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**YIXIN GROUP LIMITED**

**易鑫集团有限公司**

*(Incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as “Yixin Automotive Technology Group Limited”)*

**(Stock Code: 2858)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO SUBSEQUENT FACTORING AGREEMENTS WITH VOLKSWAGEN FINANCIAL LEASING**

Reference is made to the Previous Announcement in relation to the Previously Disclosed Factoring Agreements with Volkswagen Financial Leasing.

As disclosed in the Previous Announcement, the Group (through Shanghai Yixin or Tianjin Hengtong, as the case may be) and Volkswagen Financial Leasing entered into the Previously Disclosed Factoring Agreements pursuant to which Volkswagen Financial Leasing agreed to provide the Group with non-revolving factoring facilities, in return for the transfer of certain accounts receivables of the Group to Volkswagen Financial Leasing and the factoring interest payable by the Group.

In addition, on April 14, 2022, Tianjin Hengtong (an indirectly wholly-owned subsidiary of the Company) and Volkswagen Financial Leasing entered into the April Factoring Agreement, pursuant to which Volkswagen Financial Leasing agreed to provide Tianjin Hengtong with a non-revolving factoring facility in the principal amount of RMB186,661,357.28 for a term described below, in return for the transfer of certain accounts receivables of Tianjin Hengtong to Volkswagen Financial Leasing and the factoring interest payable by Tianjin Hengtong.

On May 23, 2022, Tianjin Hengtong and Volkswagen Financial Leasing entered into the May Factoring Agreement, pursuant to which Volkswagen Financial Leasing agreed to provide Tianjin Hengtong with a non-revolving factoring facility in the principal amount of RMB58,046,784.49 for a term described below, in return for the transfer of certain accounts receivables of Tianjin Hengtong to Volkswagen Financial Leasing and the factoring interest payable by Tianjin Hengtong.

As none of the applicable percentage ratios in respect of each of the April Factoring Agreement and the May Factoring Agreement (on a standalone basis) exceeded 5%, the entering into of the April Factoring Agreement and the May Factoring Agreement (on a standalone basis) did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

On an aggregated basis, the applicable percentage ratios in respect of the Factoring Agreements, comprising the April Factoring Agreement and the May Factoring Agreement, exceeded 5%, but are less than 25%. Accordingly, the entering into of the Factoring Agreements (on an aggregated basis) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the Volkswagen Financial Leasing Factoring Agreements, comprising the Previously Disclosed Factoring Agreements and the Factoring Agreements, were entered into with Volkswagen Financial Leasing within a 12-month period prior to and inclusive of the date of the May Factoring Agreement, the Volkswagen Financial Leasing Factoring Agreements shall be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the transactions contemplated under the Volkswagen Financial Leasing Factoring Agreements (in aggregate) are more than 5% but less than 25%, the transactions contemplated under the Volkswagen Financial Leasing Factoring Agreements (in aggregate) constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements only but exempt from the requirement of the Shareholders' approval under Chapter 14 of the Listing Rules.

Reference is made to the Previous Announcement in relation to the Previously Disclosed Factoring Agreements with Volkswagen Financial Leasing. Unless otherwise defined, all capitalised terms used herein shall have the same meanings as defined in the Previous Announcement.

## **INTRODUCTION**

As disclosed in the Previous Announcement, the Group (through Shanghai Yixin or Tianjin Hengtong, as the case may be) and Volkswagen Financial Leasing entered into the Previously Disclosed Factoring Agreements pursuant to which Volkswagen Financial Leasing agreed to provide the Group with non-revolving factoring facilities, in return for the transfer of certain accounts receivables of the Group to Volkswagen Financial Leasing and the factoring interest payable by the Group.

For the details about the Previously Disclosed Factoring Agreements, please refer to the Previous Announcement.

## FACTORING AGREEMENTS

The principal terms of the Factoring Agreements are substantially the same (except as disclosed below) and are set out below:

- Date:** April Factoring Agreement – April 14, 2022  
May Factoring Agreement – May 23, 2022
- Parties:** (1) Tianjin Hengtong Jiahe Financing Lease Co., Ltd\* (天津恒通嘉合融資租賃有限公司), as transferor; and  
(2) Volkswagen Financial Leasing (Tianjin) Company Limited\* (德國大眾汽車融資租賃(天津)有限公司), as transferee and factor.
- Type of facility:** Non-revolving
- Principal amount:** April Factoring Agreement – RMB186,661,357.28  
May Factoring Agreement – RMB58,046,784.49
- Term:** 12 months
- Payment of principal amount:** Volkswagen Financial Leasing shall transfer the principal amount in one lump sum to the bank account designated by Tianjin Hengtong following the receiving of the materials mentioned below and/or satisfaction of the conditions summarized below:
- (a) breakdown of the transfer of accounts receivables;
  - (b) the Underlying Contract, the corresponding motor vehicle registration certificate and third party assessment report of the related automobile; and
  - (c) other supporting documents requested by Volkswagen Financial Leasing in relation to the payment of the principal amount.
- Each accounts receivable under the Factoring Agreements shall meet the following conditions at the same time:
- (a) legal, valid, no defect, pledge or transfer and no setting of any priority or third party rights and interests, and there is no situation where legal coercive measures may be taken;
  - (b) the Underlying Contracts are legal and valid, and Tianjin Hengtong has already performed the automobile finance lease services (corresponding to the accounts receivable) in accordance with the Underlying Contracts;
  - (c) as of the date of transfer, the time limit for Tianjin Hengtong to exercise its creditor's right on such accounts receivables has not expired;

- (d) Tianjin Hengtong has the right to transfer part or all of its accounts receivable to Volkswagen Financial Leasing according to the provisions of the respective Factoring Agreements, and the necessary third party consents for such transfer have already been obtained in accordance with the laws and regulations, Tianjin Hengtong's articles of association or valid agreements and other documents signed by Tianjin Hengtong; and
- (e) other conditions reasonably requested by Volkswagen Financial Leasing.

**Repayment:** Tianjin Hengtong shall repay Volkswagen Financial Leasing a total of RMB194,848,538.89 and RMB60,592,783.15 in 12 monthly instalments according to the schedule in appendix III to the April Factoring Agreement and the May Factoring Agreement, respectively.

**Total Interest:** April Factoring Agreement – RMB8,187,181.61

May Factoring Agreement – RMB2,545,998.66

**Relevant Accounts Receivables:** The relevant accounts receivables were transferred from Tianjin Hengtong to Volkswagen Financial Leasing when the principal amount is transferred from Volkswagen Financial Leasing to the designated bank account of Tianjin Hengtong.

With regard to part or all of the accounts receivables transferred from Tianjin Hengtong to Volkswagen Financial Leasing, Volkswagen Financial Leasing authorized Tianjin Hengtong to collect the accounts receivables from the tenants of the Underlying Contracts on its behalf. Tianjin Hengtong agreed and guaranteed that the tenant of the Underlying Contracts will pay the accounts receivables to the designated account of Tianjin Hengtong in full and in time, and Tianjin Hengtong would transfer the money received to the designated account of Volkswagen Financial Leasing.

As at the date of this announcement, the relevant accounts receivables amounted to RMB219,601,596.80 and RMB68,290,334.69 under the April Factoring Agreement and the May Factoring Agreement, respectively.

**Repurchase:** When one of the following circumstances occurs, Tianjin Hengtong shall repurchase the creditor's rights involved, and all the rights related thereto will be transferred back to Tianjin Hengtong:

- (a) Tianjin Hengtong fails to collect the accounts receivable on behalf of Volkswagen Financial Leasing as agreed, or Tianjin Hengtong informed Volkswagen Financial Leasing that it intends to terminate or change the Underlying Contracts but fails to replace the accounts receivables as agreed in the Factoring Agreements;

- (b) a third party other than the tenant of the Underlying Contracts raises a claim against Tianjin Hengtong for the settlement of the transaction creditor's rights;
- (c) when the regulatory or relevant government departments determine Tianjin Hengtong or Volkswagen Financial Leasing violated the relevant polices regarding the creditor's rights of the transactions involved in the Factoring Agreements and requested for write-off of the transaction; or the transfer of creditor's rights led to questioning, inquiries or compliance investigation by the national regulatory authorities; and
- (d) Volkswagen Financial Leasing finds that the accounts receivable did not meet the aforementioned conditions.

The factoring interest under each of the Factoring Agreements were determined after arm's length negotiation between the parties with reference to the outstanding amount (i.e. the book value) of the relevant accounts receivables as at the last date of determining the composition of those relevant accounts receivables and the prevalent market interest for similar factoring transactions.

## **REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

By entering into the Factoring Agreements, the Group can diversify its financing channels, replenish capital required for its operations and optimize its liability structure.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of each of the Factoring Agreements, and the transactions contemplated thereunder were arrived at after arm's length negotiations between the parties thereto, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

The Group is principally engaged in the operation of an online automobile retail transaction platform in China. The Group operates its business in two segments (i) transaction platform business, and (ii) self-operated financing business.

Shanghai Yixin and Tianjin Hengtong are companies incorporated in the PRC with limited liability and are indirectly wholly-owned subsidiaries of the Company. Shanghai Yixin and Tianjin Hengtong are principally engaged in financing lease and operation of leases business in the PRC.

Volkswagen Financial Leasing is a company established under the laws of the PRC and is principally engaged in financial leasing business. As at the date of this announcement, Volkswagen Financial Leasing is ultimately controlled by Porsche Automobil Holding SE, being the single largest shareholder holding 31.38% equity interest in Volkswagen Financial Leasing through intermediaries.

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, Volkswagen Financial Leasing and its ultimate beneficial owners are Independent Third Parties of and not connected with the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratios in respect of each of the April Factoring Agreement and the May Factoring Agreement (on a standalone basis) exceeded 5%, the entering into of the April Factoring Agreement and the May Factoring Agreement (on a standalone basis) did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

On an aggregated basis, the applicable percentage ratios in respect of the Factoring Agreements exceeded 5%, but are less than 25%. Accordingly, the entering into of the Factoring Agreements (on an aggregated basis) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the Volkswagen Financial Leasing Factoring Agreements were entered into with Volkswagen Financial Leasing within a 12-month period prior to and inclusive of the date of the May Factoring Agreement, the Volkswagen Financial Leasing Factoring Agreements shall be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the transactions contemplated under the Volkswagen Financial Leasing Factoring Agreements (in aggregate) are more than 5% but less than 25%, the transactions contemplated under the Volkswagen Financial Leasing Factoring Agreements (in aggregate) constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements only but exempt from the requirement of the Shareholders' approval under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“April Factoring Agreement”	the factoring agreement dated April 14, 2022 entered into between Tianjin Hengtong and Volkswagen Financial Leasing with a term of 12 months
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement to the PRC or China excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Yixin Group Limited 易鑫集团有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2858)
“connected person(s)”	has the meaning ascribed to it by the Listing Rules

“Consolidated Affiliated Entity”	the entity the Company controls through a series of contractual arrangements, namely Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC on January 9, 2015
“Director(s)”	the director(s) of the Company
“Factoring Agreements”	the April Factoring Agreement and the May Factoring Agreement
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company or an associate of such person within the meaning ascribed to it by the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“May Factoring Agreement”	the factoring agreement dated May 23, 2022 entered into between Tianjin Hengtong and Volkswagen Financial Leasing with a term of 12 months
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Previous Announcement”	the announcement of the Company dated January 5, 2022
“Previously Disclosed Factoring Agreements”	collectively, the September Factoring Agreements, the October Factoring Agreements, the November Factoring Agreements and the January Factoring Agreement
“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 incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of Shares from time to time
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Tianjin Hengtong”	Tianjin Hengtong Jiahe Financing Lease Co., Ltd* (天津恒通嘉合融資租賃有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Underlying Contract”	electronic scanned copies of the finance lease agreement entered into between the transferor and tenant of the automobile
“Volkswagen Financial Leasing”	Volkswagen Financial Leasing (Tianjin) Company Limited* (德國大眾汽車融資租賃(天津)有限公司), a company established under the laws of the PRC
“Volkswagen Financial Leasing Factoring Agreements”	the Previously Disclosed Factoring Agreements and the Factoring Agreements
“%”	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, May 23, 2022

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

<b>Executive Directors</b>	Mr. Andy Xuan Zhang and Mr. Dong Jiang
<b>Non-executive Directors</b>	Mr. Qing Hua Xie, Mr. Jun Yang, Mr. Qin Miao and Ms. Amanda Chi Yan Chau
<b>Independent non-executive Directors</b>	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong