

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 GREAT WALL GUOSING

On June 3, 2019, the Lessee, Tianjin Hengtong, a wholly-owned subsidiary of the Company, and the Lessor, Great Wall Guosing, entered into the Finance Lease Transaction Documents, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB500,000,000 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 Transaction Documents, the Group, through Shanghai Yixin, has entered into the Previous Finance Lease Transaction Documents with the Lessor. The Previous Finance Lease Transaction Documents and the Finance Lease Transaction Documents 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 Transaction Documents constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the requirement of the Shareholders' approval under Chapter 14 of the Listing Rules.

INTRODUCTION

On June 3, 2019, the Lessee, Tianjin Hengtong, a wholly-owned subsidiary of the Company, and the Lessor, Great Wall Guosing, entered into the Finance Lease Transaction Documents, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB500,000,000 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 TRANSACTION DOCUMENTS

Subject Matters

Sale of the Leased Assets to the Lessor

Pursuant to the Finance Lease Agreement and the Sale and Purchase 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 RMB500,000,000, which was determined after arm's length negotiation between the parties with reference to the value of the Leased Assets as the original purchase costs set out in the invoices for new automobiles and the assessed prevailing market prices of similar models for used automobiles, and shall be paid by the Lessor to the Lessee on the Payment Date which is a day within ten business days following the satisfaction of the conditions described below, including but not limited to:

- (a) the Finance Lease Transaction Documents and other relevant documents contemplated under the Finance Lease Agreement having been duly executed and effective;
- (b) registration, filing and notification procedures having been completed under the Guarantee Agreements and the Lessee having procured the Guarantors to deliver the original copies of such to the Lessor;
- (c) the Lessor having received the ownership transfer certificate and the confirmation to the acceptance of the Leased Assets from the Lessee;
- (d) the Lessor having confirmed the condition of the Leased Assets;
- (e) the registration and rights identification of the Leased Assets having been completed;
- (f) the Lessor having received the security deposit from the Lessee; and
- (g) there not having occurred any breach by the Lessee or the Guarantors to any of the transaction documents contemplated under the Finance Lease Agreement.

As at the Payment Date, the title of the Leased Assets shall 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 RMB535,247,000, which comprises (i) the amount of the lease principal of RMB500,000,000; and (ii) the lease interest of approximately RMB35,247,000 at an annual interest rate of 7.03% which is determined with reference to the benchmark lending rate promulgated by the People's Bank of China. If the benchmark interest rate of the People's Bank of China is adjusted, the lease interest rate applicable shall be adjusted proportionally in the same direction, commencing from the next payment date of rental after the adjustment date. The rental adjustment notice issued by the Lessor shall prevail in terms of the adjusted lease interest rate and relevant charges including rental and interest. The rent shall be paid by the Lessee to the Lessor during the Lease Period in 30 instalments.

Lease Period

The Lease Period shall be a period of 30 months from the Payment Date.

Leased Assets

The Leased Assets comprise automobiles of the Lessee as particularized under the Finance Lease Agreement. The Leased Assets did not generate revenue or 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 RMB675,959,000.

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.

Security Deposit

In order to protect the rights of the Lessor under the Finance Lease Agreement, the Lessee shall pay to the Lessor a security deposit in the sum of RMB35,000,000. The security deposit may be used to offset the rents and any other payables of the Lessee under the Finance Lease Agreement. After fulfilment of all obligations on the part of the Lessee under the Finance Lease Agreement, the Lessor shall refund the remaining security deposit to the Lessee without interest.

Guarantee

On June 3, 2019, the Lessor, the Lessee and the Guarantors entered into the Guarantee Agreements, pursuant to which each of the Guarantors shall provide an irrevocable guarantee to the Lessor for the Lessee's liabilities under the Finance Lease Agreement (including but not limited to rent, security deposit, liquidated damages, damages, compensation, and fees incurred in connection with any enforcement actions of creditors' rights).

Pledge of Receivables

On June 3, 2019, the Lessor and the Lessee entered into the Rights 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 (including but not limited to rent, security deposit, liquidated damages, damages, compensation and fees incurred in connection with any enforcement actions of creditors' rights).

Escrow Account

On June 3, 2019, the Lessor, the Lessee and the Escrow Agent entered into the Escrow Account Agreement, pursuant to which the Lessee shall, among others, (i) open an escrow account with the Escrow Agent which is solely for the purpose of managing the rents payable under the Finance Lease Agreement; (ii) deposit funds in the escrow account not later than three business days prior to the monthly rent due date in sufficient amounts so as to cover the rent for each monthly instalment; and (iii) no later than one business day prior to the monthly rent due date, transfer the relevant monthly rent from the escrow account to the Lessor's designated bank account.

Effective Date of the Finance Lease Agreement

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

PREVIOUS FINANCE LEASE TRANSACTION DOCUMENTS WITH THE LESSOR

The Group, through Shanghai Yixin, had previously entered into the Previous Finance Lease Transaction Documents 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, and approximate total rent at which the leased assets were leased back to Shanghai Yixin; (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 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)
December 6, 2018	500,000,000	34,775,000 at 6.7925%	534,775,000	608,645,000	33 months

Save for the key commercial terms set out above and except for the absence of an equivalent Escrow Account Agreement, all material terms of the Previous Finance Lease Transaction Documents are substantially similar to the Finance Lease Transaction Documents.

The Lessor, Shanghai Yixin and Xince Investment also entered into the Previous Guarantee Agreement of a similar nature and on similar terms to the Guarantee Agreements, pursuant to which Xince Investment shall provide an irrevocable guarantee to the Lessor for Shanghai Yixin's liabilities under the Previous Finance Lease Agreement (including but not limited to rent, security deposit, liquidated damages, damages, compensation and fees incurred in connection with any enforcement actions of creditors' rights).

The Lessor and Shanghai Yixin also entered into the Previous Rights Pledge Agreement of a similar nature and on similar terms to the Rights Pledge Agreement, pursuant to which Shanghai Yixin agreed to pledge its receivables in favour of the Lessor so as to guarantee its payment of debts under the Previous Finance Lease Agreement (including but not limited to rent, security deposit, liquidated damages, damages, compensation and fees incurred in connection with any enforcement actions of creditors' rights).

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

By entering into the Finance Lease Transaction Documents, 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 Transaction Documents and the transactions contemplated thereunder were determined 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 the 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 business and ancillary agency insurance business 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 Transaction Documents, the Group, through Shanghai Yixin, has entered into the Previous Finance Lease Transaction Documents with the Lessor. The Previous Finance Lease Transaction Documents and the Finance Lease Transaction Documents 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 Transaction Documents constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the requirement of the Shareholders' approval 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
“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
“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.
“Directors”	the directors of the Company
“Escrow Account Agreement”	the escrow account agreement dated June 3, 2019 entered into between the Lessor, the Lessee and the Escrow Agent
“Escrow Agent”	China CITIC Bank Beijing Branch* (中信银行股份有限公司北京分行)
“Finance Lease Agreement”	the finance lease agreement dated June 3, 2019 entered into between the Lessor and the Lessee

“Finance Lease Transaction Documents”	the Finance Lease Agreement, the Sale and Purchase Agreement, the Guarantee Agreements, the Rights Pledge Agreement and the Escrow Account Agreement
“Group”	the Company and its subsidiaries and the Consolidated Affiliated Entity
“Guarantee Agreements”	collectively, the guarantee agreement dated June 3, 2019 entered into between the Lessor, the Lessee and Xince Investment and the guarantee agreement dated June 3, 2019 enter into between the Lessor, the Lessee and Shanghai Yixin, both of which have substantially the same terms
“Guarantors”	collectively, Shanghai Yixin and Xince Investment
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leased Assets”	automobiles of the Lessee as particularized under the Finance Lease Agreement
“Lease Period”	a period of 30 months from the Payment Date
“Lessee” or “Tianjin Hengtong”	Tianjin Hengtong Jiahe Financing Lease Co., Ltd* (天津恒通嘉合融資租賃有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Lessor” or “Great Wall Guosing”	Great Wall Guosing Financial Leasing Co., LTD* (長城國興金融租賃有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Payment Date”	the date of the payment of the consideration in the sum of RMB500,000,000 by the Lessor to the Lessee pursuant to the Sale and Purchase Agreement
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Previous Finance Lease Agreement”	the finance lease agreement dated December 6, 2018 entered into between the Lessor and Shanghai Yixin

“Previous Finance Lease Transaction Documents”	the Previous Finance Lease Agreement, the Previous Sale and Purchase Agreement, the Previous Guarantee Agreement and the Previous Rights Pledge Agreement
“Previous Guarantee Agreement”	the guarantee agreement dated December 6, 2018 entered into between the Lessor, Shanghai Yixin and Xinche Investment
“Previous Rights Pledge Agreement”	the rights pledge agreement dated December 6, 2018 entered into between the Lessor and Shanghai Yixin
“Previous Sale and Purchase Agreement”	the sale and purchase agreement dated December 6, 2018 entered into between the Lessor and Shanghai Yixin
“Rights Pledge Agreement”	the rights pledge agreement dated June 3, 2019 entered into between the Lessor and the Lessee
“RMB”	Renminbi, the lawful currency of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated June 3, 2019 entered into between the Lessor and the Lessee
“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 an indirect wholly-owned subsidiary of the Company
“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 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, June 3, 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. Huan Zhou

Independent non-executive Directors Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and
Ms. Lily Li Dong