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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)

DISCLOSEABLE TRANSACTION IN RELATION TO A FINANCE LEASE AGREEMENT WITH CRCC

On December 20, 2021, Shanghai Yixin, an indirectly wholly-owned subsidiary of the Company, as the Lessee and CRCC as the Lessor 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 RMB342,900,000 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.

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 requirement of the Shareholders’ approval under Chapter 14 of the Listing Rules.

INTRODUCTION

On December 20, 2021, Shanghai Yixin, an indirectly wholly-owned subsidiary of the Company, as the Lessee and CRCC as the Lessor 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 RMB342,900,000 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

December 20, 2021

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 RMB342,900,000, which was determined after arm's length negotiation between the parties with reference to the amount of the remaining lease principal under the financial lease contracts entered into between the Lessee and the underlying lessees as at December 1, 2021, and shall be paid by the Lessor to the Lessee on the Payment Date which is a day within five business days following the satisfaction of the conditions described below, including but not limited to:

- (a) the Lessor having received the duly executed and effective Finance Lease Agreement and other related contracts and documents (including but not limited to the underlying lease contracts, the underlying guarantee contracts etc.), and there is no breach of contract in the abovementioned contracts and documents;
- (b) the Lessor having received the internal decision-making documents, relevant approval documents and announcement documents (if any) from the Lessee and the guarantor that are required by the laws and regulations and their articles of association; if the guarantor is a listed company or a publicly disclosed holding subsidiary of a listed company or a company whose shares are traded on other national securities exchanges approved by the State Council, the guarantor has publicly disclosed information about the approval of such guarantee through the resolution of the board of directors or the general meeting of the shareholders in accordance with the relevant laws and regulations; and if registration procedures are required, the Lessor has already received such valid guarantee registration certification documents;
- (c) the Lessor having received the security deposit from the Lessee;
- (d) the Lessor having received from the Lessee the signed certificate for ownership transfer and confirmation of acceptance of the Leased Assets as prescribed in the Finance Lease Agreement;
- (e) the Lessee having completed the registration required for the transfer of ownership of the Leased Assets;

- (f) as of the Payment Date, there having been no breach by the Lessee to the Finance Lease Agreement and any other agreements entered into between the Lessor and the Lessee, or, should there be breach, the parties have negotiated and settled such breach;
- (g) the Lessor having received the notice of application for payment issued by the Lessee;
- (h) no major adverse changes having occurred to the Lessee, the underlying lessees, the guarantor and the Leased Assets;
- (i) all the statements and warranties made by the Lessee under the Finance Lease Agreement being true, complete and not materially misleading;
- (j) there having been no distinct changes in the national tax and financial monitoring policies and the market financing cost having no significant increase at the time the Finance Lease Agreement was entered into and the time when the Lessor shall pay the consideration; and
- (k) other conditions required by the Lessor as prescribed in 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 a total rent of approximately RMB369,325,999.25, which comprises (i) the amount of the lease principal of RMB342,900,000 and (ii) the lease interest of approximately RMB26,425,999.25 at an annual interest rate of 5.90% which is determined with reference to the five-year or above benchmark lending rate (the “LPR”) promulgated by the People’s Bank of China on October 20, 2021 plus 125 basis points (the “Initial LPR”). During the Lease Period, the LPR promulgated on December 20 of each year is compared with the initial LPR. If the change ranges within 10 basis points (inclusive), no adjustment is required. If the change exceeds 10 basis points, the interest rate shall be adjusted with reference to such new LPR and be effective from January 10 of the following year. The rent shall be paid by the Lessee to the Lessor during the Lease Period in 33 instalments.

Lease Period

The Lease Period shall be a period of 33 months, and which is expected to commence 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 and net profits for the Group for the years ended December 31, 2019 and 2020. The net asset value of the Leased Assets as at the last date of determining the composition of the Leased Assets was approximately RMB442,287,181.78.

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 provide to the Lessee a certificate of transfer of ownership of the Lease Assets to effectuate the purported transfer.

Security Deposit

Pursuant to the Finance Lease Agreement, Shanghai Yixin agreed to pay the Lessor a security deposit of RMB10,287,000, being 3% of the purchase price of the Leased Assets under the Finance Lease Agreement, before the payment of consideration by the Lessor for the sale of the Leased Assets. The security deposit can be used to offset expenses incurred in maintaining and realizing the rights and interests under the Finance Lease Agreement, liquidated damages, compensation, rents and 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

The Lessor and Xincheng Investment had also entered into the Guarantee Agreement, pursuant to which Xincheng Investment voluntarily agreed to provide an irrevocable joint liability guarantee for all the debts borne by the Lessee under the Finance Lease Agreement, in order to ensure the obligations of the Lessee under the Finance Lease Agreement are fulfilled.

Escrow Arrangement

The Lessor, the Lessee and Shanghai Pudong (Tianjin) had 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 ensure that the cumulative amount of inflow of funds into the escrow account every month shall not be less than 90% of the monthly rent payable. If the Lessee defaults on the Escrow Account Agreement or breaches the Finance Lease Agreement, the Lessor has the right to unilaterally send an instruction of online banking payment prohibition to the bank where the escrow account is located and give priority of using the funds in the escrow account for repayment of rent. Upon the Lessor receiving all the payables such as the rent and liquidated damages from the Lessee, the Lessor can send a lifting instruction to the bank where the escrow account is located.

Pledge of Receivables

The Lessor and the Lessee entered into the Receivables Pledge Agreement, pursuant to which the Lessee agreed to pledge their receivables and all existing and future interests related thereto in favour of the Lessor so as to guarantee their payment of debts under the Finance Lease Agreement (including but not limited to rent, security deposit, early termination charge, liquidated damages, damages, compensation, nominal repurchase consideration, other payables and fees incurred in connection with any enforcement actions of creditors' rights).

Effective Date of the Finance Lease Agreement

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

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 thereof were 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 an indirectly 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 established in the PRC with limited liability and is principally engaged in financial leasing business and other financial businesses in the PRC. As at the date of this announcement, the Lessor is ultimately controlled by China Railway Construction Corporation Limited (中國鐵建股份有限公司) as to 50%.

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

As the applicable percentage ratios are more than 5% but less than 25%, the transactions 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 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
“Business Cooperation Agreement”	the business cooperation agreement dated December 20, 2021 entered into between the Lessor, the Lessee and Shanghai Pudong (Tianjin)
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement to the PRC or China excludes Hong Kong, the Macau Special Administrative Region of the PRC 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
“Director(s)”	the director(s) of the Company
“Escrow Account Agreement”	the escrow account agreement dated December 20, 2021 entered into between the Lessor and the Lessee
“Finance Lease Agreement”	the finance lease agreement dated December 20, 2021 entered into between the Lessor and the Lessee
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Guarantee Agreement”	the guarantee agreement dated December 20, 2021 entered into between the Lessor and Xinch Investment
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company or an associate of such person within the meaning ascribed to it by the Listing Rules

“Leased Assets”	automobiles of the Lessee
“Lease Period”	a period of 33 months which is expected to commence from the Payment Date
“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 an indirect 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 of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Payment Date”	the date of payment of the aggregate consideration of RMB342,900,000 by the Lessor to the Lessee pursuant to the Finance Lease Agreement
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Receivables Pledge Agreement”	the receivables pledge agreement dated December 20, 2021 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
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of Shares from time to time
“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, December 20, 2021

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

Executive Directors Mr. Andy Xuan Zhang and Mr. Dong Jiang

Non-executive Directors Mr. Matthew Yun Ming Cheng, Mr. Jun Yang,
Mr. Qin Miao and Ms. Amanda Chi Yan Chau

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