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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)

**RENEWAL OF EXISTING
AUTOMOBILE FINANCING COOPERATION FRAMEWORK AGREEMENT
WITH WEBANK**

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Reference is made to the announcements of the Company dated August 7, 2018, August 27, 2018, and April 11, 2019 respectively, in relation to the Existing Automobile Financing Cooperation Framework Agreement and the Existing Supplemental Agreement with WeBank. The Company expects to continue the Existing Continuing Connected Transaction by entering into the Renewed Automobile Financing Cooperation Framework Agreement on November 17, 2020 for a term of three years effective from January 1, 2021.

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 Renewed Automobile Financing Cooperation Framework 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 renew 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 New Annual Caps for the New Continuing Connected Transaction are more than 0.1% but less than 5%, the New Continuing Connected Transaction is subject to the reporting, annual review and announcement requirements but is 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, August 27, 2018, and April 11, 2019 respectively, in relation to the Existing Automobile Financing Cooperation Framework Agreement and the Existing Supplemental Agreement with WeBank. The Company expects to continue the Existing Continuing Connected Transaction by entering into the Renewed Automobile Financing Cooperation Framework Agreement on November 17, 2020 for a term of three years effective from January 1, 2021.

THE RENEWED AUTOMOBILE FINANCING COOPERATION FRAMEWORK AGREEMENT

On November 17, 2020, Xince Investment, an indirect wholly-owned subsidiary of the Company, and WeBank entered into the Renewed Automobile Financing Cooperation Framework Agreement, pursuant to which Xince Investment and WeBank agreed to (together with or through their respective affiliates) cooperate to deliver certain automobile related financing services to their customers. WeBank will pay Xince Investment service fees in consideration for the cooperation. The term of the Renewed Automobile Financing Cooperation Framework Agreement shall commence from January 1, 2021 and will expire on December 31, 2023. The parties agreed to negotiate to renew the Renewed Automobile Financing Cooperation Framework Agreement three months before its expiration.

Effective Date

January 1, 2021

Parties

- (1) Xince Investment
- (2) WeBank

Subject Matter

Through the platforms operated or controlled by Xince Investment, Xince 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.

The Existing Annual Caps and the New Annual Caps

The Existing Annual Caps for service fees 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	For the year ending December 31, 2019	For the year ending December 31, 2020
RMB190 million	RMB275 million	RMB275 million

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

For the year ending December 31, 2021	For the year ending December 31, 2022	For the year ending December 31, 2023
RMB280 million	RMB280 million	RMB280 million

Basis of the New Annual Caps

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

- (i) the historical transaction amounts for the periods from August 7, 2018 to December 31, 2018, the year ended December 31, 2019 and the eight months ended August 31, 2020, and the anticipated demands for the automobile loan facilitation services to be provided by the Group in the three years ending December 31, 2023;
- (ii) the resources and capabilities of WeBank;
- (iii) the prevailing market price and quality of other third party providers for similar services and arrangements; and
- (iv) the newly added supplemental service fees (which is calculated based on the scale of the auto loan transactions facilitated by the Group).

Historical Transaction Amounts

The aggregate service fees payable by WeBank to the Group pursuant to the Existing Automobile Financing Cooperation Framework Agreement (as amended by the Existing Supplemental Agreement) for the period from August 7, 2018 to December 31, 2018, the year ended December 31, 2019 and the eight months ended August 31, 2020 were RMB134,205,376, RMB265,014,689 and RMB18,796.79 respectively. As noted in the Company's interim report for the six months ended June 30, 2020, China's total sales of new and used passenger vehicle decreased in the first half of 2020 due to the outbreak of COVID-19, which in turn affected, among others, the Group's revenue from automobile loan facilitation transactions, and therefore resulting in an unexpected decrease in the service fees payable by WeBank for the eight months ended August 31, 2020.

The decrease in the actual service fees payable by WeBank to the Group for the eight months ended August 31, 2020 is also partly due to the change in payment model happened since the second half of 2019. However, this new payment model may face uncertainty if there is any change in the PRC regulations on consumer credit products in the foreseeable future.

Despite the unprecedented challenges and uncertainties arising from COVID-19, the social activities as well as the sales of China auto industry were gradually resuming since the second quarter of 2020. It follows that when the Board considers the New Annual Caps, it is expected that the volume and the loan amount for the Group's automobile loan facilitation services would gradually improve, coupled with the newly added supplemental service fees under the Renewed Automobile Financing Cooperation Framework Agreement, and taking into account of all the above mentioned factors, the cooperation between the Group and WeBank for the three years ending December 31, 2023 would remain largely stable.

Pricing Basis

The services fees payable by WeBank to the Group constitute two components, namely the basic service fees and the supplemental service fees.

The basic service fees for each auto loan transaction facilitated by 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 basic service fees shall be accounted for and settled on a monthly basis.

The supplemental service fees are charged based on the scale of the auto loan transactions facilitated by the Group. It shall be calculated by multiplying the total amount of auto loans by a predetermined rate which shall be determined with reference to fair market rate and specified in the Subsequent Agreements. The supplemental service fees shall be accounted for and settled on a monthly basis, depending on the actual completion status of the auto loan transactions facilitated by the Group.

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 RENEWED AUTOMOBILE FINANCING COOPERATION FRAMEWORK AGREEMENT

By entering into the Renewed Automobile Financing Cooperation Framework 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 Existing Continuing Connected Transaction 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, suitable and flexible services compared to other industry players.

The terms of the Renewed Automobile Financing Cooperation Framework 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 Renewed Automobile Financing Cooperation Framework Agreement (in particular the New Annual Caps) are fair and reasonable and on normal commercial terms and that the entering into of the Renewed Automobile Financing Cooperation Framework Agreement is in the best interest of the Company and the Shareholders as a whole.

None of the Directors has material interest in the New Continuing Connected Transaction or is required to abstain from voting on the Board resolutions in relation to the Renewed Automobile Financing Cooperation Framework 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 Renewed Automobile Financing Cooperation Framework 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 Renewed Automobile Financing Cooperation Framework 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 New Continuing Connected Transaction in a timely manner such that the transaction amounts can be conducted within the New 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 Renewed Automobile Financing Cooperation Framework Agreement and the Subsequent Agreement(s) to ensure that the New Continuing Connected Transaction is 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 remain no less favourable than the Third Party Rates under similar conditions.

Currently, the Group is cooperating with fourteen 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 the 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 New Continuing Connected Transaction 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 renew 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 New Annual Caps for the New Continuing Connected Transaction are more than 0.1% but less than 5%, the New Continuing Connected Transaction is subject to the reporting, annual review and announcement requirements but is 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 in the Listing Rules
“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 in 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 RMB275 million for each of the two years ending December 31, 2020 in respect of the services to be provided by Xince Investment to WeBank under the Existing Automobile Financing Cooperation Framework Agreement (as amended by the Existing Supplemental Agreement)
“Existing Automobile Financing Cooperation Framework Agreement”	the automobile financing cooperation framework agreement entered into between Xince Investment and WeBank on August 7, 2018
“Existing Continuing Connected Transaction”	the automobile financing cooperation contemplated under the Existing Automobile Financing Cooperation Framework Agreement (as amended by the Existing Supplemental Agreement)
“Existing Supplemental Agreement”	the agreement entered into between Xince Investment and WeBank on April 11, 2019 to amend certain terms of the Existing 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 of Hong Kong Limited
“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
“New Continuing Connected Transaction”	the automobile financing cooperation contemplated under the Renewed Automobile Financing Cooperation Framework Agreement
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Prospectus”	the prospectus of the Company dated November 6, 2017
“Renewed Automobile Financing Cooperation Framework Agreement”	the automobile financing cooperation framework agreement entered into between Xinche Investment and WeBank on November 11, 2020
“RMB”	Renminbi, the lawful currency of China
“New Annual Caps”	the maximum aggregate annual value in the amount of RMB280 million projected for each of the years ending December 31, 2021, December 31, 2022 and December 31, 2023, in respect of services to be provided by Xinche Investment to WeBank under the Renewed Automobile Financing Cooperation Framework Agreement
“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 to the Renewed Automobile Financing Cooperation Framework Agreement (or their respective affiliates) as anticipated therein
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it in 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
“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

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

Hong Kong, November 17, 2020

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

Executive Directors:	Mr. Andy Xuan Zhang and Mr. Dong Jiang
Non-executive Directors:	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. Lilly Li Dong

* *for identification purposes only*