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易鑫集团

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 WITH CRCC

On January 28, 2019, the Lessee, Shanghai Yixin, a wholly-owned subsidiary of the Company, and the Lessor, CRCC, 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 RMB200,000,000 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 RMB10,000.

During the 12-month period preceding the date of the Finance Lease Agreement, the Lessee has entered into the Previous Finance Lease Agreement with the Lessor. The Previous Finance Lease Agreement 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

On January 28, 2019, the Lessee, Shanghai Yixin, a wholly-owned subsidiary of the Company, and the Lessor, CRCC, 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 RMB200,000,000 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 RMB10,000.

THE FINANCE LEASE AGREEMENT

Date

January 28, 2019

Parties

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

(2) CRCC Financial Leasing Co., Ltd.* (中鐵建金融租賃有限公司), 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 RMB200,000,000, 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 RMB200,000,000 to the Lessee:
 - (a) the Lessor having received the executed Finance Lease Agreement and Receivables Pledge Agreement and the shareholders' resolutions of the Lessee approving the transactions contemplated in the Finance Lease Agreement;
 - (b) registration of the security interests created under the Receivables Pledge Agreement;
 - (c) the Lessor having received from the Lessee a written notice, certificate and other documents as prescribed in the Finance Lease Agreement;
 - (d) an escrow account having opened for the purpose of monitoring the rental repayment of the underlying lessees of the automobile leases under the Finance Lease Agreement;
 - (e) the Lessor having received the lease management fee from the Lessee; 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 RMB200,000,000 by the Lessor to the Lessee, the title of the Leased Assets will be transferred from the Lessee to the Lessor.

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 RMB224,686,000, which comprises (i) the amount of the lease principal of RMB200,000,000; and (ii) the lease interest of approximately RMB15,486,000 at an annual interest rate of 5.225% which is determined with reference to the five-year benchmark lending rate promulgated by the People's Bank of China on October 24, 2015, and to be adjusted and calculated based on 110% of such benchmark lending rate during the same period; and (iii) the lease management fee for the lease service of RMB9,200,000. The rent shall be paid by the Lessee to the Lessor during the Lease Period in 35 instalments.

Lease Period

The Lease Period shall be a period of 35 months which is expected to commence from January 28, 2019.

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 December 31, 2017 and 2018. The net asset value of the Leased Assets as at the last date of determining the composition of the Leased Assets was approximately RMB241,701,000.

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 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 RMB10,000. The Lessor shall also issue an ownership transfer certificate to the Lessee and release the security rights, if any, over the Leased Assets.

Escrow Arrangement

The Lessor, the Lessee and Shanghai Pudong (Tianjin) had also entered into the Business Cooperation Agreement, pursuant to which the parties agreed to appoint Shanghai Pudong (Tianjin) as an escrow agent and have the Lessee open an escrow account with Shanghai Pudong (Tianjin) for the purpose of managing the rents payable under the Finance Lease Agreement. Under the Business Cooperation Agreement, the Lessee shall ensure that there are sufficient funds in the escrow account three business days before the rent is due each month to cover the rent for each monthly instalment and make payment of the rent from the escrow account to the Lessor's designated bank account. In the event that any rent is overdue, Shanghai Pudong (Tianjin) shall, upon the instructions given by the Lessor, disable online access to the escrow account in accordance with the Business Cooperation Agreement.

The Lessor and the Lessee had also entered into the Escrow Account Agreement to govern the rights and obligations of the Lessor and the Lessee in relation to the escrow account. Under the Escrow Account Agreement, the Lessee shall, amongst other things, (i) authorize designated persons of the Lessor to monitor the escrow account on an ongoing basis; (ii) ensure that there are sufficient funds in the escrow account to cover the rent payable by the Lessee for each monthly instalment and to make up for the shortfall (if any) in the escrow account; (iii) set the rental repayment accounts of the underlying lessees of the automobile leases relating to the Leased Assets as an escrow account; and (iv) ensure that the amount of monthly repayments made by the underlying lessees of the automobile leases relating to the Leased Assets is not less than 80% of the monthly rent payable by the Lessee to the Lessor and that more than 80% of such underlying lessees repay their monthly rents to the escrow account. Where the amount of monthly rental payments made by the underlying lessees of the automobile leases relating to the Leased Assets is less than 80% of the monthly rent payable by the Lessee to the Lessor, the Lessor shall have the right to request the Lessee to swap the existing Leased Assets for other Leased Assets. If the Lessee defaults on the Escrow Account Agreement, the Lessor shall be entitled to disable online access to the escrow account and transfer the funds in the escrow account to the Lessor's designated bank account.

Pledge of Receivables

The Lessor and the Lessee had also entered into the Receivables Pledge Agreement, pursuant to which the Lessee agreed to pledge its receivables 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, rental payment in advance, overdue interest, liquidated damages, advance payment of compensation, repurchase cost, and fees incurred in connection with the enforcement of creditors' rights.

Effective Date of the Finance Lease Agreement

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

PREVIOUS FINANCE LEASE AGREEMENT WITH THE LESSOR

The Lessee had previously entered into the Previous Finance Lease Agreement with the Lessor. The table below sets out the information about the Previous Finance Lease Agreement, including (i) date of such agreement; (ii) the amount of the lease principal; (iii) the approximate lease interest, annual interest rate, approximate lease management fee and approximate total rent at which the Leased Assets were leased back to the Lessee; (iv) the approximate net asset value of the Leased Assets; and (v) the lease period.

Date of agreement	Amount of lease principal (RMB)	Approximate lease interest and annual interest rate (RMB)	Approximate lease management fee (RMB)	Approximate total rent (RMB)	Approximate net asset value of the Leased Assets (RMB)	Lease period (commencing on the date of payment of consideration by the Lessor)
September 14, 2018	350,000,000	25,496,000 at 4.75%	16,537,000	392,033,000	420,319,000	35 months

In order to protect the rights of the Lessor under the Previous Finance Lease Agreement, the Lessee shall also, before the payment of consideration by the Lessor for the sale of the Leased Assets, pay to the Lessor a risk deposit in the sum of RMB10,500,000. The risk deposit can be used to offset the rents and any other payables under the Previous Finance Lease Agreement. After fulfilment of all obligations on the part of the Lessee under the Previous Finance Lease Agreement, the Lessor shall refund the remaining risk deposit to the Lessee without interest.

Save for the above, all material terms of the transactions contemplated under the Finance Lease Agreement are substantially the same as the Previous Finance Lease Agreement.

The Lessor, the Lessee and Shanghai Pudong (Tianjin) had also entered into the Previous Business Cooperation Agreement of a similar nature to the Business Cooperation Agreement, pursuant to which the parties agreed to appoint Shanghai Pudong (Tianjin) as an escrow agent and had the Lessee open an escrow account with Shanghai Pudong (Tianjin) for the purpose of managing the rents payable under the Previous Finance Lease Agreement.

The Lessor and the Lessee had also entered into the Previous Receivables Pledge Agreement of a similar nature to the Receivables Pledge Agreement, pursuant to which the Lessee agreed to pledge its receivables in favour of the Lessor so as to guarantee its payment of debts under the Previous Finance Lease Agreement.

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.

LISTING RULES IMPLICATIONS

During the 12-month period preceding the date of the Finance Lease Agreement, the Lessee has entered into the Previous Finance Lease Agreement with the Lessor. The Previous Finance Lease Agreement 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:

“Board”	the board of Directors
“Business Cooperation Agreement”	the business cooperation agreement dated January 28, 2019 entered into between the Lessor, the Lessee and Shanghai Pudong (Tianjin)
“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 by the Listing Rules
“Directors”	the directors of the Company
“Escrow Account Agreement”	the escrow account agreement dated January 28, 2019 entered into between the Lessor and the Lessee

“Finance Lease Agreement”	the finance lease agreement dated January 28, 2019 entered into between the Lessor and the Lessee
“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 35 months which is expected to commence from January 28, 2019
“Lessee” or “Shanghai Yixin”	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” or “CRCC”	CRCC Financial Leasing Co.,Ltd.* (中鐵建金融租賃有限公司), a company incorporated in the PRC with limited liability
“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
“Previous Business Cooperation Agreement”	the business cooperation agreement dated September 14, 2018 entered into between the Lessor, the Lessee and Shanghai Pudong (Tianjin)
“Previous Finance Lease Agreement”	the finance lease agreement dated September 14, 2018 entered into between the Lessor and the Lessee
“Previous Receivables Pledge Agreement”	the receivables pledge agreement dated September 14, 2018 entered into between the Lessor and the Lessee
“Receivables Pledge Agreement”	the receivables pledge agreement dated January 28, 2019 entered into between the Lessor and the Lessee
“RMB”	Renminbi, the lawful currency of China
“Shanghai Pudong (Tianjin)”	Shanghai Pudong Development Bank Co., Ltd. Tianjin Branch* (上海浦東發展銀行股份有限公司天津分行), a company incorporated in the PRC with limited liability
“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

“%” 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, January 28, 2019

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.