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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)

CONNECTED TRANSACTION INVESTMENT INTO DALIAN RONGXIN

INVESTMENT

The Board is pleased to announce that on August 2, 2019, Xince Investment, an indirect wholly-owned subsidiary of the Company, Beijing Bitauto and Dalian Rongxin entered into the Investment Agreement pursuant to which Xince Investment or its designated entity, as the Investor, will invest RMB475,000,000 into Dalian Rongxin. After the Investment, Dalian Rongxin will be held by Beijing Bitauto and the Investor as to approximately 67.80% and 32.20%, respectively.

LISTING RULES IMPLICATIONS

Dalian Rongxin is a wholly-owned subsidiary of Beijing Bitauto, which in turn is wholly-owned by Bitauto HK, a Controlling Shareholder of the Company. Both Dalian Rongxin and Beijing Bitauto are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Investment constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios calculated with reference to the Investment are more than 0.1% but less than 5%, the Investment is therefore subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Notwithstanding that the Investment is exempt from the requirement to appoint an independent financial adviser under Chapter 14A of the Listing Rules, the Company has engaged an independent financial adviser to advise the Board in respect of the Investment. It is the opinion of the independent financial adviser that, though the Investment is not in the ordinary and usual course of business of the Group, the terms of the Investment are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

BACKGROUND

The Board is pleased to announce that on August 2, 2019, Xince Investment, an indirect wholly-owned subsidiary of the Company, Beijing Bitauto and Dalian Rongxin entered into the Investment Agreement.

MAJOR TERMS OF THE INVESTMENT AGREEMENT

Date: August 2, 2019

Parties: Xince Investment
Beijing Bitauto
Dalian Rongxin

Subject matter:

As at the date of this announcement, Dalian Rongxin is wholly-owned by Beijing Bitauto and its registered capital is RMB1,000,000,000. After the Investment, the registered capital of Dalian Rongxin will become RMB1,475,000,000.

Pursuant to the Investment Agreement, the Investor will invest RMB475,000,000 into Dalian Rongxin. After the Investment, Dalian Rongxin will be held by Beijing Bitauto and the Investor as to approximately 67.80% and 32.20%, respectively. Accordingly, Dalian Rongxin will become an associated company of the Company. Given that Dalian Rongxin will not be a subsidiary of the Company, its financial results will not be consolidated into the financial statements of the Group.

Consideration

The Consideration in the amount of RMB475,000,000 was determined after arm's length negotiations among the parties to the Investment Agreement on normal commercial terms taking into account (1) the net assets value of Dalian Rongxin as at December 31, 2018; (2) the respective amounts of the capital contributed by the shareholders of Dalian Rongxin; (3) the strengthened and expanded cooperation between the Group and Dalian Rongxin, which provides financing guarantees to certain auto loans for which the Group provides loan facilitation services; and (4) the business expansion of Dalian Rongxin.

Upon the satisfaction (or waiver, where applicable) of the conditions precedent set out in the Investment Agreement, Dalian Rongxin shall issue the Payment Notice to the Investor. The Consideration shall be payable by the Investor according to its own fund allocation plan, either in one lump sum or by instalments, within 60 business days from the date on which the Investor receives the Payment Notice. The Consideration will be satisfied in cash out of the net proceeds raised from the initial public offering of the Company.

Notwithstanding the above, the Investor is entitled to adjust the investment amount downward and the schedule of making such investment amount. In the event of such an adjustment in the investment amount, the percentage of equity interest in Dalian Rongxin held by the Investor and Beijing Bitauto will be adjusted accordingly, and the Company will re-comply with the Listing Rules and make further announcement(s) as and when appropriate or necessary.

Conditions precedent

Completion of the Investment is subject to the satisfaction or waiver (as appropriate) of certain conditions precedent set out in the Investment Agreement, including but not limited to:

- (1) Beijing Bitauto, the Investor and Dalian Rongxin having obtained all necessary internal approvals for the transactions contemplated under the Investment Agreement and Beijing Bitauto having agreed to waive its pre-emptive rights in relation to the Investment;
- (2) all the relevant laws and regulations applicable to the parties to the Investment Agreement having been complied with and the requisite government approval procedures for the transactions contemplated under the Investment Agreement (if required) having been completed and the required approval documents having been obtained;
- (3) the representations and warranties made under the Investment Agreement having remained true and accurate in all material respects, and any obligations and agreements that shall be observed or fulfilled by Dalian Rongxin and Beijing Bitauto having been observed or performed in all material aspects;
- (4) there have not been any event or circumstance (including but not limited to any complains, proceedings, arbitral proceedings, penalties or any investigation or punishment conducted by other government authorities on Dalian Rongxin's products and services) that has any material adverse effects on the legal registration, business license, product registration, intellectual property rights, business operations or other material aspects of Dalian Rongxin since the date of the Investment Agreement and up to the Completion Date; and
- (5) all transaction documents having been duly executed including but not limited to the Investment Agreement and the annexes, the new articles of association and the shareholders' resolution of Dalian Rongxin.

The Investor's additional rights

Pre-emptive rights

Pursuant to the Investment Agreement, if Dalian Rongxin proposes to obtain new capital or offer for new subscription of its equity interests (other than pursuant to employee share incentive scheme or otherwise with the prior approval of the Investor), Dalian Rongxin shall first offer the Investor a right to invest up to its pro-rata shareholding of such new investment.

Right of first refusal and co-sale right

Pursuant to the Investment Agreement, Beijing Bitauto shall not dispose any of its equity interests in Dalian Rongxin without the prior written approval of the Investor. If Beijing Bitauto proposes to sell its equity interests in Dalian Rongxin to any third party, then the Investor shall have the right of first refusal to purchase any or all such equity interests for the same price and on the same terms as that proposed by Beijing Bitauto.

If the Investor does not exercise its right of first refusal mentioned above, the Investor shall have the right (but not the obligation) to dispose of its equity interests and participate in the said proposed sale to a third party for the same price and on the same terms as that proposed by Beijing Bitauto.

Anti-dilution right

Unless with the prior written consent of the Investor, Dalian Rongxin shall not issue any equity interest to investors at a unit price that is lower than that of the Investment. Otherwise, the Investor shall be entitled to adjustment or compensation from Dalian Rongxin in accordance with the Investment Agreement so that the Investor's equity interests in Dalian Rongxin will not be diluted.

FINANCIAL INFORMATION OF DALIAN RONGXIN

Set out below are certain financial information of Dalian Rongxin based on the audited financial statements prepared in accordance with International Financial Reporting Standards for the two financial years ended December 31, 2018:

	For the financial year ended December 31,	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before tax	8,233	(153)
Net profit/(loss) after tax	3,178	(172)

As at December 31, 2018, the audited net assets of Dalian Rongxin amounted to approximately RMB1,003,210,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

By entering into the Investment Agreement, the Group can further strengthen the business cooperation with Dalian Rongxin while expanding its loan facilitation services, to the extent that Dalian Rongxin provides financing guarantee services to certain auto loans for which the Group provides loan facilitation services.

The terms of the Investment Agreement were agreed upon after arm's length negotiations between the Group and Beijing Bitauto and Dalian Rongxin. The Directors (including the independent non-executive Directors) consider that, though the Investment is not in the ordinary and usual course of business of the Group, the terms of the Investment Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Investment Agreement is in the best interest of the Company and the Shareholders as a whole.

As Mr. Andy Xuan Zhang is the chief executive officer and a director of Bitauto, he has a material interest in the transactions contemplated under the Investment Agreement. Accordingly, Mr. Andy Xuan Zhang abstained from voting on the Board resolutions in relation to the Investment Agreement and the transactions contemplated thereunder.

INFORMATION ABOUT THE PARTIES

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

Beijing Bitauto is a company established under the laws of the PRC and a wholly-owned subsidiary of Bitauto HK. It is principally engaged in research and development, the production of computer software, internet and e-commerce systems; computer network engineering, system integration; as well as the provision of technical training and consulting services.

Dalian Rongxin, a company established under the laws of the PRC and a wholly-owned subsidiary of Beijing Bitauto. It is a licensed financing guarantee company which is principally engaged in providing financing guarantee services.

LISTING RULES IMPLICATIONS

Dalian Rongxin is a wholly-owned subsidiary of Beijing Bitauto, which in turn is wholly-owned by Bitauto HK, a Controlling Shareholder of the Company. Both Dalian Rongxin and Beijing Bitauto are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Investment constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios calculated with reference to the Investment under the Investment Agreement are more than 0.1% but less than 5%, the Investment is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notwithstanding that the Investment is exempt from the requirement to appoint an independent financial adviser under Chapter 14A of the Listing Rules, the Company has engaged an independent financial adviser to advise the Board in respect of the Investment. It is the opinion of the independent financial adviser that, though the Investment is not in the ordinary and usual course of business of the Group the terms of the Investment are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Beijing Bitauto”	Beijing Bitauto Internet Information Company Limited* (北京易車互聯信息技術有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Bitauto HK
“Bitauto HK”	Bitauto Hong Kong Limited (易車香港有限公司), a company incorporated under the laws of Hong Kong on April 27, 2010, a wholly-owned subsidiary of Bitauto and one of our Controlling Shareholders
“Bitauto”	Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands and currently listed on the New York Stock Exchange (NYSE: BITA), and one of our Controlling Shareholders
“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	Yixin Group Limited 易鑫集團有限公司, 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)
“Completion Date”	the date on which the Investor first pays the Consideration (whether in full or by instalments)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the amount payable by the Investor for the Investment pursuant to the Investment Agreement
“Consolidated Affiliated Entity”	the entity the Company controls through a series of contractual arrangements, namely Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公 司), a company established under the laws of the PRC on January 9, 2015
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Bitauto and Bitauto HK, and each of them shall be referred to as a controlling Shareholder

“Dalian Rongxin”	Dalian Rongxin Financing Guarantees Company Ltd.* (大連融鑫融資擔保有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Beijing Bitauto
“Directors”	the directors of the Company
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the proposed investment in the amount of RMB475,000,000 into Dalian Rongxin by the Investor pursuant to the Investment Agreement
“Investment Agreement”	an investment agreement dated August 2, 2019 entered into among Xince Investment, Beijing Bitauto and Dalian Rongxin in relation to the Investment in Dalian Rongxin
“Investor”	Xince Investment or its designated entity which is intended to be a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Payment Notice”	the notice for the payment of the Consideration to be issued by Dalian Rongxin to the Investor
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under 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

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

Hong Kong, August 2, 2019

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

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

Non-executive Directors Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai,
Mr. Chenkai Ling and Mr. Huan Zhou

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

* *for identification purposes only*