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**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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO A FINANCE LEASE AGREEMENT**

On 14 December 2017, the Lessee, as a wholly-owned subsidiary of the Company, and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB500 million and the Lessor agreed to lease back the Leased Assets to the Lessee during the Lease Period. Upon the expiry of the Lease Period and subject to full payment of all the rents and other payables and fulfilment of other conditions by the Lessee under the Finance Lease Agreement, the Lessor shall transfer the ownership of the Leased Assets back to the Lessee at a nominal consideration of RMB100.

During the 12-month period preceding the date of the Finance Lease Agreement, the Lessee has entered into certain finance lease agreements which are of a similar nature to the Finance Lease Agreement with the Lessor. These previous certain finance lease agreements and the Finance Lease Agreement have been aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 14 December 2017, the Lessee, as a wholly-owned subsidiary of the Company, and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB500 million and the Lessor agreed to lease back the Leased Assets to the Lessee during the Lease Period. Upon the expiry of the Lease Period and subject to full payment of all the rents and other payables and fulfilment of other conditions by the Lessee under the Finance Lease Agreement, the Lessor shall transfer the ownership of the Leased Assets back to the Lessee at a nominal consideration of RMB100.

# THE FINANCE LEASE AGREEMENT

## Date

14 December 2017

## Parties

(1) Shanghai Yixin Financing Lease Co., Ltd.\* (上海易鑫融資租賃有限公司), being the Lessee

(2) Cinda Financial Leasing Co., Ltd.\* (信達金融租賃有限公司), being the Lessor

## Subject Matters

### *Sale of the Leased Assets to the Lessor*

Pursuant to the Finance Lease Agreement, the Lessee agreed to sell and the Lessor agreed to purchase the Leased Assets originally owned by the Lessee at a total consideration of RMB500 million, which was determined after arm's length negotiation between the parties with reference to the net asset value of the Leased Assets as at the last date of determining the composition of the Leased Assets, and shall be paid by the Lessor to the Lessee in the following manners:

1. Within five business days following satisfaction of the conditions described below, the Lessor shall make payment of the consideration in the sum of RMB500 million to the Lessee:
  - (a) the Lessor and the Lessee or any other party having executed the Finance Lease Agreement and the relevant agreements and legal documentation, which have become effective;
  - (b) the Lessor having received from the Lessee the documents and information as prescribed in the Finance Lease Agreement;
  - (c) the Lessor having received the relevant payments from the Lessee;
  - (d) the Lessor having received the payment notice issued by the Lessee;
  - (e) the Lessor having received and acknowledged effective security documentation provided by the Lessee, and if the laws or the relevant agreements require registration of such security interests, having received the relevant proof of registration; and
  - (f) the other conditions requested by the Lessor having been satisfied.
2. As at the date of the payment of the consideration in the sum of RMB500 million by the Lessor to the Lessee, the title of the Leased Assets will be transferred from the Lessee to the Lessor.

### ***Use of Proceeds by the Lessee***

The Lessee undertakes to use the proceeds from the sale of the Leased Assets for its business operations.

### ***Leaseback of the Leased Assets to the Lessee***

Pursuant to the Finance Lease Agreement, the Leased Assets shall be leased back to the Lessee during the Lease Period at the total rent of approximately RMB542 million, which comprises (i) the amount of the lease principal of RMB500 million; and (ii) the lease interest of approximately RMB42 million at an annual interest rate of 5.7% which is determined at a 20% premium over the three-year benchmark lending rate promulgated by the People's Bank of China on 23 October 2015, and to be adjusted and calculated according to such benchmark lending rate during the same period. The rent shall be paid by the Lessee to the Lessor during the Lease Period in 33 instalments.

### ***Lease Period***

The Lease Period shall be a period of 33 months which is expected to commence from 14 December 2017.

### ***Leased Assets***

The Leased Assets comprise automobiles of the Lessee. The Leased Assets did not generate revenue and net profits for the Group for the years ended 31 December 2015 and 2016. The net asset value of the Leased Assets as at the last date of determining the composition of the Leased Assets was approximately RMB642 million.

### ***Ownership of the Leased Assets during and after the Lease Period***

During the Lease Period, the ownership of the Leased Assets will vest in the Lessor and the Lessee will be entitled to occupy and use the Leased Assets.

Upon expiry of the Lease Period and subject to full payment of all the rents and other payables by the Lessee under the Finance Lease Agreement, the Lessor shall transfer the ownership of the Leased Assets back to the Lessee at a nominal price of RMB100. The Lessor shall also issue an ownership transfer certificate to the Lessee and release the security rights, if any, over the Leased Assets.

### ***Risk Deposit***

In order to protect the rights of the Lessor under the Finance Lease Agreement, the Lessee shall, within five days of the date of execution of the agreement, pay to the Lessor a risk deposit in the sum of RMB25 million. The risk deposit can be used to offset the nominal consideration of return of the Leased Assets and the last instalment of the rent. After fulfilment of all obligations on the part of the Lessee under the Finance Lease Agreement, the Lessor shall refund the remaining risk deposit to the Lessee without interest.

### ***Lease Service Fee***

The Lessor agrees to provide lease service to the Lessee pursuant to the Finance Lease Agreement. The Lessee shall, within five days of the date of execution of the agreement, pay to the Lessor a lease service fee in the sum of RMB8.5 million, which is non-refundable.

### ***Guarantee***

Each of the Guarantors has also entered into a Letter of Guarantee in favour of the Lessor, pursuant to which the Guarantors agreed to provide joint liability guarantee to the Lessor for the Lessee's liabilities under the Finance Lease Agreement. The scope of guarantee under the Letters of Guarantee includes all of the Lessee's liabilities under the Finance Lease Agreement, including but not limited to rent, lease service fee, risk deposit, default payment, nominal repurchase consideration, and fees incurred for the enforcement of creditor's rights by the Lessor together with any payables by the Lessee to the Lessor as confirmed by judicial bodies and other Lessee's obligations prescribed in the Finance Lease Agreement.

### ***Pledge of Receivables***

The Lessor and the Lessee have also entered into the Receivables Pledge Agreement, pursuant to which the Lessee agreed to pledge its receivables from certain financial leases of automobiles in favour of the Lessor so as to guarantee its payment of debts under the Finance Lease Agreement. The scope of the guarantee includes but is not limited to rent, lease service fee, nominal repurchase consideration, other payables, default payment, and fees incurred for the enforcement of creditor's rights by the Lessor together with any payables by the Lessee to the Lessor as prescribed in the Finance Lease Agreement.

### ***Effective Date of the Finance Lease Agreement***

The Finance Lease Agreement shall take effect upon its execution by the parties thereto.

## **REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

By entering into the Finance Lease Agreement, the Group can diversify its financing channels, replenish capital required for its operations and optimise its liability structure.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of the Finance Lease Agreement and the transactions contemplated thereunder are 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.

## **INFORMATION ABOUT THE PARTIES**

The Group is principally engaged in the operation of an online automobile retail transaction platform in China. The Group operates its business in two segments (i) transaction platform business, and (ii) self-operated financing business.

The Lessee is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. The Lessee is principally engaged in financing lease and operation of leases business in the PRC.

The Lessor is a company incorporated in the PRC with limited liability and is principally engaged in financial leasing business and other financial businesses in the PRC. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, the Lessor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Beijing KKC is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. Beijing KKC is principally engaged in the used automobile transaction business in the PRC.

Xinche Investment is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. Xinche Investment is a holding company.

## **LISTING RULES IMPLICATIONS**

During the 12-month period preceding the date of the Finance Lease Agreement, the Lessee has entered into certain finance lease agreements which are of a similar nature to the Finance Lease Agreement with the Lessor. These previous certain finance lease agreements and the Finance Lease Agreement have been aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Beijing KKC”	Beijing KKC Technology Co., Ltd.* (北京看看車科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary 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 ) (formerly known as Yixin Capital Limited), 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
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Directors”	the directors of the Company
“Finance Lease Agreement”	the finance lease agreement dated 14 December 2017 entered into between the Lessor and the Lessee
“Guarantors”	Beijing KKC and Xinchu Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leased Assets”	automobiles of the Lessee
“Lease Period”	a period of 33 months which is expected to commence from 14 December 2017
“Lessee”	Shanghai Yixin Financing Lease Co., Ltd.* ( 上海易鑫融資租賃有限公司 ), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Lessor”	Cinda Financial Leasing Co., Ltd.* ( 信達金融租賃有限公司 ), a company incorporated in the PRC with limited liability
“Letters of Guarantee”	the two letters of guarantee dated 14 December 2017 executed by each of the Guarantors in favour of the Lessor in connection with the Finance Lease Agreement, and “Letter of Guarantee” shall mean any one of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Receivables Pledge Agreement”	the receivables pledge agreement 14 December 2017 entered into between the Lessor and the Lessee
“RMB”	Renminbi, the lawful currency of China

“Shareholder(s)”	holder(s) of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Xinche Investment”	Xinche Investment (Shanghai) Co., Ltd.* (鑫車投資(上海)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

*\* for identification purposes only*

By Order of the Board  
**Yixin Group Limited**  
**Andy Xuan Zhang**  
*Chairman*

Hong Kong, 14 December 2017

*As at the date of this announcement, the Board comprises Mr. Andy Xuan Zhang as Chairman and executive Director and Mr. Dong Jiang as executive Director, Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Xuyang Zhang as non-executive Directors, and Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong as independent non-executive Directors.*