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易鑫集团

YIXIN GROUP

YIXIN GROUP LIMITED

易鑫集团有限公司

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

(Stock Code: 2858)

CONTINUING CONNECTED TRANSACTIONS PRC TENCENT CLOUD SERVICES AGREEMENT

On December 21, 2023, Shanghai Yixin (an indirect wholly-owned subsidiary of the Company) and Beijing Tencent Cloud entered into the PRC Tencent Cloud Services Agreement in relation to the provision of certain Tencent cloud services by Beijing Tencent Cloud to the Group for a term of three years commencing from January 1, 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Tencent Cloud is an associate of Tencent, a Controlling Shareholder, and therefore a connected person of the Company. As a result, the transactions contemplated under the PRC Tencent Cloud Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios calculated with reference to the Annual Caps for the transactions under the PRC Tencent Cloud Services Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Details of the PRC Tencent Cloud Services Agreement are set out below:

Date: December 21, 2023

Term: From January 1, 2024 to December 31, 2026

Services Provided: Beijing Tencent Cloud agreed to provide the Group with certain Tencent cloud services, such as Internet resources ancillary services, which include but are not limited to computing and storage services and database services. The Group shall in return pay service fees to Beijing Tencent Cloud.

Separate underlying agreements will be entered into between the relevant parties which will set out the specific scope of service, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the PRC Tencent Cloud Services Agreement.

Pricing policies

The service fee shall be determined based on (i) a predetermined pricing mechanism set by Beijing Tencent Cloud, which is published on Beijing Tencent Cloud's official website and similar to fee rates offered to other third parties, (ii) the exact type of services involved, the scope of the services to be provided and the terms and conditions of such services, (iii) the specific duration or frequency of each services to be provided, and (iv) the specific terms and conditions of each services to be provided.

The Group will from time to time review the service fees by comparing them against market prices chargeable by independent third party service providers for services of similar nature and scale, and ensure that the terms the Group obtained from Beijing Tencent Cloud shall be on normal commercial terms or better as compared to those provided by independent third party service providers.

Further, the Group will only enter into a subsequent agreement with Beijing Tencent Cloud if (i) the terms and conditions are fair and reasonable, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

Historical transaction amounts

The total historical transaction amounts for the Tencent cloud services for the nine months ended September 30, 2023 were approximately RMB3.87 million.

The Annual Caps

The Annual Caps for the transaction amounts under the PRC Tencent Cloud Services Agreement for each of the three years ending December 31, 2026 are set out below:

	Year ending December 31,		
	2024	2025	2026
PRC Tencent Cloud Services Agreement	<u>RMB8,000,000</u>	<u>RMB9,600,000</u>	<u>RMB11,600,000</u>

Basis of the Annual Caps

The Annual Caps have been determined principally with reference to:

- (i) the historical transaction amounts for the Tencent cloud services;
- (ii) the expected increase in the demand for the Tencent cloud services in light of the anticipated business development of the Group taking into account a reasonable buffer, and in accordance with the Group's business strategy that, if the terms and conditions offered by Beijing Tencent Cloud are more favorable to the Group as compared to other independent third party service providers, the Group will engage Beijing Tencent Cloud for the provision of such services more frequently and instead of using other independent third party service providers for the provision of such services; and
- (iii) the Group's expected new demand for the Tencent cloud services which may arise in the next three years in association with the Group's efforts to develop a more secure, accurate, and efficient digital and intelligent internal system and operating system.

Reasons for and benefits of entering into the PRC Tencent Cloud Services Agreement

Beijing Tencent Cloud is a leading provider of integrated Internet value added services, and offers a wide range of high-quality technical support and related services. It is able to provide reliable and cost-efficient services in the PRC. The Group collaborates with Beijing Tencent Cloud and leverages its cloud computing infrastructure to enhance the Group's cloud-based applications and technology capabilities. The Company believes that the procurement of high-quality technological products and services from the Tencent Group, especially cloud services provided by Beijing Tencent Cloud, will provide the Group with the necessary technologies to further develop its business, and obtaining such outsourced services from an integrated service provider is a cost-effective alternative to building all of the supporting technology infrastructure internally. Through the PRC Tencent Cloud Services Agreement, the Group will be able to reduce unnecessary management resources and costs incurred from reconciling and integrating its various operating systems, purchasing additional technology hardware and tools, as well as recruiting additional full-time information technology and maintenance staff.

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

Mr. Qing Hua Xie holds senior management positions in Tencent, he has abstained from voting on the resolutions of the Board approving the PRC Tencent Cloud Services Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the PRC Tencent Cloud Services Agreement, and no other Director was required to abstain from voting on the Board resolutions in relation to such agreement and the transactions contemplated thereunder.

INTERNAL CONTROL

Reference is made to the Prospectus in relation to the following internal control procedures adopted by the Group for the continuing connected transactions of the Company:

- (i) No member of the Group shall conduct any connected transactions, (i) which are either not on arm's length terms or (ii) which are on arm's length terms but are in excess of 5% of the Group's net assets or if aggregated with all other connected transactions in the same fiscal year will exceed 20% of annual budgeted revenue of the Group for the fiscal year, without the affirmative consent or approval by the majority of the Directors. For further details, see the section headed "HISTORY AND CORPORATE STRUCTURE – PRE-IPO INVESTMENTS" of the Prospectus.
- (ii) The Company has established internal control mechanisms to identify connected transactions. If the Group enters into connected transactions with the Controlling Shareholders or any of their associates, the Company will comply with the applicable Listing Rules. For further details, see the section headed "RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS – CORPORATE GOVERNANCE MEASURES" of the Prospectus.

The legal and compliance department and the financial management department of the Group will review the terms of the PRC Tencent Cloud Services Agreement and the subsequent agreements to be entered into for ensuring compliance with the Listing Rules, and none of such agreements will be entered into unless with prior approval of the legal and compliance department, the financial management department and senior management of the Group.

The legal and compliance department and financial management department of the Group will summarize the transaction amounts incurred under the PRC Tencent Cloud Services Agreement regularly on a monthly basis and report to the senior management of the Group. The senior management and the relevant departments of the Group will be informed of the status of such transactions in a timely manner such that the transaction amounts can be conducted within the Annual Caps. In addition, the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions. The Company will also engage its external auditors to conduct annual review of the continuing connected transactions in accordance with the requirements under the Listing Rules.

The Group will regularly examine the pricing of the PRC Tencent Cloud Services Agreement and the subsequent agreements to ensure that such transactions are conducted in accordance with the pricing terms thereof, including reviewing the historical transaction records of the Group for similar services and arrangements with other independent third party for similar services.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in (i) the provision of loan facilitation services, guarantee services, after-market services and other services; and (ii) the provision of financing lease services and other self-operated services in the PRC.

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

INFORMATION ABOUT TENCENT GROUP

Tencent is a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700) and a Controlling Shareholder. It is a provider of Internet value-added services in China, including communications and social, digital content, advertising, fintech and cloud services.

Beijing Tencent Cloud is a company established under the laws of the PRC, and a PRC operating entity of Tencent, the financial results of which have been consolidated and accounted for by Tencent as a controlled structured entity of Tencent by virtue of a series of contractual arrangements. It is principally engaged in the provision of information system integration services in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Tencent Cloud is an associate of Tencent, a Controlling Shareholder, and therefore a connected person of the Company. As a result, the transactions contemplated under the PRC Tencent Cloud Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios calculated with reference to the Annual Caps for the transactions under the PRC Tencent Cloud Services Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate fees payable by the Group to Beijing Tencent Cloud in connection with the PRC Tencent Cloud Services Agreement for the years ending December 31, 2024, 2025 or 2026, as the case may be
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Tencent Cloud”	Tencent Cloud Computing (Beijing) Co., Ltd.* (騰訊雲計算(北京)有限責任公司), a limited liability company established in the PRC and a PRC operating entity of Tencent, the financial results of which have been consolidated and accounted for by Tencent as a controlled structured entity of Tencent by virtue of a series of contractual arrangements
“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)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consolidated Affiliated Entity”	the entity the Company controls through a series of contractual arrangements
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Tencent
“Directors”	the directors of the Company
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entity

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“PRC Tencent Cloud Services Agreement”	the framework agreement dated December 21, 2023 entered into between Shanghai Yixin and Beijing Tencent Cloud, details of which are set out in this announcement
“Prospectus”	the prospectus of the Company dated November 6, 2017
“RMB”	Renminbi, the lawful currency of China
“Shanghai Yixin”	Shanghai Yixin Financing Lease Co., Ltd* (上海易鑫融資租賃有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700) and a Controlling Shareholder of the Company, the ultimate beneficial owner of Beijing Tencent Cloud

“Tencent Group” Tencent, its subsidiaries and controlled entities

“%” per cent

* *For identification purposes only.*

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

Hong Kong, December 21, 2023

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

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

Non-executive Directors Mr. Qing Hua Xie, Mr. Qin Miao, and
Ms. Amanda Chi Yan Chau

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