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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 FINANCE LEASE AGREEMENTS WITH FAW LEASING

On September 16, 2019, Shanghai Yixin as the Lessee, an indirect wholly-owned subsidiary of the Company, and FAW Leasing as the Lessor, entered into the September Finance Lease Agreement pursuant to which the Lessee agreed to sell certain Leased Assets to the Lessor in two tranches at a total consideration of RMB140,000,000 and the Lessor agreed to lease back such Leased Assets to the Lessee during the applicable lease periods. Upon expiry of the applicable lease periods and subject to full payment of all the rents and other payables by the Lessee under the September Finance Lease Agreement, the Lessor shall transfer the ownership of the relevant Leased Assets back to the Lessee at a nominal consideration of RMB1 for each tranche of the Leased Assets.

During the 12-month period preceding the date of the September Finance Lease Agreement, the Lessee and the Lessor entered into the August Finance Lease Agreement. The August Finance Lease Agreement and the September Finance Lease Agreement have therefore been aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios is more than 5% but less than 25%, the transactions contemplated under the August Finance Lease Agreement and the September Finance Lease Agreement (in aggregate) constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On September 16, 2019, Shanghai Yixin as the Lessee, an indirect wholly-owned subsidiary of the Company, and FAW Leasing as the Lessor, entered into the September Finance Lease Agreement pursuant to which the Lessee agreed to sell certain Leased Assets to the Lessor in two tranches at a total consideration of RMB140,000,000 and the Lessor agreed to lease back such Leased Assets to the Lessee during the applicable lease periods. Upon expiry of the applicable lease periods and subject to full payment of all the rents and other payables by the Lessee under the September Finance Lease Agreement, the Lessor shall transfer the ownership of the relevant Leased Assets back to the Lessee at a nominal consideration of RMB1 for each tranche of the Leased Assets.

THE SEPTEMBER FINANCE LEASE AGREEMENT

Date

September 16, 2019

Parties

- (1) Shanghai Yixin, being the Lessee
- (2) FAW Leasing, being the Lessor

Sale of Leased Assets to the Lessor

Pursuant to the September Finance Lease Agreement, the Lessee agreed to sell and the Lessor agreed to purchase certain Leased Assets originally owned by the Lessee in two tranches at a total consideration of RMB140,000,000, which was determined after arm's length negotiation between the parties and with reference to the present value of the Leased Assets as at the last date of determining the composition of the Leased Assets.

The total consideration shall be paid by the Lessor to the Lessee in two tranches on September 16, 2019:

Tranche 1 Assets: RMB122,000,000 with a lease period of 20 months; and

Tranche 2 Assets: RMB18,000,000 with a lease period of 34 months.

On the date of payment of the consideration by the Lessor to the Lessee, the title of the relevant Leased Assets shall be transferred from the Lessee to the Lessor.

Leaseback of the Leased Assets to the Lessee

Pursuant to the September Finance Lease Agreement, the Leased Assets shall be leased back to the Lessee during the relevant lease periods for the Tranche 1 Assets and the Tranche 2 Assets respectively, at the total rent of approximately RMB150,618,000, which comprises of (i) the total amount of the lease principal of RMB140,000,000; and (ii) the total lease interest of approximately RMB10,618,000 at a monthly interest rate of 6.50% which is determined with reference to the automobiles leasing market conditions in the PRC. The rent shall be paid monthly in arrears by the Lessee to the Lessor during the relevant lease periods (i.e. 20 instalments for the Tranche 1 Assets and 34 instalments for the Tranche 2 Assets).

Lease Period(s)

The lease period in connection with the Tranche 1 Assets shall be for a period of 20 months and the Tranche 2 Assets shall be for a period of 34 months, both starting from September 16, 2019.

Leased Assets

The Leased Assets comprise automobiles of the Lessee. The Leased Assets did not generate revenue and net profits for the Group for the years ended 31 December 2017 and 2018. The net asset value of the Leased Assets as at the last date of determining the composition of the Leased Assets was approximately RMB143,881,000.

Ownership of the Leased Assets during and after the lease period(s)

During the applicable lease periods, the ownership of the relevant Leased Assets shall vest in the Lessor and the Lessee will be entitled to use the relevant Leased Assets.

Upon expiry of the applicable lease periods and subject to full payment of all the rents and other payables by the Lessee under the September Finance Lease Agreement, the Lessor shall transfer the ownership of the relevant Leased Assets back to the Lessee at a nominal consideration of RMB1 for each tranche of the Leased Assets.

Security Deposit

In order to protect the rights of the Lessor under the September Finance Lease Agreement, the Lessee shall pay to the Lessor a security deposit in the total sum of RMB2,800,000. The security deposit may be used to offset the rents and other payables (if any) of the Lessee under the September Finance Lease Agreement. After fulfilment of all obligations on the part of the Lessee under the September Finance Lease Agreement, the Lessor shall refund the remaining security deposit to the Lessee without interest.

Effective Date of the Agreement

The September Finance Lease Agreement shall be effective from September 16, 2019 the date on which the Lessor shall make the payment of the total consideration to the Lessee.

Pledge of Receivables

On September 16, 2019, the Lessor and the Lessee entered into the September Receivables Pledge Agreement, pursuant to which the Lessee agreed to pledge its receivables under certain finance lease agreements it had entered into with its customers in favour of the Lessor, so as to guarantee the payment of debts under the September Finance Lease Agreement (including but not limited to any overdue rent, outstanding principal, overdue interests, liquidated damages, nominal price, compensation, fees incurred in connection with any enforcement actions of creditors' rights and any other fees payable).

THE AUGUST FINANCE LEASE AGREEMENT

On August 19, 2019, the Lessee entered into the August Finance Lease Agreement with the Lessor. The table below sets out the key commercial arrangements under the August Finance Lease Agreement, including (for each tranche of the Leased Assets) (i) the date of payment of the consideration by the Lessor; (ii) the consideration, which is the same amount as the lease principal; (iii) the approximate lease interest, monthly interest rate and approximate total rent at which the Leased Assets were leased back to the Lessee; (iv) the security deposits; (v) the approximate net asset value of the Leased Assets; and (vi) the lease period.

Tranche of Leased Assets	Date of payment of consideration by the Lessor	Consideration/ lease principal (RMB'000)	Approximate lease interest and monthly interest rate (RMB'000)	Approximate total rent (RMB'000)	Security deposits (RMB'000)	Approximate net asset value of the Leased Assets (RMB'000)	Lease period (commencing on the date of payment of consideration by the Lessor)
Tranche A	August 21, 2019	213,810	14,892 at 6.50%	228,702	4,276	214,385	20 months
Tranche B	August 21, 2019	106,190	12,509 at 6.50%	118,699	2,124	111,788	34 months

Save for the key commercial arrangements set out above, all material terms of the August Finance Lease Agreement and the transactions contemplated thereunder are substantially the same as those under the September Finance Lease Agreement.

The total consideration under the August Finance Lease Agreement was determined after arm's length negotiation between the parties with reference to the present value of the relevant Leased Assets as at the last date of determining the composition of those Leased Assets. The relevant Leased Assets did not generate revenue and net profits for the Group for the years ended December 31, 2017 and 2018.

The Lessor and Lessee also entered into the August Receivables Pledge Agreement of a similar nature and on similar terms to the September Receivables Pledge Agreement, pursuant to which the Lessee agreed to pledge its receivables under certain finance lease agreements it had entered into with its customers in favour of the Lessor so as to guarantee its payment of debts under the August

Finance Lease Agreement (including but not limited to any overdue rent, outstanding principal, overdue interests, liquidated damages, nominal price, compensation, fees incurred in connection with any enforcement actions of creditors' rights and any other fees payable).

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

By entering into the September Finance Lease Agreement and the August 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 September Finance Lease Agreement and the August Finance Lease Agreement and the transactions contemplated thereunder are 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.

Shanghai Yixin is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Shanghai Yixin is principally engaged in financing lease and operation of leasing business in the PRC.

FAW Leasing is a company incorporated in the PRC with limited liability and is principally engaged in automobile related financing lease business. 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, FAW Leasing and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

During the 12-month period preceding the date of the September Finance Lease Agreement, the Lessee and the Lessor entered into the August Finance Lease Agreement. The August Finance Lease Agreement and the September Finance Lease Agreement have therefore been aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios is more than 5% but less than 25%, the transactions contemplated under the August Finance Lease Agreement and the September Finance Lease Agreement (in aggregate) constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“August Finance Lease Agreement”	the finance lease agreement dated August 19, 2019 entered into between the Lessor and the Lessee
“August Receivables Pledge Agreement”	the agreement for the pledge of receivables dated August 19, 2019 entered into between the Lessor, as the pledgee, and the Lessee, as the pledger
“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 by the Listing Rules
“Consolidated Affiliated Entity”	the entity the Company controls through a series of contractual arrangements, namely Beijing Yixin Information Technology Co., Ltd.*(北京易鑫信息科技有限公司), a company established under the laws of the PRC on January 9, 2015
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leased Assets”	automobiles of the Lessee
“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 “FAW Leasing”	FAW Leasing Co., Ltd.* (一汽租賃有限公司), 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

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“September Finance Lease Agreement”	the finance lease agreement dated September 16, 2019 entered into between the Lessor and the Lessee
“September Receivables Pledge Agreement”	the agreement for the pledge of receivables dated September 16, 2019 entered into between the Lessor, as the pledgee, and the Lessee, as the pledger
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Tranche 1 Assets”	certain Leased Assets transferred to the Lessor from the Lessee at the consideration of RMB122,000,000 and leased back to the Lessee for a lease period of 20 months under the September Finance Lease Agreement
“Tranche 2 Assets”	certain Leased Assets transferred to the Lessor from the Lessee at the consideration of RMB18,000,000 and leased back to the Lessee for a lease period of 34 months under the September Finance Lease Agreement
“Tranche A Assets”	certain Leased Assets transferred to the Lessor from the Lessee at the consideration of RMB213,810,000 and leased back to the Lessee for a lease period of 20 months under the August Finance Lease Agreement
“Tranche B Assets”	certain Leased Assets transferred to the Lessor from the Lessee at the consideration of RMB106,190,000 and leased back to the Lessee for a lease period of 34 months under the August Finance Lease Agreement
“%”	per cent

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

Hong Kong, September 16, 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*