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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
RENEWAL OF EXISTING
PAYMENT SERVICES FRAMEWORK AGREEMENT
WITH TENPAY**

Reference is made to the Prospectus and the announcement of the Company dated September 12, 2019 in relation to the Existing Payment Channel Services provided by certain associates of Tencent to members of the Group since July 2017 and the Existing Payment Services Framework Agreement. The Company expects to continue the Existing Payment Channel Services after December 31, 2021 and proposes to renew the Existing Payment Services Framework Agreement by entering into the Payment Services Framework Agreement on December 30, 2021 for a term of three years effective from January 1, 2022.

Tenpay is a subsidiary of Tencent which is a Controlling Shareholder of the Company. Therefore, Tenpay is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Payment Services 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 transactions, 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 one or more of the applicable percentage ratios calculated with reference to the Annual Caps for the transactions under the Payment Services Framework 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.

Reference is made to the Prospectus and the announcement of the Company dated September 12, 2019 in relation to the Existing Payment Channel Services provided by certain associates of Tencent to members of the Group since July 2017 and the Existing Payment Services Framework Agreement. The Company expects to continue the Existing Payment Channel Services after December 31, 2021 and proposes to renew the Existing Payment Services Framework Agreement by entering into the Payment Services Framework Agreement on December 30, 2021 for a term of three years effective from January 1, 2022.

The parties (or through their respective affiliated companies) may enter into Subsequent Agreements to further specify the rights and obligations of the parties for the transactions contemplated under the Payment Services Framework Agreement.

Payment Services Framework Agreement

Effective Date: January 1, 2022

Parties: (1) Shanghai Yixin
(2) Tenpay

Term: Three years

Services Provided: Tenpay provides certain payment related services to the Group including but not limited to payment channel services for customers of the Group, such as Weixin Pay (微信支付). In exchange, the Group pays a handling fee to Tenpay.

The existing annual caps and the new annual caps

The existing annual caps for the Existing Payment Services Framework Agreement are as follows:

| Year ended 31 December 2019 | Year ended December 31, 2020 | Year ending December 13, 2021 |
|--|---|--|
| RMB20 million | RMB30 million | RMB40 million |

The new annual caps for the Payment Services Framework Agreement are as follows:

| Year ending December 31, 2022 | Year ending December 31, 2023 | Year ending December 31, 2024 |
|--|--|--|
| RMB18 million | RMB20 million | RMB25 million |

Basis of the new annual caps

The new annual caps have been determined principally with reference to:

- (i) the historical transaction amounts for Existing Payment Channel Services and the anticipated demand for similar services;
- (ii) the anticipated number of our customers using Weixin Pay (微信支付) to pay us; and
- (iii) the anticipated business needs of our Group.

Historical transaction amounts

The aggregate handling fees paid by the Group for the Existing Payment Channel Services in respect of the financial years ended December 31, 2019, December 31, 2020 and the ten months ended October 31, 2021 based on the management accounts of the Company were approximately RMB6,913,317, RMB6,085,000 and RMB2,575,948 respectively.

Pricing policy and fee calculation

The handling fee payable by the Group was determined after arm's length negotiation between the parties and with reference to the market rates for payment services of a similar nature with regard to the number of customers and amounts paid. The handling fee is calculated as a percentage of the amount paid by customers using the specific payment services. The aforementioned percentage shall be determined based on the official price lists or business policies issued by Tenpay from time to time that are applicable to all of its other independent third party customers. The handling fee will be settled by making real-time deduction from the payments made by customers of the Group.

Reasons for and benefits of entering into the Payment Services Framework Agreement

Weixin Pay (微信支付) is gaining popularity among Chinese internet users in recent years and has become a leading mobile payment platform in China. In view of the increasing usage of Weixin Pay by our customers, the Board is of the view that there is a strong business need to renew Payment Services Framework Agreement to continue the long-term cooperation with Tencent. By entering into the Payment Services Framework Agreement, the Group can continue to benefit from the specific payment services provided by Tencent.

Aside from the new annual caps described above, the terms of the Payment Services Framework Agreement (including the pricing policy) are substantially the same as those of the Existing Payment Services Framework Agreement disclosed in the announcement of the Company dated September 12, 2019.

The terms of the Payment Services Framework Agreement were agreed upon after arm's length negotiations between the relevant parties thereto and these transactions are entered into and conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Payment Services Framework Agreement and the transactions contemplated thereunder (including, each of the Annual Caps) are fair and reasonable and are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the best interest of the Company and the Shareholders as a whole.

Mr. Matthew Yun Ming Cheng and Mr. Jun Yang hold senior management positions in Tencent. As none of the Directors has a material interest in the transactions contemplated under the Payment Services Framework Agreement, no Director was required to abstain from voting on the Board resolutions in relation to such agreements 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 Payment Services Framework Agreement and the Subsequent Agreements 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 transaction amounts incurred under the Payment Services 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 such transactions in a timely manner such that the transaction amounts can be conducted within the 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 Payment Services Framework Agreement and the Subsequent Agreements to ensure that such transactions are conducted in accordance with the pricing terms thereof, including reviewing the historical transaction records of the Group for similar services and arrangements with other independent third party for similar services.

INFORMATION ABOUT THE PARTIES

Shanghai Yixin is a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company. It is principally engaged in financing lease and operation of leasing business in the PRC.

Tenpay is a company established under the laws of the PRC, and a subsidiary of Tencent which is a Controlling Shareholder and hence a connected person of the Company. It is principally engaged in e-commerce, electronic payment and the technological development of payment settlement and clearance system.

LISTING RULES IMPLICATIONS

Tenpay is a subsidiary of Tencent which is a Controlling Shareholder of the Company. Therefore, Tenpay is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Payment Services 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 transactions, 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 one or more of the applicable percentage ratios calculated with reference to the Annual Caps for the transactions under the Payment Services Framework 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:

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| “Annual Caps” | the maximum aggregate annual value projected for the years ending December 31, 2021, December 31, 2022, December 31, 2023 and December 31, 2024 in respect of the transactions contemplated under the Payment Services Framework Agreement |
| “associate(s)” | has the meaning ascribed to it under 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 |
| “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 |
| “Controlling Shareholder” | has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Tencent |
| “Directors” | the directors of the Company |

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| “Existing Payment Channel Services” | the payment related services provided by certain associates of Tencent to members of the Group since July 2017 |
| “Existing Payment Services Framework Agreement” | the payment service framework agreement dated September 12, 2019, entered into between Shanghai Yixin and Tenpay |
| “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 |
| “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 Services Framework Agreement” | the payment services framework agreement dated December 30, 2021 effective from January 1, 2022, entered into between Shanghai Yixin and Tenpay |
| “percentage ratios” | has the meaning ascribed to it by the Listing Rules |
| “Prospectus” | the prospectus of the Company dated November 6, 2017 |
| “RMB” | Renminbi, the lawful currency of China |
| “Shanghai Yixin” | Shanghai Yixin Financing Lease Co., Ltd.* (上海易鑫融資租賃有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “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 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 relevant parties (or their respective affiliates) for the transactions contemplated under the Payment Services Framework Agreement |
| “subsidiary(ies)” | has the meaning ascribed to it in the Listing Rules |

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| “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 Controlling Shareholder of the Company |
| “Tenpay” | Tenpay Payment Technology Co., Ltd.* (財付通支付科技有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Tencent, a connected person of the Company |
| “United States” | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| “US\$” | United States dollars, the lawful currency of the United States |
| “%” | 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 30, 2021

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

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| 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 |