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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  
PROVISION OF GUARANTEE AND  
LOAN TRANSACTIONS**

On December 14, 2020, Xince Investment, an indirect wholly-owned subsidiary of the Company, Chetaotao, Yangming Fund and Yusheng HK, entered into the Investment Agreement, pursuant to which Yangming Fund agreed to acquire 10% equity interest in Chetaotao for a total consideration of RMB500,000,000. Pursuant to the Investment Agreement, Yangming Fund shall have a redemption right to require Chetaotao to buy back all or part of the equity interest then held by Yangming Fund at the Redemption Price, in the event that Chetaotao fails to achieve a qualified initial public offering within the specified timeframe. In the event that Chetaotao fails to complete the Chetaotao Redemption in accordance with the Investment Agreement, Yangming Fund shall be entitled to require Yusheng HK to complete the Chetaotao Redemption; in the event that Yusheng HK fails to complete the Chetaotao Redemption in accordance with the Investment Agreement, Yangming Fund shall be entitled to require Xince Investment to complete the Chetaotao Redemption on behalf of Chetaotao.

On December 14, 2020, Xince Investment and Chetaotao entered into the Guarantee Agreement pursuant to which Xince Investment and Chetaotao agreed that in the event that Xince Investment is required to complete the Chetaotao Redemption on behalf of Chetaotao, Xince Investment shall pay any outstanding Redemption Price to Yangming Fund and be entitled to seek repayment of such sum from Chetaotao. In consideration for the provision of the Guarantee, Xince Investment is entitled to receive an annual guarantee fee.

The Board believes there is significant business potential in the used automobile industry. The Board considers Yusheng as one of the forerunners in the field of Used Automobile Transaction Business in China and is optimistic about the future development of Yusheng Group. With the support and additional funds from Yangming Fund as the new strategic investor as well as the continued support from current strategic investors such as Tencent and JD.com, the Board believes Yusheng is positioned to achieve rapid growth and to gain market shares and leadership. The Board believes that the rapid growth of Yusheng would not only bring more transactions, but would also enable the Group to explore more business opportunities for larger scale and sustainable business development.

During the 12-month period preceding the date of the Taoche Guarantee Transaction Documents, Yixin HK, a direct wholly-owned subsidiary of the Company, has entered into the 1<sup>st</sup> Supplemental Loan Agreement and the 2<sup>nd</sup> Supplemental Loan Agreement with Yusheng; and Shanghai Yixin, an indirect wholly-owned subsidiary of the Company, has entered into the 2<sup>nd</sup> Loan Agreement with Haoche. The Taoche Guarantee Transaction Documents and the Loan 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 transactions contemplated under the said agreements (in aggregate) constitute discloseable transactions of the Company and are 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 December 14, 2020, Xince Investment, an indirect wholly-owned subsidiary of the Company, Chetaotao, Yangming Fund and Yusheng HK, entered into the Investment Agreement, pursuant to which Yangming Fund agreed to acquire 10% equity interest in Chetaotao for a total consideration of RMB500,000,000. Pursuant to the Investment Agreement, Yangming Fund shall have a redemption right to require Chetaotao to buy back all or part of the equity interest then held by Yangming Fund at the Redemption Price, in the event that Chetaotao fails to achieve a qualified initial public offering within the specified timeframe. In the event that Chetaotao fails to complete the Chetaotao Redemption in accordance with the Investment Agreement, Yangming Fund shall be entitled to require Yusheng HK to complete the Chetaotao Redemption; in the event that Yusheng HK fails to complete the Chetaotao Redemption in accordance with the Investment Agreement, Yangming Fund shall be entitled to require Xince Investment to complete the Chetaotao Redemption on behalf of Chetaotao.

On December 14, 2020, Xince Investment and Chetaotao entered into the Guarantee Agreement, pursuant to which Xince Investment and Chetaotao agreed that in the event that Xince Investment is required to complete the Chetaotao Redemption on behalf of Chetaotao, Xince Investment shall pay any outstanding Redemption Price to Yangming Fund and be entitled to seek repayment of such sum from Chetaotao. In consideration for the provision of the Guarantee, Xince Investment is entitled to receive an annual guarantee fee.

## **THE TAOCHE GUARANTEE TRANSACTION**

### ***The Investment Agreement***

The principal terms of the Investment Agreement are as follows:

**Date:** December 14, 2020

### **Parties**

- (1) Chetaotao
- (2) Yangming Fund
- (3) Yusheng HK
- (4) Xince Investment

## **The Investment**

As at the date of this announcement, Chetaotao is wholly-owned by Yusheng HK and its registered capital is RMB90,000,000.

Pursuant to the Investment Agreement, Yangming Fund agreed to acquire 10% equity interest in Chetaotao (calculated based on the total registered capital of Chetaotao after completion of the Investment) for a total consideration of RMB500,000,000. Immediately after the completion of the Investment, Chetaotao will have a total registered share capital of RMB100,000,000 held by Yusheng HK and Yangming Fund as to 90% and 10%, respectively.

## **Chetaotao Redemption**

Pursuant to the Investment Agreement, in the event that Chetaotao fails to achieve a qualified initial public offering within 3 years of the Completion Date (with consent from both Yusheng HK and Yangming Fund, such period may be extended by another 2 years or such other period as agreed by them), Yangming Fund is entitled to require Chetaotao to buy back all or part of the equity interest then held by Yangming Fund at the Redemption Price, which is equal to (a) the total consideration paid by Yangming Fund for the Investment (i.e. RMB500,000,000), plus a 7% per annum return for the period from the Completion Date to the day on which the Chetaotao Redemption is registered with the relevant government authority, multiplied by (b) the ratio of the registered share capital that Yangming Fund requests to be redeemed to the total registered capital it then holds.

In the event that Chetaotao fails to complete the Chetaotao Redemption within the timeframe specified in the Investment Agreement, Yangming Fund shall be entitled to request Yusheng HK to complete the Chetaotao Redemption in respect of the equity interest not redeemed by Chetaotao.

In the event that Yusheng HK fails to complete the Chetaotao Redemption within the timeframe specified in the Investment Agreement, Yangming Fund shall be entitled to request Xinche Investment to complete the Chetaotao Redemption on behalf of Chetaotao.

## ***The Guarantee Agreement***

The principal terms of the Guarantee Agreement are as follows:

Date: December 14, 2020

### **Parties**

- (1) Chetaotao
- (2) Xinche Investment

## The Guarantee

Pursuant to the Guarantee Agreement, in the event that Xinche Investment is required to complete the Chetaotao Redemption under the Investment Agreement on behalf of Chetaotao, (a) Xinche Investment shall pay any outstanding Redemption Price to Yangming Fund; (b) Xinche Investment shall be entitled to seek repayment of such sum from Chetaotao; and (c) Chetaotao shall, in accordance with the actual arrangement of the Chetaotao Redemption, determine how the redeemed equity interest in Chetaotao is to be dealt with, including but not limited to cancelling such equity interest or transferring such equity interest to a third party.

The term of the Guarantee shall be 5 years from the Completion Date. If the Chetaotao Redemption could not be completed by the expiry of the said term, the parties shall negotiate separately on the provision of guarantee.

As consideration for the provision of the Guarantee, Xinche Investment is entitled to receive an annual guarantee fee calculated as follows:

$$\begin{array}{l} \text{Annual guarantee fee} \\ \text{payable to Xinche} \\ \text{Investment} \end{array} = \begin{array}{l} \text{Total consideration} \\ \text{paid by Yangming Fund} \\ \text{for the Investment} \end{array} \times (1 + N1 \div 365 \times 7\%) \times (N2 \div 365 \times 2\%)$$

“N1” and “N2” represent number of days, which shall equal or be calculated in accordance to the table below:

	1 <sup>st</sup> year after the Completion Date	2 <sup>nd</sup> year after the Completion Date	3 <sup>rd</sup> year after the Completion Date	For the Xth year following the 3rd year after Completion Date (X > 3)
N1	365	730	1095	(a) 365 × X ; or  (b) number of days from the Completion Date until the completion of registration with the Administration for Market Regulation,  whichever shorter
N2	365	365	365	Number of days from the Completion Date until the completion of registration with the Administration for Market Regulation – 365 × (X-1)

Chetaotao shall pay the annual guarantee fee within 30 business days of each anniversary of the Completion Date of the Investment Agreement, or, when the Chetaotao Redemption is completed, the annual guarantee fee shall cease to accrue on such date and Chetaotao shall pay the accrued guarantee fee for that year within 30 business days following such date. Payments shall be made to the bank account designated by Xinche Investment.

The guarantee fee rate of 2% per annum is determined based on arm’s length negotiation between Chetaotao and Xinche Investment on normal commercial terms with reference to (i) the Group’s internal research; (ii) the then prevailing market rate from other financial institutions in the PRC market providing guarantee services; and (iii) the relevant public information of market participants which are companies listed on the Stock Exchange.

Based on the above, the Board is of the view that the guarantee fee rate of 2% per annum is in line with market and thus fair and reasonable and in the interest of the Company and the Shareholders as a whole.

For the avoidance of doubt, Xince Investment's obligations under the Investment Agreement and the Guarantee Agreement are limited to the payment of the outstanding Redemption Price to Yangming Fund in the event that Chetaotao and Yusheng HK fail to complete the Chetaotao Redemption, and the standard confidentiality and breach of contract obligations.

## **THE LOAN TRANSACTIONS**

### **The 1<sup>st</sup> Loan Agreement**

On November 22, 2019, Yixin HK, a direct wholly-owned subsidiary of the Company, and Yusheng entered into the 1<sup>st</sup> Loan Agreement. The principal terms of the 1<sup>st</sup> Loan Agreement are as set out below:

**Date:** November 22, 2019

#### **Parties**

- (1) Yixin HK
- (2) Yusheng

Principal amount: US\$3,000,000

Interest rate: 6% per annum

Term: 6 months, from November 22, 2019 to May 21, 2020

Repayment: The principal amount and accrued interests shall be repaid in one lump sum upon the expiry of the term of the loan

Purpose of loan: Working capital of Yusheng's business operations

On May 20, 2020, Yixin HK and Yusheng entered into the 1<sup>st</sup> Supplemental Loan Agreement which extended the term of the loan to November 21, 2020.

On November 20, 2020, Yixin HK and Yusheng entered into the 2<sup>nd</sup> Supplemental Loan Agreement which further extended the term of the loan to November 21, 2021.

### **The 2<sup>nd</sup> Loan Agreement**

On November 30, 2020, Shanghai Yixin, an indirect wholly-owned subsidiary of the Company, and Haoche entered into the 2<sup>nd</sup> Loan Agreement. The principal terms of the 2<sup>nd</sup> Loan Agreement are as set out below:

Date: November 30, 2020

## **Parties**

(1) Shanghai Yixin

(2) Haoche

Principal amount: RMB56,000,000

Interest rate: 7% per annum

Term: 1 year, from November 30, 2020 to November 30, 2021

Repayment: The principal amount and accrued interests shall be repaid in one lump sum upon the expiry of the term of the loan

Purpose of loan: Working capital of Haoche's business operations

## **REASONS AND BENEFITS OF ENTERING INTO THE TAOCHE GUARANTEE TRANSACTION DOCUMENTS AND THE LOAN TRANSACTION DOCUMENTS**

The Board believes there is significant business potential in the used automobile industry. The Board considers Yusheng as one of the forerunners in the field of Used Automobile Transactions Business in China and is optimistic about the future development of Yusheng Group. With the support and additional funds from Yangming Fund as the new strategic investor as well as the continued support from the current strategic investors such as Tencent and JD.com, which are essential for Yusheng to expand its Used Automobile Transaction Business quickly, the Board believes Yusheng is positioned to achieve rapid growth and to gain market shares and leadership.

Yusheng Group is also the largest business channel and partner of the Group in Used Automobile Transaction Business. The Board believes that the rapid growth of Yusheng would not only bring more transactions, but would also enable the Group to explore more business opportunities for larger scale and sustainable business development.

The Board considers that the provision of Guarantee under the Taoche Guarantee Transaction Documents and the provision of the loans under the Loan Transaction Documents will facilitate Yusheng Group to achieve its future growth and development by (partly) funding its financial needs and working capital requirement, and the Group can thereby further strengthen its ecosystem along the automobile transaction value chain, thus creating value for the Company and the Shareholders. Furthermore, the Group is compensated for the provision of the Guarantee and the provision of the loans under the Loan Transaction Documents at market level. Further, given the Group's investment in and history with Yusheng, the Group's understanding of Yusheng's business and our management's assessments, the Board believes that the possibility of Xinche Investment being required to complete the Chetaotao Redemption is likely to be low.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of the Taoche Guarantee Transaction Documents, the Loan Transaction Documents and the transactions contemplated thereunder are on normal commercial terms and 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 finance transaction platform in China. The Group operates its business in two segments (i) transaction platform business, and (ii) self-operated financing business.

Xinche Investment is an indirect wholly-owned subsidiary of the Company and the holding company of most PRC entities of the Group.

Shanghai Yixin is principally engaged in financing lease and operation of leases business in the PRC.

Yixin HK is a limited company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company. Yixin HK is principally engaged in investment holding.

Yusheng is principally engaged in used automobile transaction business. As at the date of this announcement, Summer River Limited, a British Virgin Islands company held by a trust established for the benefit of Yusheng's senior management, holds more than 50% of voting interests in Yusheng, each of Tencent and JD.com (through their respective affiliates) holds less than 30% voting interests in Yusheng and a natural person (not being a connected person of the Company or an associate of a connected person of the Company) holds less than 5% voting interests in Yusheng.

Yusheng HK is a wholly-owned subsidiary of Yusheng and is principally engaged in used automobile transaction business.

As at the date of this announcement, Chetaotao is an indirect wholly-owned subsidiary of Yusheng held through Yusheng HK and is principally engaged in the operation of an online used automobile transaction platform in China. Upon completion of the Investment, Chetaotao shall be owned by Yusheng HK as to 90% and Yangming Fund as to 10%.

Haoche is an indirect wholly-owned subsidiary of Yusheng and is principally engaged in intelligent vehicle technology research and development and used automobile transaction business.

Yangming Fund is principally engaged in equity investment, equity investment consulting and equity investment management (excluding deposit taking, financing guarantees, wealth management, crowdfunding and other financial services without the approval of financial regulatory authorities). As at the date of this announcement, Yangming Fund is a non-wholly owned subsidiary of Zhongyi Ningbo Eco-garden Management Committee.

Save as disclosed herein, 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, Yusheng (and its subsidiaries), Yangming Fund, and their respective 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 Taoche Guarantee Transaction Documents, Yixin HK, a direct wholly-owned subsidiary of the Company, has entered into the 1<sup>st</sup> Supplemental Loan Agreement and the 2<sup>nd</sup> Supplemental Loan Agreement with Yusheng; and Shanghai Yixin, an indirect wholly-owned subsidiary of the Company, has entered into the 2<sup>nd</sup> Loan Agreement with Haoche. The Taoche Guarantee Transaction Documents and the Loan 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 transactions contemplated under the said agreements (in aggregate) constitute discloseable transactions of the Company and are 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:

“1 <sup>st</sup> Loan Agreement”	the loan agreement dated November 22, 2019 entered into between Yixin HK and Yusheng
“1 <sup>st</sup> Supplemental Loan Agreement”	the supplemental agreement dated May 20, 2020 entered into between Yixin HK and Yusheng in relation to the 1 <sup>st</sup> Loan Agreement
“2 <sup>nd</sup> Loan Agreement”	the loan agreement dated November 30, 2020 entered into between Shanghai Yixin and Haoche
“2 <sup>nd</sup> Supplemental Loan Agreement”	the supplemental agreement dated November 20, 2020 entered into between Yixin HK and Yusheng in relation to the 1 <sup>st</sup> Loan Agreement
“associate(s)”	has the meaning ascribed to it by the Listing Rules
“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
“Chetaotao”	Chetaotao (Ningbo) E-commerce Co., Ltd* (車淘淘(寧波)電子商務有限公司), a limited liability company established under the laws of the PRC and a subsidiary of Yusheng
“Chetaotao Redemption”	Yangming Fund's right to require Chetaotao to buy back all or part of the equity interest then held by Yangming Fund at the Redemption Price pursuant to the Investment Agreement



“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)
“Completion Date”	the date on which the Investment is completed in accordance with the provisions of the Investment Agreement
“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
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Guarantee”	Xinche Investment’s obligation to pay any outstanding Redemption Price to Yangming Fund in the event that Yusheng HK fails to complete the Chetaotao Redemption in accordance with the Investment Agreement pursuant to the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated December 14, 2020 entered into between Xinche Investment and Chetaotao
“Haoche”	Haoche Kuku Used Automobile (Tianjin) Co., Ltd* (好車酷酷二手車經紀(天津)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Yusheng
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment”	the investment by Yangming Fund of 10% equity interest in Chetaotao for a total consideration of RMB500,000,000
“Investment Agreement”	the investment agreement dated December 14, 2020 entered into between Xinche Investment, Chetaotao, Yangming Fund and Yusheng
“JD.com”	JD.com, Inc., a company incorporated in the Cayman Islands and currently listed on Nasdaq Global Select Market (Nasdaq: JD) and the Main Board of the Stock Exchange (stock code: 9618), and a substantial Shareholder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“Loan Transaction Documents”	the 1 <sup>st</sup> Loan Agreement, the 1 <sup>st</sup> Supplemental Loan Agreement and the 2 <sup>nd</sup> Supplemental Loan Agreement, and the 2 <sup>nd</sup> Loan Agreement
“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 of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“RMB”	Renminbi, the lawful currency of China
“Redemption Price”	the price Yangming Fund is entitled to require Chetaotao to buy back all or part of the equity interest of Chetaotao then held by Yangming Fund pursuant to the Investment Agreement
“Shanghai Yixin”	Shanghai Yixin Financing Lease Co., Ltd* (上海易鑫融資租賃有限公司), a company incorporated under the laws of the PRC 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
“Taoche Guarantee Transaction Documents”	the Investment Agreement and the Guarantee Agreement
“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
“Used Automobile Transaction Business”	the transaction facilitation services for used automobile purchase, sale, and trade-in, and for the avoidance of doubt, excluding automobile related financing, leasing, and/or insurance businesses
“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
“Yangming Fund”	Yuyao Yangming Equity Investment Fund Co., Ltd* (余姚陽明股權投資基金有限公司), a company established under the law of the PRC
“Yixin HK”	Yixin Holding Hong Kong Limited, a limited company established in Hong Kong and a direct wholly-owned subsidiary of the Company

“Yusheng”	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands
“Yusheng Group”	Yusheng and its subsidiaries
“Yusheng HK”	Yusheng Holdings Hong Kong Limited, a company with limited liability incorporated under the laws of Hong Kong and a subsidiary of Yusheng
“%”	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, December 14, 2020

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

<b>Executive Directors:</b>	Mr. Andy Xuan Zhang and Mr. Dong Jiang
<b>Non-executive Directors:</b>	Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Huan Zhou
<b>Independent non-executive Directors:</b>	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong

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