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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)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS AUTOMOBILE FINANCING COOPERATION FRAMEWORK AGREEMENT WITH WEBANK

Reference is made to the announcement (the “**Announcement**”) of the Company dated August 7, 2018 in relation to the Automobile Financing Cooperation Framework Agreement with WeBank. Unless otherwise defined, all capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company wishes to provide the following additional information in relation to the continuing connected transactions contemplated under the Automobile Financing Cooperation Framework Agreement.

Pricing Basis

The annualized rate of return WeBank requires shall be agreed and may be adjusted from time to time between the Group and WeBank taking into account factors mainly including: (a) the rates of return other financial institutions require for similar services; (b) the amount of the total funding WeBank provides; (c) the details of the services the Group provides; (d) the details of the services WeBank provides; (e) the costs of WeBank’s funding; (f) the terms of the auto loans such as the duration and principal amount; and (g) the types of automobiles being financed.

The Annualized Interest Rate for each auto loan transaction facilitated by the Group shall be set by the Group and may be adjusted from time to time taking into account factors mainly including: (a) the interest rates for similar auto financing products offered by the Group’s competitors; (b) the Group’s competitive strategy in auto loan facilitation; (c) models of automobiles and their conditions; (d) terms of the auto loans such as duration and down payment ratio; and (e) the annualized rate of return WeBank requires, which may be agreed from time to time between the parties with reference to the above mentioned factors.

The Company has previously solicited bids from independent third parties and determined that the terms and conditions offered by WeBank to be the most competitive based on the factors identified above. WeBank also offers similar services to other industry players on similar terms.

Internal Control Measures

The Group's financial institution cooperation department (the "**Financial Institution Cooperation Department**") is dedicated on a daily basis to searching, negotiating, coordinating and monitoring the rates (the "**Third Party Rates**") offered by independent financial institutions (excluding WeBank) which have cooperated or may be interested in cooperating with the Group for loan facilitation services to ensure that the annualized rate of return WeBank requires remains no less favourable than the Third Party Rates under similar conditions. Currently, the Group is cooperating with five financial institutions, including WeBank, and will cooperate with more partners for loan facilitation services for diversification.

The Financial Institution Cooperation Department will prepare reports on a monthly basis comparing Third Party Rates against the annualized rate of return WeBank requires with reference to the relevant factors discussed above and reviewing the status of compliance with the Group's pricing guidelines for the Group's senior management's review and approval.

Where the Third Party Rates are found to be more favourable than the annualized rate of return WeBank requires under similar conditions, the Company will not provide loan facilitation services to WeBank and also cease to enter into new agreements with WeBank for loan facilitation services unless and until WeBank adjusts the annualized rate of return it requires such that its annualized rate of return is no less favorable than the Third Party Rates under similar conditions, and the senior management of the Group approves the adjusted annualized rate of return WeBank requires.

Furthermore, the legal and compliance department and financial management department of the Group will summarize and monitor the actual transaction amounts against the approved annual caps and 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.

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

Hong Kong, August 27, 2018

As at the date of this announcement, the Board comprises Mr. Andy Xuan Zhang as Chairman and executive Director and Mr. Dong Jiang as executive Director, Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Xuyang Zhang as non-executive Directors, and Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong as independent non-executive Directors.