

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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  
PROMOTIONAL SERVICES FRAMEWORK AGREEMENT WITH  
TENCENT COMPUTER**

On August 22, 2022, Tianjin Hengtong (an indirect wholly-owned subsidiary of the Company) entered into the Supplemental Agreement with Tencent Computer (a subsidiary of Tencent, which is a Controlling Shareholder of the Company), which is a supplemental agreement to the Previous Cooperation Agreement previously entered into by the same parties. Pursuant to the Previous Cooperation Agreement, Tencent Computer shall provide the Promotional Services to the Group in return for a service fee and the term of which shall expire on December 31, 2022 (subject to renewal). As there is a strong business need to establish a long term business relationship with Tencent, the parties now entered into the Supplemental Agreement which provides a framework for the continued provision of the Promotional Services, sets the Annual Caps, and extends the original term under the Previous Cooperation Agreement to December 31, 2024.

As at the date of this announcement, Tencent is a Controlling Shareholder of the Company and Tencent Computer is a subsidiary and an associate of Tencent. Therefore, Tencent Computer is a connected person of the Company, the transactions contemplated under the Promotional Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As none of the applicable percentage ratios in respect of the Previous Cooperation Agreement (calculated with reference to the highest annual cap under the agreement) exceeded 0.1%, the transactions contemplated under the Previous Cooperation Agreement constituted de minimis transactions and were fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Given that one or more of the applicable percentage ratios calculated with reference to the Annual Caps under the Promotional Services Framework Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Promotional Services Framework Agreement 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.

## **Introduction**

On May 11, 2022, Tianjin Hengtong (an indirect wholly-owned subsidiary of the Company) entered into a promotional services cooperation agreement and a supplemental agreement to the said agreement with Tencent Computer (a subsidiary of Tencent which is a Controlling Shareholder of the Company), pursuant to which Tencent Computer shall provide the Promotional Services to the Group and the Group shall in return pay Tencent Computer service fees on a monthly basis. The original term of the said agreement (as amended by the said supplemental agreement) shall expire on December 31, 2022 (subject to renewal) and the annual cap for the period from May 11, 2022 to December 31, 2022 was RMB2.5 million. On July 26, 2022, Tianjin Hengtong entered into a second supplemental agreement with Tencent Computer, pursuant to which the annual cap for the period from May 11, 2022 to December 31, 2022 was revised to RMB3.2 million. Pursuant to Rule 14A.76(1) of the Listing Rules, the transactions contemplated under the Previous Cooperation Agreement constituted de minimis transaction and as such, were then fully exempt under Chapter 14A of the Listing Rules.

In view of the positive results of the Promotional Services which was reflected by the significant number of customer applications for the financial products of the Group through the Tencent Platforms, it is expected that the transaction amount under the Previous Cooperation Agreement for the period ending December 31, 2022 will be higher than the existing annual cap of RMB3.2 million.

On August 22, 2022, Tianjin Hengtong entered into the Supplemental Agreement with Tencent Computer to provide a framework for the continued provision of the Promotional Services, to set the Annual Caps and to extend the original term under the Previous Cooperation Agreement to December 31, 2024. Pursuant to the Promotional Services Framework Agreement, the parties (or through their respective associates) may enter into Subsequent Agreements to further specify the rights and obligations of the parties for the transactions contemplated under the Promotional Services Framework Agreement.

Details of the Supplemental Agreement are set out below:

### **Supplemental Agreement**

**Date:** August 22, 2022

**Parties:** (1) Tianjin Hengtong

(2) Tencent Computer

**Term:** For the period from August 22, 2022 to December 31, 2024

**Services provided:** Tencent Computer shall provide advertising and marketing promotion services to the Group to promote the financial products of the Group or its associates through the Tencent Platforms.

**Service fees:** The Group shall pay service fees to Tencent Computer. The service fees shall be calculated as a percentage of the financing amount of the financial products successfully applied for by customers through the Tencent Platforms. The aforementioned percentage shall be determined based on the official price lists or business policies issued by Tencent Computer from time to time that are applicable to all of its other independent third party customers.

The specific cooperation arrangement between the parties as set out in the Previous Cooperation Agreement are as follows:

- (1) the Promotional Services provided by Tencent Computer shall include but not limited to providing webpage display for the financial services offered by the Group, brand marketing services and customer screening services. Depending on the business development, the parties may adopt different programs for system docking (系統對接), Tianjin Hengtong shall provide the said programs and Tencent Computer shall complete the online assess and optimization and modification of such programs on the Tencent Platforms; and
- (2) Tianjin Hengtong shall provide financial services for customers who applied for financial services through the Tencent Platforms in accordance with the procedures as set out in the agreement, including but not limited to (i) Tianjin Hengtong shall identify risks and independently examine and approve applications from customers through the Tencent Platforms; and (ii) Tianjin Hengtong shall provide financing and handle repayment directly with customers. If the customers failed to repay the outstanding financing funds, Tianjin Hengtong may initiate collection from customers and Tencent Computer shall assist in handling disputes.

### ***The Annual Caps***

The annual cap under the Previous Cooperation Agreement for the period from May 11, 2022 to December 31, 2022 was RMB3.2 million and is now further revised to RMB20 million. The Annual Caps for the transaction amounts under the Promotional Services Framework Agreement are set out below:

<b>Period from May 11, 2022 to December 31, 2022</b>	<b>Year ending December 31, 2023</b>	<b>Year ending December 31, 2024</b>
RMB20 million	RMB30 million	RMB40 million

### ***Basis of the Annual Caps***

The Annual Caps have been determined principally with reference to:

- (i) the historical transaction amounts for the Promotional Services for the period from May 11, 2022 to July 31, 2022 under the Previous Cooperation Agreement and the anticipated demand for similar services in the period ending December 31, 2024;
- (ii) the anticipated growth in the Group's customer base, who will apply for the financial product of the Group through the Tencent Platforms, as the Group expects the continuous provision of the Promotional Services will bring more potential customers to the Group;
- (iii) the anticipated business needs of the Group for the next three financial years; and
- (iv) the anticipated increasing penetration of the Tencent Platforms among Chinese internet users.

### ***Historical transaction amounts***

The historical transaction amount for the Promotional Services under the Previous Cooperation Agreement in respect of the period from May 11, 2022 to July 31, 2022 was approximately RMB2.51 million.

### ***Pricing policy***

The service fees payable by the Group under each Subsequent Agreement to be entered into under the Promotional Services Framework Agreement shall be determined after arm's length negotiation between the parties and with reference to, including but not limited to, (i) the market rates for promotional services of a similar nature, (ii) the number of customers who successfully applied for the financial products of the Group through the Tencent Platforms, (iii) the total financing amount of such financial products successfully applied for through the Tencent Platforms, and (iv) the scope of services and terms and conditions under each Subsequent Agreement.

Details of the Previous Cooperation Agreement are set out below:

### **Previous Cooperation Agreement**

The terms of the Previous Cooperation Agreement are materially the same as the Promotional Services Framework Agreement as set out above, other than the term of the agreement and the annual cap.

For the avoidance of doubt, all the terms in the Previous Cooperation Agreement shall continue to be effective, save for such terms as amended, supplemented and superseded by the Supplemental Agreement.

## ***Reasons for and benefits of entering into the Promotional Services Framework Agreement***

Given that Tencent is a leading provider of Internet value-added services in the PRC, the cooperation with the Tencent Group and the utilization of its promotional services would enable us to leverage Tencent's large user base and attract more consumers to the products and services of the Group in order to enlarge the customer base of the Group and enhance business growth. The Company believes that the Promotional Services provided by the Tencent Group will enable the Group to increase its customers' and potential new customers' awareness of and familiarity with the products and services the Group provides which will be crucial to the success of the business of the Group. Further, the Tencent Platforms are gaining popularity among Chinese internet users in recent years and in view of the success and positive experience in the cooperation of the Company and the Tencent Group in the past under the Previous Cooperation Agreement, the Board is of the view that there is a strong business need to enter into the Promotional Services Framework Agreement to establish a long-term cooperation relationship with Tencent. By entering into the Promotional Services Framework Agreement, the Group can benefit from the continue provision of the Promotional Services by Tencent for a longer term, set the Annual Caps which better reflect the current expectation and trend for the increased demand for such services, and for better governing of the conduct of the continuing connected transaction.

The terms of the Promotional Services Framework Agreement were agreed upon after arm's length negotiations between the relevant parties thereto 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 Promotional Services Framework Agreement and the transactions contemplated thereunder (including, each of 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 a senior management position in Tencent. As none of the Directors has a material interest in the transactions contemplated under the Promotional Services Framework Agreement, no 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 Promotional Services Framework 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 Promotional Services Framework 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 Promotional Services Framework 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 PARTIES**

Tianjin Hengtong is a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company. It is principally engaged in financing lease and operation of leasing business in the PRC.

Tencent Computer is a company established under the laws of the PRC, and a subsidiary of Tencent which is a Controlling Shareholder and hence a connected person of the Company. It is principally engaged in provision of value-added services and internet advertisement services in the PRC.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tencent is a Controlling Shareholder of the Company and Tencent Computer is a subsidiary and an associate of Tencent. Therefore, Tencent Computer is a connected person of the Company, the transactions contemplated under the Promotional Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.



As none of the applicable percentage ratios in respect of the Previous Cooperation Agreement (calculated with reference to the highest annual cap under the agreement) exceeded 0.1%, the transactions contemplated under the Previous Cooperation Agreement constituted de minimis transactions and were fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Given that one or more of the applicable percentage ratios calculated with reference to the Annual Caps under the Promotional Services Framework Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Promotional Services Framework Agreement 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 annual value projected for the period commencing from May 11, 2022 and ending on December 31, 2022, and the years ending December 31, 2023 and December 31, 2024 in respect of the transactions contemplated under the Promotional Services Framework Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	The People's Republic of China and, except where the context requires and only for the purpose of this announcement, references in this announcement to the PRC or China do not include Taiwan, Hong Kong or Macau
“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 and 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
“Previous Cooperation Agreement”	an agreement dated May 11, 2022 entered into between Tianjin Hengtong and Tencent Computer in relation to the provision of the Promotional Services and as amended and supplemented by the first supplemental agreement dated May 11, 2022 and the second supplemental agreement dated July 26, 2022
“Promotional Services”	the advertising and marketing promotion services to promote the financial products of the Group or its associates through the Tencent Platforms
“Promotional Services Framework Agreement”	the Previous Cooperation Agreement as amended and supplemented by the Supplemental Agreement
“Prospectus”	the prospectus of the Company dated November 6, 2017
“RMB”	Renminbi, the lawful currency of China
“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
“Subsequent Agreement(s)”	the subsequent cooperation agreements to be entered into between the relevant parties (or their respective associates) for the transactions contemplated under the Promotional Services Framework Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“ Supplemental Agreement”	the third supplemental agreement to the Previous Cooperation Agreement dated August 22, 2022 entered into between Tianjin Hengtong and Tencent Computer which provides a framework for the provision of the Promotional Services



“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
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Tencent, a connected person of the Company
“Tencent Group”	Tencent, its subsidiaries and controlled entities
“Tencent Platforms”	online websites and platforms of Tencent Computer (including but not limited to QQ Wallet (QQ錢包), Mobile Terminal (移動端) and Official Account (公眾號))
“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 established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“United States”	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, August 22, 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. 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