.

Sale and Leaseback Agreement	Date of agreement	Lease principal (RMB'000)	Approximate total rent (RMB'000)	Approximate net asset value of Previous Leased Assets (RMB'000)
Sale and Leaseback Agreement 1	16 November 2023	2,129	2,455	2,268
Sale and Leaseback Agreement 2	21 November 2023	1,254	1,446	1,336
Sale and Leaseback Agreement 3	24 November 2023	169	195	180
Sale and Leaseback Agreement 4	25 November 2023	864	996	920
Sale and Leaseback Agreement 5	25 November 2023	1,306	1,507	1,392
Sale and Leaseback Agreement 6	16 January 2024	35,880	43,213	31,200
Sale and Leaseback Agreement 7	24 January 2024	2,109	2,539	1,834

Save for the key commercial terms set out in the table above, all material terms of the Previous Sale and Leaseback Agreements are substantially similar to the terms of the sale and leaseback arrangement contemplated under the Finance Lease Framework Agreement as disclosed above.

The amount of the sale price for the transfer of the Previous Leased Assets (being of the same amount as the lease principal set out in the table above) from the Group to Dongfeng Nissan under each of the Previous Sale and Leaseback Agreements were determined after arm's length negotiation between the parties thereto with reference to the net asset value of the automobiles, which was based on the total cost of procurement of the automobiles by the Group from its suppliers, including the purchase price, tax and/or insurance coverage of the automobiles payable by the Group. The amount of the lease interest under each of the Previous Sale and Leaseback Agreements were determined after arm's length negotiation between the parties thereto with reference to the prevailing market interests of the same category of finance lease products in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

As an automobile retailer, the Group procures automobiles from suppliers, including but not limited to the subsidiaries or distributors of Dongfeng Motor Group Co., Ltd.* (東風汽車集團有限公司) (“**Dongfeng Motor**”), from time to time for trading in the Group's ordinary and usual course of business. The Finance Lease Framework Agreement allows the Group to secure financing for such procurement of automobiles, and at the same time the Group is able to retain possession of the leased assets which can be utilized in its ordinary and usual course of business. By entering into the Finance Lease Framework Agreement, the Group can diversify its financing channels and replenish capital required for its operations and seize business expansion opportunities.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of the Finance Lease Framework Agreement and the transactions contemplated thereunder were arrived at after arm's length negotiations between the parties thereto, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACTS AND USE OF PROCEEDS

The funding from the transactions contemplated under the Previous Sale and Leaseback Agreements and the Finance Lease Framework Agreement were or would be used for financing the procurement of the relevant automobiles by the Group from its suppliers as abovementioned. In respect of the Previous Sale and Leaseback Agreements, the transactions thereunder were accounted for as financing arrangements and did not have any significant immediate effect on the earnings of the Group. The Directors expect that the transactions contemplated under the Finance Lease Framework Agreement shall also be accounted for as financing arrangements and therefore would not have any significant immediate effect on the earnings of the Group.

INFORMATION ON THE PARTIES

The Group is an automobile retailer providing automobile finance lease services primarily through self-operated sales outlets in the PRC.

XXF Group is a company established under the laws of the PRC with limited liability and is principally engaged in automobile finance lease business. XXF Group is an indirect wholly-owned subsidiary of the Company.

Dongfeng Nissan is a company established in the PRC with limited liability on 25 October 2013. Dongfeng Nissan is principally engaged in provision of financial leasing services and motor vehicle management agency services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, based on the information currently available to the Company, as at the date of this announcement, Dongfeng Nissan is owned as to 50.5% by Nissan (China) Investment Co., Ltd.* (日產(中國)投資有限公司) and 49.5% by Dongfeng Motor, a state-owned enterprise. Nissan (China) Investment Co., Ltd. is a direct wholly-owned subsidiary of Nissan Motor Co., Ltd. (a Japanese multinational automakers listed on the Tokyo Stock Exchange).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dongfeng Nissan and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Finance Lease Framework Agreement exceeds 5% but is less than 25%, the transactions contemplated under the Finance Lease Framework Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirement, but are exempt from the circular and shareholders' approval requirements, under the Listing Rules.

In addition, since the Listing Date and up to the date of the Finance Lease Framework Agreement, the Group (through XXF Group and other subsidiaries) as lessee and Dongfeng Nissan as lessor entered into the Previous Sale and Leaseback Agreements. Therefore, the transactions contemplated under the Finance Lease Framework Agreement and the Previous Sale and Leaseback Agreements will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As none of the applicable percentage ratios in respect of the Previous Sale and Leaseback Agreements exceeded 5%, the transactions contemplated thereunder did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Finance Lease Framework Agreement and the Previous Sale and Leaseback Agreements, when aggregated, exceeds 5% but is less than 25%, the transactions contemplated under the Finance Lease Framework Agreement and the Previous Sale and Leaseback Agreements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirement, but are exempt from the circular and shareholders' approval requirements, under the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, Mr. Huang Wei (an executive Director of the Company), Ms. Xie Xiaohui (the spouse of Mr. Huang Wei and thus an associate of Mr. Huang Wei) and Mr. Ye Fuwei (an executive Director of the Company) are connected persons of the Company and therefore the guarantee given by them in respect of the sale and leaseback arrangements under the Finance Lease Framework Agreement constitute financial assistance received by the Group from the connected persons. As the relevant guarantee is on normal commercial terms or better and is not secured by the assets of the Group, the guarantee given by Mr. Huang Wei, Ms. Xie Xiaohui and Mr. Ye Fuwei pursuant to the Finance Lease Framework Agreement is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings as set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	XXF Group Holdings Limited (喜相逢集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 2473)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Dongfeng Nissan”	Dongfeng Nissan Financial Leasing Co., Ltd.* (東風日產融資租賃有限公司), a company established under the laws of the PRC with limited liability on 25 October 2013

“Finance Lease Framework Agreement”	the finance lease framework agreement (汽車融資租賃 (售後回租類) 業務融資租賃額度合同) dated 31 January 2024 entered into between XXF Group and Dongfeng Nissan in respect of the provision of automobile finance lease services (in the form of sale and leaseback arrangements) by Dongfeng Nissan to XXF Group
“Financing Amount”	RMB262,011,475
“Fujian Xidi”	Fujian Xidi Automobile Service Co., Ltd.* (福建喜滴汽車服務有限公司), a company established under the laws of the PRC on 14 September 2018 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	certain automobiles owned by XXF Group or its subsidiaries or associated companies, being the subject assets of the sale and leaseback arrangements under the Finance Lease Framework Agreement, which shall be specified in the individual sale and leaseback agreements to be entered into between XXF Group and Dongfeng Nissan pursuant to the Finance Lease Framework Agreement
“Lessee(s)”	XXF Group and/or its subsidiaries or associated companies, being the lessee(s) under the sale and leaseback arrangements under the Finance Lease Framework Agreement
“Listing Date”	the date on which dealings in the Shares on the Main Board of the Stock Exchange first commenced, being 9 November 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Leased Assets”	certain automobiles owned by XXF Group or its subsidiaries, being the subject assets of the Previous Sale and Leaseback Agreements
“Previous Sale and Leaseback Agreements”	collectively, the Sale and Leaseback Agreement 1, Sale and Leaseback Agreement 2, Sale and Leaseback Agreement 3, Sale and Leaseback Agreement 4, Sale and Leaseback Agreement 5, Sale and Leaseback Agreement 6 and Sale and Leaseback Agreement 7 and each a “Previous Sale and Leaseback Agreement”
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreement 1”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 16 November 2023 and its supplemental agreement dated 16 November 2023 entered into by, among others, Dongfeng Nissan as lessor and XXF Group and certain of its subsidiaries as lessees
“Sale and Leaseback Agreement 2”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 21 November 2023 entered into by, among others, Dongfeng Nissan as lessor and XXF Group and certain of its subsidiaries as lessees
“Sale and Leaseback Agreement 3”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 24 November 2023 entered into by, among others, Dongfeng Nissan as lessor and XXF Group and certain of its subsidiaries as lessees
“Sale and Leaseback Agreement 4”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 25 November 2023 entered into by Dongfeng Nissan as lessor and XXF Group as lessee
“Sale and Leaseback Agreement 5”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 25 November 2023 entered into by, among others, Dongfeng Nissan as lessor and XXF Group and certain of its subsidiaries as lessees

“Sale and Leaseback Agreement 6”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 16 January 2024 entered into by, among others, Dongfeng Nissan as lessor and XXF Group and certain of its subsidiaries as lessees
“Sale and Leaseback Agreement 7”	the automobile finance lease (sale and leaseback) agreement (汽車融資租賃合同(售後回租類)) dated 24 January 2024 entered into by, among others, Dongfeng Nissan as lessor and XXF Group as lessee
“Share(s)”	ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“XXF Group”	Xixiangfeng Finance Lease Group Co., Ltd.* (喜相逢融資租賃集團有限公司), a company established under the laws of the PRC on 7 September 2007 and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
XXF Group Holdings Limited
Mr. HUANG Wei
*Chairman of the Board, chief executive officer
and executive Director*

Hong Kong, 31 January 2024

As at the date of this announcement, the executive Directors are Mr. Huang Wei, Mr. Ye Fuwei and Ms. Zhang Jinghua, the non-executive Directors are Mr. Liu Wei and Ms. Xu Rui, and the independent non-executive Directors are Mr. Wu Fei, Mr. Fung Che Wai, Anthony and Mr. Chen Shuo.

* *For identification purposes only*