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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)

CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL AGREEMENT TO THE AUTOMOBILE FINANCING COOPERATION FRAMEWORK AGREEMENT WITH WEBANK AND REVISION OF ANNUAL CAPS

SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAPS

Reference is made to the announcements of the Company dated August 7, 2018 and August 27, 2018, respectively, in relation to the Automobile Financing Cooperation Framework Agreement with WeBank. The parties to the Automobile Financing Cooperation Framework Agreement entered into the Supplemental Agreement on April 11, 2019 to (i) make revisions to the Existing Annual Caps and (ii) extend the expiration date of the Automobile Financing Cooperation Framework Agreement from December 31, 2019 to December 31, 2020.

LISTING RULES IMPLICATIONS

WeBank is an associate of Tencent, a substantial shareholder of the Company, and is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental 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 revise the annual caps for or introduce a material change to a continuing connected transaction, 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 the applicable percentage ratios calculated with reference to the Revised Annual Caps for the transactions under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) are more than 0.1% but less than 5%, the transactions contemplated thereunder 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.

BACKGROUND

Reference is made to the announcements of the Company dated August 7, 2018 and August 27, 2018 respectively in relation to the Automobile Financing Cooperation Framework Agreement with WeBank. On August 7, 2018, Xinch Investment, an indirect wholly-owned subsidiary of the Company, and WeBank entered into the Automobile Financing Cooperation Framework Agreement, pursuant to which Xinch Investment and WeBank agreed to cooperate to deliver certain automobile financing services to their customers.

Through the platforms operated or controlled by Xinch Investment, Xinch Investment will assist WeBank in the Loan Facilitation Services. WeBank will review and assess loan applicants' loan applications, extend loans to qualifying loan applicants, and conduct post-loan management. The parties will enter into Subsequent Agreements to further specify the rights and obligations of the parties.

SUPPLEMENTAL AGREEMENT TO THE AUTOMOBILE FINANCING COOPERATION FRAMEWORK AGREEMENT

On April 11, 2019, Xinch Investment and WeBank entered into the Supplemental Agreement to (i) make revisions to the Existing Annual Caps; and (ii) extend the expiration date of the Automobile Financing Cooperation Framework Agreement from December 31, 2019 to December 31, 2020.

Save for the amendments listed above, all other terms and conditions (including the pricing policy and basis) of the Automobile Financing Cooperation Framework Agreement shall remain in full force and effect.

REVISION OF ANNUAL CAPS

The Existing Annual Caps and the Revised Annual Caps

Along with the Group's solid business growth and successful cooperation with WeBank, the Loan Facilitation Services the Group provides to WeBank is also expected to increase beyond the Group's expectation in August 2018. As a result, the service fees for the Loan Facilitation Services to be received by the Group may exceed the original projection for the year ending December 31, 2019. The Company therefore proposes to extend the cooperation period with WeBank to December 31, 2020 and introduces the Revised Annual Caps.

The Existing Annual Caps for the service fees receivable/ to be received by the Group for the Loan Facilitation Services are as follows:

**For the period from
August 7, 2018 to
December 31, 2018**

RMB190 million

**For the year ending
December 31, 2019**

RMB190 million

The Revised Annual Caps for the service fees to be received by the Group for the Loan Facilitation Services are as follows:

**For the year ending
December 31, 2019**

RMB275 million

**For the year ending
December 31, 2020**

RMB275 million

Basis of the Revised Annual Caps

The Revised Annual Caps have been determined principally with reference to:

- (i) the historical services fees amounts in the year ended December 31, 2018 and the anticipated services fees for the Loan Facilitation Services to be provided by the Group in the two years ending December 31, 2020;
- (ii) the resources and capabilities of WeBank; and
- (iii) the prevailing market price and quality for other third party providers for similar services and arrangements.

Historical Transaction Amounts

The aggregate service fees payable by WeBank to the Group pursuant to the Automobile Financing Cooperation Framework Agreement for the period from August 7, 2018 to December 31, 2018 was RMB134,205,376.

Pricing Basis

The services fees to be payable by WeBank to the Group shall be calculated by multiplying the interest income WeBank generates from auto loan transactions facilitated by the Group and a predetermined rate, which is derived from the quotient of (a) the difference between the Annualized Interest Rate and the annualized rate of return WeBank requires and (b) the Annualized Interest Rate.

The annualized rate of return WeBank requires shall be agreed and may be adjusted from time to time between the Group and WeBank taking into account factors mainly including: (a) the rates of return other financial institutions require for similar services; (b) the amount of the total funding WeBank provides; (c) the details of the services the Group provides; (d) the details of the services WeBank provides; (e) the costs of WeBank's funding; (f) the terms of the auto loans such as the duration and principal amount; and (g) the types of automobiles being financed.

The Annualized Interest Rate for each auto loan transaction facilitated by the Group shall be set by the Group and may be adjusted from time to time taking into account factors mainly including: (a) the interest rates for similar auto financing products offered by the Group's competitors; (b) the Group's competitive strategy in auto loan facilitation; (c) models of automobiles and their conditions; (d) terms of the auto loans such as duration and down payment ratio; and (e) the annualized rate of return WeBank requires, which may be agreed from time to time between the parties with reference to the above mentioned factors.

The Group has previously solicited bids from independent third parties and determined that the terms and conditions offered by WeBank to be the most competitive based on the factors identified above. WeBank also offers similar services to other industry players on similar terms.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

By entering into the Supplementary Agreement, the Group can further expand the automobile finance cooperation with WeBank, serve more auto finance customers, increase revenues generated from the Loan Facilitation Services, and grow business and operation scale.

The main reasons for the Group to continue to cooperate with WeBank for the provision of automobile financing services are as follows:

- (i) the transactions contemplated under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) were negotiated on an arms-length basis;
- (ii) through such cooperation, the Group can leverage on its expertise and capabilities of Loan Facilitation Services to serve more auto finance customers, increase revenues, and grow business and operation scale; and

(iii) with a long-term cooperation relationship between the Group and WeBank, the Group expects that it will benefit from WeBank, which is familiar with the industry and business operation of the Group, so it will be at an advantage to provide the Group with more effective, efficient and flexible services compared to other industry players.

The terms of the Supplemental Agreement were agreed upon after arm's length negotiations between the Group and WeBank. The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement (in particular the Revised Annual Caps) are fair and reasonable and on normal commercial terms and that the entering into of the Supplemental Agreement is in the best interest of the Company and the Shareholders as a whole.

None of the Directors has material interest in the transactions contemplated under the Supplemental Agreement or is required to abstain from voting on the Board resolutions in relation to the Supplemental Agreement 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 Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) and each of the Subsequent Agreement(s) 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 service fees amounts incurred under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental 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 contemplated under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) in a timely manner such that the service fees amounts can be conducted within the Revised 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 Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder to ensure that the continuing connected transactions under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) are conducted in accordance with the pricing terms thereof, including reviewing the historical transaction records of the Group for the provision of similar services and arrangements by other third party providers.

The Financial Institution Cooperation Department is dedicated on a daily basis to searching, negotiating, coordinating and monitoring the Third Party Rates to ensure that the annualized rate of return WeBank requires remains no less favourable than the Third Party Rates under similar conditions.

Currently, the Group is cooperating with eight financial institutions, including WeBank, and will cooperate with more partners for Loan Facilitation Services for diversification. The Financial Institution Cooperation Department will prepare reports on a monthly basis comparing Third Party Rates against the annualized rate of return WeBank requires with reference to the relevant factors discussed above and reviewing the status of compliance with the Group's pricing guidelines for the Group's senior management's review and approval.

Where the Third Party Rates are found to be more favourable than the annualized rate of return WeBank requires under similar conditions, the Company will not provide loan facilitation services to WeBank and also cease to enter into new agreements with WeBank for loan facilitation services unless and until WeBank adjusts the annualized rate of return it requires such that its annualized rate of return is no less favorable than the Third Party Rates under similar conditions, and the senior management of the Group approves the adjusted annualized rate of return WeBank requires.

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.

WeBank is a company established under the laws of the PRC, and an associate of Tencent, a connected person of the Company. It is principally engaged in online banking business.

LISTING RULES IMPLICATIONS

WeBank is an associate of Tencent, a substantial shareholder of the Company, and is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental 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 revise the annual caps for or introduce a material change to a continuing connected transaction, 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 the applicable percentage ratios calculated with reference to the Revised Annual Caps for the transactions under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) are more than 0.1% but less than 5%, the transactions contemplated thereunder 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:

“Annualized Interest Rate”	the annualized interest rate that WeBank charges for the auto loan transactions facilitated by the Group
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Automobile Financing Cooperation Framework Agreement”	the automobile financing cooperation framework agreement entered into between Xincheng Investment and WeBank on August 7, 2018
“Bitauto HK”	Bitauto Hong Kong Limited (易車香港有限公司), a company incorporated under the laws of Hong Kong on April 27, 2010, and one of our Controlling Shareholders
“Bitauto”	Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands on October 21, 2005 and currently listed on the New York Stock Exchange (NYSE: BITA), and one of the Controlling Shareholders
“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 under the Listing Rules
“Consolidated Affiliated Entity”	the entity the Company controls through a series of contractual arrangements, namely 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.
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Bitauto and Bitauto HK, and each of them shall be referred to as a controlling Shareholder
“Directors”	the directors of the Company
“Existing Annual Caps”	the existing annual caps in the amount of RMB190 million for the period from August 7, 2018 to December 31, 2018, and RMB190 million for the year ending December 31, 2019 in respect of the services to be provided by Xince Investment to WeBank under the Automobile Financing Cooperation Framework Agreement
“Financial Institution Cooperation Department”	the financial institution cooperation department of the Group
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facilitation Services”	customer sourcing, products and services promotion, applicants’ information collection and assessment, automobiles evaluation, title and pledge registration, and post-loan auto asset management
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Prospectus”	the prospectus of the Company dated November 6, 2017
“Revised Annual Caps”	the maximum aggregate annual value in the amount of RMB275 million for each of the two years ending December 31, 2020 in respect of services to be provided by Xince Investment to WeBank under the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement)
“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
“Subsequent Agreement(s)”	the subsequent cooperation agreements to be entered into between the parties (or their respective affiliates) to the Automobile Financing Cooperation Framework Agreement (as amended by the Supplemental Agreement) as anticipated therein
“Supplemental Agreement”	the agreement entered into between Xince Investment and WeBank on April 11, 2019 to amend certain terms of the Automobile Financing Cooperation Framework Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	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 substantial shareholder of the Company
“Third Party Rates”	the rates offered by independent financial institutions (excluding WeBank)
“WeBank”	WeBank Co., Ltd* (深圳前海微眾銀行股份有限公司), a company established under the laws of the PRC and an associate of Tencent, a connected person of the Company
“Xince Investment”	Xince 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

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

Hong Kong, April 11, 2019

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

Executive Directors	Mr. Andy Xuan Zhang and Mr. Dong Jiang
Non-executive Directors	Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Xuyang Zhang
Independent non-executive Directors	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong

* *for identification purposes only*