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YIXIN GROUP LIMITED

易鑫集團有限公司

(incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as “Yixin Automotive Technology Group Limited”)
(Stock Code: 2858)

VOLUNTARY ANNOUNCEMENT NEW CONTRACTUAL ARRANGEMENTS

The Board is pleased to announce that on October 4, 2018, Tianjin Kars, Beijing Yixin and the Nominal Shareholders of Beijing Yixin entered into the New Contractual Arrangements, which are on the same terms and conditions as the Existing Contractual Arrangements, mainly due to the change of one of the nominal shareholders of Beijing Yixin from Mr. Han, who was our employee, to Tianjin Jushen, a company wholly-owned by Mr. Chen, who is the vice president of the asset management department of the Group. The Existing Contractual Arrangements were terminated concurrently.

The New Contractual Arrangements were entered into for the purpose of (i) reducing the likelihood of reproducing a new series of contractual arrangements when there is any change in the nominal individual shareholder in the future by designating Tianjin Jushen as one of the Nominal Shareholders and (ii) streamlining the operations of the Group and reducing the overlap between the subsidiaries and the consolidated affiliated entities within the Group by having Tianjin Kars, a company newly established in June 2018, dedicated mainly to maintaining and exercising control over the operations of Beijing Yixin.

IMPLICATIONS UNDER THE LISTING RULES

At the time of the Listing, the Company sought, and the Stock Exchange granted, the IPO Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangements. The IPO Waiver is subject to certain conditions including, among others, on the basis that the Existing Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and Beijing Yixin, on the other hand, that the framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, and on substantially the same terms and conditions as the Existing Contractual Arrangements.

Upon the execution of the New Contractual Arrangements, the financial results of Beijing Yixin and its subsidiaries will continue to be consolidated into our financial statements as if they were wholly-owned subsidiaries of the Company. Tianjin Jushen and Mr. Chen and their respective associates will be treated as connected persons of the Company under the New Contractual Arrangements, while the other two Nominal Shareholders, Shenzhen Tencent and Beijing JD, remain as registered shareholders of Beijing Yixin under the New Contractual Arrangements and as connected persons of the Company. Accordingly, the transactions contemplated under the New Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the IPO Waiver and are exempt from (i) the announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less under 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

INTRODUCTION

The Board is pleased to announce that on October 4, 2018, Tianjin Kars, Beijing Yixin and the Nominal Shareholders of Beijing Yixin entered into the New Contractual Arrangements which are on the same terms and conditions of the Existing Contractual Arrangements, mainly due to the change of one of the nominal shareholders of Beijing Yixin from Mr. Han, who was our employee, to Tianjin Jushen, a company wholly-owned by Mr. Chen, who is the vice president of the asset management department of the Group. The Existing Contractual Arrangements were terminated concurrently.

THE NEW CONTRACTUAL ARRANGEMENTS

As disclosed in the section headed "Contractual Arrangements" in the Prospectus, due to applicable laws and regulatory restrictions on foreign ownership in the telecommunications industry in the PRC (including the operation of mobile apps and the provision of online information services) and restrictions on foreign investors conducting value-added telecommunications services, the Group operates certain businesses in the PRC through Beijing Yixin. The Group had in place the Existing Contractual Arrangements, which was designed to allow the Company to exercise control over the operations of Beijing Yixin and enjoy the economic benefits generated by Beijing Yixin.

The New Contractual Arrangements were entered into among Tianjin Kars, Beijing Yixin and the Nominal Shareholders. The New Contractual Arrangements were entered into for the purpose of (i) reducing the likelihood of reproducing a new series of contractual arrangements when there is any change in the nominal individual shareholder in the future by designating Tianjin Jushen as one of the Nominal Shareholders, and (ii) streamlining the operations of the Group and reducing the overlap between the subsidiaries and the consolidated affiliated entities within the Group by having Tianjin Kars, a company newly established in June 2018, dedicated mainly to maintaining and exercising control over the operations of Beijing Yixin. The Existing Contractual Arrangements were terminated concurrently.

Tianjin Jushen has become one of the Nominal Shareholders of Beijing Yixin, which brings stability to the New Contractual Arrangements and reduces the likelihood of reproducing a new series of contractual arrangements when there is any change in the nominal individual shareholder in the future by designating Tianjin Jushen, a company wholly-owned by Mr. Chen, the vice president of the asset management department of the Group. Mr. Chen also has been appointed as a director and a legal representative of Beijing Yixin as Mr. Han's replacement. The corporate structures before and after the New Contractual Arrangements are set out in the section headed "DIAGRAM OF THE CORPORATE STRUCTURES BEFORE AND AFTER THE NEW CONTRACTUAL ARRANGEMENTS" of this announcement.

Currently, Beijing KKC, in addition to maintaining and exercising control over the operations of Beijing Yixin under the Existing Contractual Arrangements, also engages in the Group's automobile transaction business. The Company intends to separate the Group's business operations from the New Contractual Arrangements and Beijing KKC and Tianjin Kars will have clearly defined separate roles and responsibilities within the Group, which is expected to reduce operational overlap between the subsidiaries and the consolidated affiliated entities within the Group accordingly. In effect, the execution of the New Contractual Arrangements will allow the Company to allocate resources more efficiently to its subsidiaries and consolidated affiliated entities, strengthen its risk management controls, and streamline the operations of the Group as a whole.

The Company's PRC Legal Advisor has confirmed that except as disclosed in the Prospectus and the Legal Opinions, and based on the consultation conducted by the Company with Beijing Municipal Communications Authority in June 2017 as disclosed on pages 194–195 and page 205 of the Prospectus, (i) the use of the New Contractual Arrangements does not contravene applicable laws and regulations of the PRC in any material respect; (ii) the New Contractual Arrangements do not contravene the current articles of association of either Tianjin Kars or Beijing Yixin; (iii) the New Contractual Arrangements would not be deemed as concealing illegal intentions with a lawful form and void under the PRC contract law; and (iv) except for the clause providing that an arbitral body may award injunctive relief or winding up orders and that courts in Hong Kong and the Cayman Islands may grant interim remedies may not be enforceable under PRC laws and the equity interest pledge contemplated under the New Contractual Arrangements will not become effective until registration with competent governmental authorities, the New Contractual Arrangements are enforceable under the laws of the PRC. We have been advised by our PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above opinion of our PRC Legal Advisor. We have been further advised by our PRC Legal Advisor that if the PRC government

finds that the New Contractual Arrangements do not comply with PRC government restrictions on foreign investment in the relevant businesses conducted by Beijing Yixin, we could be subject to severe penalties. Based on the above and the advice from our PRC Legal Advisor, the Directors are of the view that each of the arrangements under the New Contractual Arrangements conferring significant control and economic benefits from Beijing Yixin is enforceable under the relevant laws and regulations.

The Directors (including the independent non-executive Directors) are of the view that the New Contractual Arrangements, though entered into among different parties, have terms and conditions substantially the same as those of the Existing Contractual Arrangements and are a reproduction of the Existing Contractual Arrangements, save for the identity of the wholly foreign-owned enterprise, the identity of one of the Nominal Shareholders and the identity of the director and the legal representative of Beijing Yixin.

As none of the Directors have a material interest in the transactions contemplated under the New Contractual Arrangements, no Director was required to abstain from voting on the Board resolutions approving the New Contractual Arrangements.

In view of the above, the Directors (including the independent non-executive Directors) considers that the terms of each of the New Contractual Arrangements are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Save as disclosed in this announcement, Tianjin Jushen and Mr. Chen are independent and not connected with the Company and its connected persons and do not have any past or current relationships (business or otherwise) with the Directors, substantial shareholders or any connected persons of the Company.

A summary of the principal terms of the New Contractual Arrangements is set out below.

(1) Exclusive Business Cooperation Agreement

Date: October 4, 2018

Parties: (a) Beijing Yixin

(b) Tianjin Kars

Subject: Beijing Yixin agreed to engage Tianjin Kars as its exclusive provider of technical support, consulting services and other services in exchange for a fee. The services to be provided include:

- licensing any software legally owned by Tianjin Kars to Beijing Yixin;
- development, maintenance and updating of software in respect of Beijing Yixin's business;
- design, installation, daily management, maintenance and updating of network systems, hardware and database;
- providing technical support and staff training services;

- providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws);
- providing business management consultation;
- providing marketing and promotional services;
- providing customer order management and customer services;
- leasing, assignment and disposal of equipment or properties; and
- other services requested by Beijing Yixin from time to time to the extent permitted under PRC laws.

Under the Exclusive Business Cooperation Agreement, the service fee shall consist of an amount to be determined by Tianjin Kars and Beijing Yixin in writing through negotiation after considering: (i) the complexity and difficulty of the services; (ii) the title and the time spent by employees of Tianjin Kars on providing the services; (iii) the contents and value of the services; (iv) the market price of similar type of services; (v) the operation conditions of Beijing Yixin; and (vi) the necessary costs, expenses, taxes and statutory reserves or retaining funds. If Tianjin Kars and Beijing Yixin fail to agree upon the amount of service fee, Tianjin Kars's decision shall be final and conclusive. If Tianjin Kars transfers technology to Beijing Yixin, develops software or other technology as entrusted by Beijing Yixin, or leases equipment or properties to Beijing Yixin, the technology transfer price, development fees or rent shall be determined by Tianjin Kars and Beijing Yixin based on the actual situations.

Apart from the service fees, Beijing Yixin shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by Tianjin Kars in connection with the performance of the Exclusive Business Cooperation Agreement and provision of services.

In addition, absent the prior written consent of Tianjin Kars, during the term of the Exclusive Business Cooperation Agreement, Beijing Yixin shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationships with any third party. Tianjin Kars may appoint other parties, who may enter into certain agreements with Beijing Yixin, to provide Beijing Yixin with the services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement also provides that Tianjin Kars has the exclusive proprietary rights to all intellectual property rights developed or created by Beijing Yixin during the performance of the Exclusive Business Cooperation Agreement. Tianjin Kars or its designee can exercise its option to purchase the assets of Beijing Yixin for minimum price allowed under PRC laws in accordance with the relevant procedures stipulated in the Exclusive Business Cooperation Agreement.

Term: The Exclusive Business Cooperation Agreement shall remain effective unless (a) terminated in writing by Tianjin Kars; or (b) expiration of the business period if renewal of the expired business period of either Tianjin Kars or Beijing Yixin is denied by relevant government authorities.

(2) Exclusive Option Agreements

Date: October 4, 2018

Parties: (a) Beijing Yixin
(b) each of the Nominal Shareholders
(c) Tianjin Kars

Subject: Under the Exclusive Option Agreements, the Nominal Shareholders granted Tianjin Kars an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “**designee**”) to purchase the Optioned Interest then held by the Nominal Shareholders once or at multiple times at any time in part or in whole at Tianjin Kars’s sole and absolute discretion, to the extent permitted under applicable PRC laws. Where Tianjin Kars chooses to purchase the Optioned Interest, the Nominal Shareholders shall cause Beijing Yixin to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving the Nominal Shareholder’s transfer of the Optioned Interests to Tianjin Kars and/or its designee.

The total purchase price for the purchase by Tianjin Kars of all Optioned Interests held by the Nominal Shareholders upon exercise of the option by Tianjin Kars shall be RMB50,000,000. If Tianjin Kars exercises the option to purchase part of the Optioned Interests held by the respective shareholders in Beijing Yixin, then the purchase price shall be calculated on a pro rata basis. If appraisal is required by PRC laws at the time when Tianjin Kars exercises the equity purchase option, the parties shall negotiate in good faith and based on the appraisal result make necessary adjustment to the price so that it complies with any and all then applicable PRC laws.

Beijing Yixin and the Nominal Shareholders, among other things, have covenanted that:

- without the prior written consent of Tianjin Kars, they shall not in any manner supplement, change or amend the articles of association of Beijing Yixin, increase or decrease its registered capital, or change the structure of its registered capital in other manner;
- without the prior written consent of Tianjin Kars, Beijing Yixin shall not, and shall procure its subsidiaries not to sell, transfer, mortgage or dispose of in any manner any assets of more than RMB200,000, business, operation rights, legitimate interest in the income of Beijing Yixin;
- without the prior written consent of Tianjin Kars, they shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than through loans;
- they shall always operate all of Beijing Yixin's businesses during the ordinary course of business to maintain the asset value of Beijing Yixin and refrain from any action/omission that may adversely affect Beijing Yixin's operating status and asset value;
- without the prior written consent of Tianjin Kars, they shall not cause Beijing Yixin to execute any major contract with a value above RMB50,000, except the contracts executed in the ordinary course of business.

Further, the Nominal Shareholders, among other things, have each also covenanted that:

- without the prior written consent of Tianjin Kars, the Nominal Shareholder shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Beijing Yixin held by such shareholder, or allow the encumbrance thereon, except for the interest placed in accordance with the New Contractual Arrangements;
- the Nominal Shareholder shall appoint any designee of Tianjin Kars as the director and senior management of Beijing Yixin, at the request of Tianjin Kars; and
- the Nominal Shareholder shall promptly donate any profit, interest, dividend or proceeds of liquidation to Tianjin Kars or any other person designated by Tianjin Kars to the extent permitted under applicable PRC laws.

Term: The Exclusive Option Agreements shall remain effective unless terminated in the event that the entire equity interests held by the Nominal Shareholders in Beijing Yixin has been transferred to Tianjin Kars or its appointee(s), or in the event that Exclusive Option Agreements is terminated by Tianjin Kars.

(3) Equity Interest Pledge Agreements

Date: October 4, 2018

Parties: (a) Tianjin Kars
(b) each of the Nominal Shareholders
(c) Beijing Yixin

Subject: Under the Equity Interest Pledge Agreements, the Nominal Shareholders agreed to pledge all their respective equity interests in Beijing Yixin that they own, including any interest or dividend paid for the shares, to Tianjin Kars as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts of Beijing Yixin and the Nominal Shareholders under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreements and the Powers of Attorney.

Upon the occurrence or discovery of the occurrence of any circumstance or event that may lead to an event of default (as defined in the Equity Interest Pledge Agreements), Tianjin Kars shall immediately exercise the pledge and may exercise any remedy measure under applicable PRC laws, including but not limited to being paid in priority with the monetary valuation that the Nominal Shareholders' equity interest is converted into or from the proceeds from auction or sale of the Nominal Shareholders' equity interest. Tianjin Kars is not be liable for any loss incurred by its due exercise of such rights and powers.

Term: The pledge in respect of Beijing Yixin takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Nominal Shareholders and Beijing Yixin under the relevant New Contractual Arrangements have been fully performed and all the outstanding debts of the Nominal Shareholders and Beijing Yixin under the relevant New Contractual Arrangements have been fully paid.

(4) Powers of Attorney

Date: October 4, 2018

Parties:

- (a) Beijing Yixin
- (b) each of the Nominal Shareholders
- (c) Tianjin Kars

Subject: Under the Powers of Attorney, each Nominal Shareholder irrevocably appointed Tianjin Kars (as well as its successors, including a liquidator, if any, replacing Tianjin Kars) or its designee(s) (including its directors) as its sole exclusive agent to exercise on its behalf, certain powers, including without limitation: (i) exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of Beijing Yixin, including but not limited to the sale, transfer, pledge or disposal of any or all of the shares in Beijing Yixin, (ii) to attend shareholders' meetings of Beijing Yixin and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder, and (iii) to file documents with the relevant companies registry.

Further, pursuant to the Powers of Attorney and to ensure the Powers of Attorney does not give rise to a conflict of interest, each of the Nominal Shareholders of Beijing Yixin irrevocably undertakes that:

- unless prior written consent is given by Tianjin Kars, each shareholder will not use the information obtained from Beijing Yixin to engage in any business which competes or is likely to compete with the business of Beijing Yixin or its affiliated companies;
- such shareholder will not take any action deviating from the intention and purposes of the New Contractual Arrangements, which may lead to any conflict of interests between Tianjin Kars and Beijing Yixin or its subsidiaries; and
- if any conflict of interests occurs during the performance of the New Contractual Arrangements by such shareholder, he/she will support the lawful interests of Tianjin Kars and perform actions reasonably required by Tianjin Kars.

Term: The Powers of Attorney shall remain effective from the date of the signing of the Powers of Attorney during the period that the Nominal Shareholder is a shareholder of Beijing Yixin, unless Tianjin Kars has given written instructions to the contrary.

(5) Dispute Resolution

Each of the agreements under the New Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute relating to the New Contractual Arrangements, the parties shall first try to resolve the dispute through friendly negotiations. In the event the parties fail to reach an agreement on the resolution of such a dispute through negotiations, any party may submit the relevant dispute to the CIETAC for arbitration, in accordance with the then effective arbitration rules and procedures. The arbitration shall be conducted in Beijing. The arbitration ruling shall be final and binding on all parties. The dispute resolution provisions also provides that the arbitral tribunal may award remedies over the shares or assets of Beijing Yixin or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Beijing Yixin; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), PRC and the places where the principal assets of Beijing Yixin are located also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares held by shareholders in Beijing Yixin or properties of Beijing Yixin.

To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance with the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Beijing Yixin and awards directing Beijing Yixin to conduct liquidation.

However, our PRC Legal Advisor has advised that (i) a tribunal normally would not grant such kind of injunctive relief or winding up order of Beijing Yixin under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the New Contractual Arrangements.

Since PRC arbitral tribunal cannot award legal remedies such as injunctive relief or winding up orders, Tianjin Kars can only seek similar but not identical remedies from CIETAC under PRC laws, such as cessation of infringements or return of property. Alternatively, Tianjin Kars may seek remedies from a PRC court in accordance with PRC laws, including interim injunctive relief over the assets or shares of Beijing Yixin and a winding up order against Beijing Yixin.

(6) Succession

As advised by our PRC Legal Advisor, the provisions set out in the New Contractual Arrangements are also binding on any successors of the shareholder of Beijing Yixin as if the successor was a signing party to the New Contractual Arrangements. Although the New Contractual Arrangements do not specify the identity of successors to such shareholders, under the succession law of the PRC, statutory successors may include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents, and as such any breach by the successors would be deemed to be a breach of the New Contractual Arrangements. In case of a breach, Tianjin Kars can enforce its rights against the successors. Pursuant to the New Contractual Arrangements, any successor of the shareholders of Beijing Yixin shall assume any and all rights and obligations of such shareholder under the New Contractual Arrangements as if the successor was a signing party to such New Contractual Arrangements.

Tianjin Jushen, Shenzhen Tencent and Beijing JD undertake under their Powers of Attorney that in case they lose corporate status due to merger, division, termination, winding-up, dissolution, liquidation or other reasons, or other events that could affect their rights as shareholders of Beijing Yixin occur, their successors, administrators or liquidators shall inherit and manage their rights as shareholders of Beijing Yixin, provided that they shall covenant to comply with the Powers of Attorney.

Our PRC Legal Advisor is of the view that (i) the New Contractual Arrangements provide protection to our Group even in the event of winding-up, dissolution or liquidation of any shareholder of Beijing Yixin and (ii) the loss of corporate status of such shareholder would not affect the validity of the New Contractual Arrangements, and Tianjin Kars can enforce its right under the New Contractual Arrangements against the successors of such shareholder.

(7) Conflicts of Interests

Each of the Nominal Shareholders has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the New Contractual Arrangements. For further details, please see the paragraph headed “(4) Powers of Attorney” above.

(8) Loss Sharing

Under the relevant PRC laws and regulations, none of our Company and Tianjin Kars is legally required to share the losses of, or provide financial support to, Beijing Yixin. Further, Beijing Yixin is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. To ensure that Beijing Yixin meets the requirement of cash flow in daily operation and/or to offset any losses incurred in the process of its operation, whether or not Beijing Yixin actually suffers any such operational losses, Tianjin Kars is under the obligation to provide Beijing Yixin with financial support (only to the extent and in a manner permitted by PRC laws). In addition, given that our Group conducts a substantial portion of its business operations in the PRC through Beijing Yixin, which holds the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group’s financial statements under the applicable accounting principles, our Company’s business, financial position and results of operations would be adversely affected if Beijing Yixin suffer losses.

However, as provided in the Exclusive Option Agreements, without the prior written consent of Tianjin Kars, Beijing Yixin shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its assets worth more than RMB200,000; (ii) execute any material contract with a value above RMB50,000, except those entered into in the ordinary course of business; (iii) provide any loan, credit or guarantees in any form to any third party, or allow any third party create any other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business or not disclosed to and consented by Tianjin Kars; (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on Tianjin Kars and our Company in the event of any loss suffered from Beijing Yixin can be limited to a certain extent.

(9) Liquidation

Pursuant to the Equity Interest Pledge Agreements, in the event of a mandatory liquidation required by the PRC laws, the shareholders of Beijing Yixin shall, upon the request of Tianjin Kars (i) deposit the proceeds into an account designated and supervised by Tianjin Kars and used to secure the Beijing Yixin's and the Nominal Shareholders' obligations under contractual arrangement prior and in preference to make any other payment, or (ii) give the proceeds they received from liquidation as a gift to Tianjin Kars or its designee(s) to the extent permitted by the PRC laws.

Accordingly, in a winding up of Beijing Yixin, Tianjin Kars is entitled to liquidation proceeds of Beijing Yixin based on the New Contractual Arrangements for the benefit of our Company's creditors/shareholders.

(10) Insurance

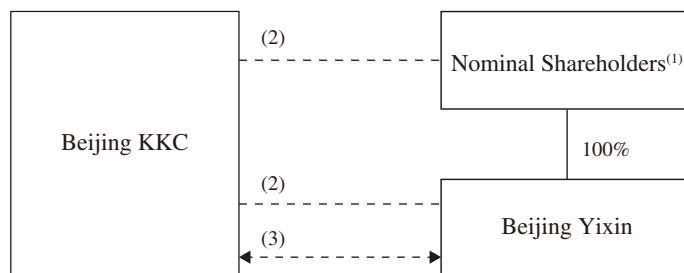
Our Company does not maintain an insurance policy to cover the risks relating to the Existing Contractual Arrangements and New Contractual Arrangements.

(11) Our Confirmation

As of the date of this announcement, the Company has not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through Beijing Yixin under the Existing Contractual Arrangements.

DIAGRAM OF THE CORPORATE STRUCTURES BEFORE AND AFTER THE NEW CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the corporate structure before entering into the New Contractual Arrangements:



—— Legal and beneficial ownership
 - - - - - Contractual relationship

Notes:

(1) The Nominal Shareholders are Mr. Han, Shenzhen Tencent and Beijing JD holding 55.7%, 26.6% and 17.7% of the equity interests in Beijing Yixin, respectively.

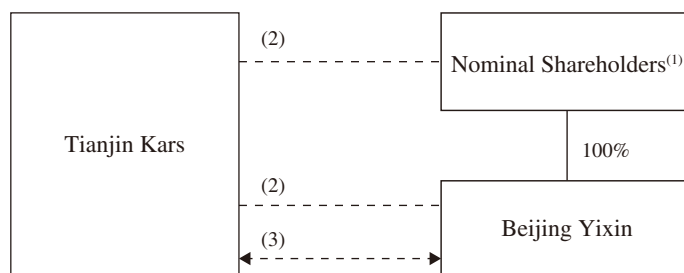
(2) The Nominal Shareholders executed powers of attorney in favor of Beijing KKC, to exercise all shareholders' rights in Beijing Yixin.

The Nominal Shareholders executed exclusive options in favor of Beijing KKC, to acquire all or part of the equity interest in and/or assets of Beijing Yixin.

The Nominal Shareholders granted first priority security interest in favor of Beijing KKC, over the entire equity interest in Beijing Yixin.

(3) Beijing Yixin will pay services fees to Beijing KKC in exchange for business support and technical and consulting services.

The following simplified diagram illustrates the corporate structure after entering into the New Contractual Arrangements:



—— Legal and beneficial ownership
 - - - - - Contractual relationship

Notes:

(1) The Nominal Shareholders are Tianjin Jushen, Shenzhen Tencent and Beijing JD holding 55.7%, 26.6% and 17.7% of the equity interests in Beijing Yixin, respectively.

(2) The Nominal shareholders executed powers of attorney in favor of Tianjin Kars, to exercise all shareholders' rights in Beijing Yixin. Please refer to "(4) Powers of Attorney" above for further details.

The Nominal Shareholders executed exclusive options in favor of Tianjin Kars, to acquire all or part of the equity interest in and/or assets of Beijing Yixin. Please refer to "(2) Exclusive Option Agreements" for further details.

The Nominal Shareholders granted first priority security interest in favor of Tianjin Kars, over the entire equity interest in Beijing Yixin. Please refer to "(3) Equity Interest Pledge Agreements" for further details.

(3) Beijing Yixin will pay services fees to Tianjin Kars in exchange for business support and technical and consulting services. Please refer to "(1) Exclusive Business Cooperation Agreements" for further details.

RISKS AND LIMITATIONS RELATING TO THE NEW CONTRACTUAL ARRANGEMENTS

(1) Economic risks of the Company

Under the relevant PRC laws and regulations, none of our Company and Tianjin Kars is legally required to share the losses of, or provide financial support to, Beijing Yixin. Further, Beijing Yixin is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. To ensure that Beijing Yixin meets the requirement of cash flow in daily operation and/or to offset any losses incurred in the process of its operation, whether or not Beijing Yixin actually suffers any such operational losses, Tianjin Kars is under the obligation to provide Beijing Yixin with financial support (only to the extent and in a manner permitted by PRC laws). In addition, given that our Group conducts a substantial portion of its business operations in the PRC through Beijing Yixin, which holds the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if Beijing Yixin suffer losses.

However, due to the relevant restrictive provisions in the Exclusive Option Agreements as detailed in “(8) Loss Sharing” above, the potential adverse effect on Tianjin Kars and our Company in the event of any loss suffered from Beijing Yixin can be limited to a certain extent.

(2) Limitations in exercising the option to acquire ownership in Beijing Yixin

The exercise of the option to acquire the ownership of Beijing Yixin may be subject to substantial costs. Under the Exclusive Option Agreements, Tianjin Kars has a right to purchase, or designate one or more designee(s) to purchase the Optioned Interests then held by the Nominal Shareholders once or at multiple times at any time in part or in whole at Tianjin Kars's sole and absolute discretion, to the extent permitted under applicable PRC laws. Tianjin Kars may need to bear a substantial amount of enterprise income tax of the Nominal Shareholders for the income from the ownership transfer if equity transfer proceeds verified by relevant PRC authorities exceed the purchase price provided for in the Exclusive Option Agreements.

(3) Other risks relating to the New Contractual Arrangements

First, the PRC government may determine that the New Contractual Arrangements do not comply with the applicable laws and regulations of the PRC. Although our PRC Legal Advisor is of the view that the New Contractual Arrangements do not contravene the relevant PRC laws and regulations in any material respect, uncertainties still exist regarding the interpretation and application of the PRC laws and regulations especially in the area of value-added telecommunications business. For instance, the PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirements in that area of business. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the New Contractual Arrangements as our PRC Legal Advisor in the future.

Secondly, the New Contractual Arrangements may not provide control as effective as direct ownership. Under the New Contractual Arrangements, the Company has to rely on Tianjin Kars' rights under the New Contractual Arrangements to effect changes in the management of Beijing Yixin and make an impact on its business decision making, as opposed to exercising its rights directly as a shareholder. If Beijing Yixin or the Nominal Shareholders refuse to cooperate, the Company will face difficulties in effecting control over Beijing Yixin's operation of business through the New Contractual Arrangements, which may adversely affect the Company's business efficiency.

Thirdly, the Nominal Shareholders may have potential conflicts of interest with the Company. Although there are provisions under the New Contractual Arrangements to prevent those situations, conflicts of interest may still arise when the interests of the Nominal Shareholders do not align with that of the Company, and the Nominal Shareholders may breach or cause Beijing Yixin to breach the New Contractual Arrangements. If the Company fails to resolve this internally, it may have to resort to dispute resolution. If ultimately either the Nominal Shareholders have to be removed, it will be difficult for the Company to maintain investors' confidence in the New Contractual Arrangements.

Fourthly, the New Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional tax may be imposed. Under the Exclusive Business Cooperation Agreement, Beijing Yixin is required to pay Tianjin Kars a service fee for the services rendered by Tianjin Kars. Such service fee payments between both parties may be subject to scrutiny or challenge by the PRC tax authorities within ten years after the taxable year when such transactions are conducted.

Our Company does not maintain an insurance policy to cover the risks relating to the New Contractual Arrangements.

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.

Mr. Chen is the vice president of the asset management department of the Group and a PRC citizen.

Beijing Yixin is principally engaged in the operation of an advertising and subscription business, and transaction platform business in China.

Tianjin Jushen is a company established under the laws of the PRC and is wholly-owned by Mr. Chen, who is under the employment of the Company as the vice president of the asset management department.

Tianjin Kars is a wholly foreign-owned enterprise established in the PRC, and an indirectly wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

At the time of the Listing, the Company sought, and the Stock Exchange granted, the IPO Waiver for the Listing in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangements. The IPO Waiver is subject to certain conditions including, among others, on the basis that the Existing Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and Beijing Yixin, on the other hand, that the framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, and on substantially the same terms and conditions as the Existing Contractual Arrangements.

Upon the execution of the New Contractual Arrangements, the financial results of Beijing Yixin and its subsidiaries will continue to be consolidated into our financial statements as if they were wholly-owned subsidiaries of the Company. Tianjin Jushen and Mr. Chen and their respective associates will be treated as connected persons of the Company under the New Contractual Arrangements, while the other two Nominal Shareholders, Shenzhen Tencent and Beijing JD, remain as registered shareholders of Beijing Yixin under the New Contractual Arrangements and as connected persons of the Company. Accordingly, the transactions contemplated under the New Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the IPO Waiver and are exempt from (i) the announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less under 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing JD”	Beijing Jiasheng Investment Management Co., Ltd.* (北京甲盛投資管理有限公司), one of the Nominal Shareholders
“Beijing KKC”	Beijing KKC Technology Co., Ltd.* (北京看看車科技有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Beijing Yixin”	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 and effectively controlled by the Group through the Existing Contractual Arrangements and to be controlled through the New Contractual Arrangements
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CIETAC”	China International Economic and Trade Arbitration Commission
“Company”	Yixin Group Limited 易鑫集團有限公司, 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 under the Listing Rules

“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Interest Pledge Agreements”	the equity interest pledge agreements entered into among Beijing Yixin, Tianjin Kars and each of the Nominal Shareholders on October 4, 2018
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement entered into between Beijing Yixin and Tianjin Kars on October 4, 2018
“Exclusive Option Agreements”	the exclusive option agreements to be entered into among Beijing Yixin, Tianjin Kars and each of the Nominal Shareholders, on October 4, 2018
“Existing Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Beijing KKC, Beijing Yixin and its shareholders, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Group”, “we”, “us”, or “our”	the Company, its subsidiaries and consolidated affiliated entity(ies)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO Waiver”	the waiver granted by the Stock Exchange to the Company from strict compliance with (i) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Existing Contractual Arrangements, (ii) the requirement of setting an annual cap for the transactions under the Existing Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Existing Contractual Arrangements to three years or less under 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to certain conditions, details of which are further described in the section headed “Connected Transactions” in the Prospectus
“Legal Opinion”	the Chinese legal opinion (as expressed in “北京市漢坤律師事務所關於 Yixin Group Limited 在香港聯合交易所有限公司主板首次公開發行股票並上市涉及中華人民共和國境內權益的法律意見書”) dated November 6, 2017, issued by the Company’s PRC Legal Advisor in connection with the global offering and listing of the Company

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on November 16, 2017
“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 Growth Enterprise Market of the Stock Exchange
“Mr. Chen”	Mr. Chen Yongzhi (陳永智), an employee of the Company, a PRC citizen and the sole shareholder of Tianjin Jushen
“Mr. Han”	Mr. Han Bo (韓波), a former employee of the Company and a PRC citizen
“New Contractual Arrangements”	the series of contractual arrangements entered into by and among Tianjin Kars, Beijing Yixin and the Nominal Shareholders, details of which are described in the section headed “The New Contractual Arrangements” in this announcement
“Nominal Shareholders”	Tianjin Jushen, Shenzhen Tencent and Beijing JD as the shareholders of Beijing Yixin
“Optioned Interest(s)”	the equity interest(s) in Beijing Yixin
“PRC Legal Advisor”	Han Kun Law Offices, the PRC legal advisor to the Company
“Prospectus”	the prospectus of the Company dated November 6, 2017
“Powers of Attorney”	the powers of attorney entered into among Beijing Yixin, each of the Nominal Shareholders and Tianjin Kars on October 4, 2018
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Tencent”	Shenzhen Tencent Industry Investment Fund Co., Ltd.* (深圳市騰訊產業投資基金有限公司), one of the Nominal Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Tianjin Jushen”	Tianjin Jushen Information Technology Co., Ltd.* (天津聚莘信息技術有限公司), a limited liability company established under the laws of the PRC, which is wholly owned by Mr. Chen, one of the Nominal Shareholders
“Tianjin Kars”	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“United States” or “US”	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
易鑫集團有限公司
Andy Xuan Zhang
Chairman

Hong Kong, October 4, 2018

As at the date of this announcement, the Board comprises Mr. Andy Xuan Zhang as Chairman and executive Director and Mr. Dong Jiang as executive Director, Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Xuyang Zhang as non-executive Directors, and Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong as independent non-executive Directors.