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## **GRAND BAOXIN AUTO GROUP LIMITED**

**廣 匯 寶 信 汽 車 集 團 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1293)**

### **CONNECTED TRANSACTION ACQUISITION OF 100% EQUITY INTEREST IN SHANGHAI GUANGHUI TENGDE AUTOMOTIVE SALES SERVICES LIMITED**

#### **THE ACQUISITION**

The Board is pleased to announce that on 12 September 2019 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser, an indirect wholly-owned subsidiary of the Company, pursuant to which the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire from the Vendor, 100% equity interest in the Target for a consideration of RMB11.55 million (equivalent to approximately HK\$12.59 million).

#### **LISTING RULES IMPLICATION**

As at the date of this announcement, the Vendor is wholly owned by CGA. CGA HK, the controlling shareholder of the Company, is indirectly held as to approximately 44.23% and 55.77% by the Vendor and CGA respectively. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in relation to the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 12 September 2019 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser, an indirect wholly-owned subsidiary of the Company, pursuant to which the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire from the Vendor, 100% equity interest in the Target for a consideration of RMB11.55 million (equivalent to approximately HK\$12.59 million).

## **THE ACQUISITION**

The key terms of the Sale and Purchase Agreement are summarized as follows:

### **Date**

12 September 2019

### **Parties**

- (1) China Grand Automotive Services Co., Ltd.\* (廣匯汽車服務有限責任公司), as the Vendor;  
and
- (2) Shanghai Baoxin Automobile Sales & Services Co., Limited\* (上海寶信汽車銷售服務有限公司), as the Purchaser.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire from the Vendor, 100% equity interest in the Target.

## Consideration

The consideration for the Acquisition is RMB11.55 million (equivalent to approximately HK\$12.59 million) (the “**Consideration**”), and will be payable as follows:

<b>Time of Payment</b>	<b>Amount Payable to the Vendor</b>
On the date of the Business Registration (as defined below)	RMB10 million (equivalent to approximately HK\$10.9 million)
Within three business days after the Delivery (as defined below)	RMB1.55 million (equivalent to approximately HK\$1.69 million) (the “ <b>Final Payment</b> ”)
Total	RMB11.55 million (equivalent to approximately HK\$ 12.59 million)

The Consideration will be satisfied in cash and from the Company’s internal resources.

The Consideration was determined between the Vendor and the Purchaser after arm’s length negotiations with reference to, among others, the audited financial statements of the Target for the year ended 31 December 2018 and the appraised value of the entire equity interest of the Target as of 30 June 2019 based on the valuation report prepared by an independent valuer in the PRC with assets appraisal qualifications.

## Business Registration

The Vendor and the Purchaser will make all registration and/or filing matters required by the SAIC (the “**Business Registration**”) in connection with the transfer of equity interest under the Sale and Purchase Agreement on or before 30 September 2019.

## Delivery

The Vendor shall deliver to the Purchaser all the relevant documents and information of the Target, as well as the Target’s premises (the “**Delivery**”) within 7 business days after completion of the Business Registration.

## **Completion**

Completion shall take place on Completion Date.

## **Rights and liabilities**

The Vendor will enjoy the profit and bear the liabilities (including the liabilities arising from claims, defaults or debt-recovery proceedings which have occurred or may occur in future) prior to the date of the Business Registration; and the Vendor will be responsible for any wages and salaries of the Target's employees incurred, accounts payable and accounts receivable of the Target prior to the Final Payment.

## **Termination**

Prior to the Completion, either party may deliver a prior written notice to the other party to terminate the Sale and Purchase Agreement in the following situations:

- 1) where both parties consent to the termination in writing;
- 2) where restrictions prohibiting the Acquisition imposed by any governmental authority having jurisdiction have become final and non-appealable; or
- 3) where a party has made material misrepresentation or has materially breached its representations, warranties or undertakings contained in the Sale and Purchase Agreement, and such material breach has caused the purpose of the Sale and Purchase Agreement no longer attainable or has caused material adverse effect to the non-breaching party, and has not been rectified within 30 business days after the non-breaching party notifies the breaching party of its intention to terminate the Sale and Purchase Agreement in writing, the non-breaching party may elect to terminate the Sale and Purchase Agreement by written notice.

In the event that the Sale and Purchase Agreement is terminated pursuant to paragraphs (1) and (2) above, neither party is liable to the other party in respect of the termination, and they shall assist each other to restore the position before the entry into of the Sale and Purchase Agreement.

## **INFORMATION ON THE GROUP, THE PURCHASER AND THE VENDOR**

The Group is principally engaged in the sales and services of motor vehicles. Its business mainly includes new car sales, after-sales maintenance, auto beauty, retrofitting, used car sales, auto insurance, auto parts and related-product sales business.

The Purchaser is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the operation and management of 4S dealership stores of auto brand of BMW.

The Vendor, is a company incorporated under the laws of the PRC with limited liability and is principally engaged in auto sales and services business.

## **INFORMATION ON THE TARGET**

The Target is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the management and operation of 4S dealership stores of auto brand of Volkswagen.

### **Net Profit Before/After Tax**

The table below sets forth the financial information of the Target for the years ended 31 December 2017 and 2018.

	<b>For the year ended 31 December 2017</b> <i>(RMB in thousands)</i> <i>(Audited)</i>	<b>For the year ended 31 December 2018</b> <i>(RMB in thousands)</i> <i>(Audited)</i>
Net profit/ (loss) before tax	1,733.51	(3,426.19)
Net profit/ (loss) after tax	1,733.51	(3,426.19)
Net asset value	17,515.65	14,089.47

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the sale and services of motor vehicles, and the Target is planning to engage in the management and operation of 4S dealerships stores of auto brand of BMW. The Board believes that the Acquisition will facilitate expansion of the Group's 4S stores network, further strengthen the reasonable allocation of the Company's resources, enhance sales and services, and is in line with the long term development of the Company, which in turn will lead the Group to achieve business sustainability and efficiency.

The terms of the Sale and Purchase Agreement are determined after arm's length negotiations between the parties. The Directors (including independent non-executive Directors) are of the view that the Sale and Purchase Agreement has been entered into on normal commercial terms, is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

## **INTERESTS OF DIRECTORS**

Mr. Li Jianping (chairman of the board of CGA), Mr. Wang Xinming (a director and the president of CGA), Mr. Qi Junjie (the secretary of the party committee of CGA), Mr. Lu Ao (a vice president and chief financial officer of CGA), Ms. Xu Xing (the secretary of the board and vice president of CGA) all serve at CGA. Each of them has abstained from voting on the Board resolution for considering and approving the entry of the Sale and Purchase Agreement. Save as disclosed above, there are no other Directors who have any material interest in the Sale and Purchase Agreement and no other Directors need to abstain from voting on the Board resolution for considering and approving the Sale and Purchase Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Vendor is wholly owned by CGA. CGA HK, the controlling shareholder of the Company, is owned as to approximately 44.23% and 55.77% by the Vendor and CGA respectively. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in relation to the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition as contemplated under the Sale and Purchase Agreement
“Board”	the board of Directors
“CGA”	China Grand Automotive Services, Co., Ltd (廣匯汽車服務集團股份公司), a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600297)
“CGA HK”	China Grand Automotive Services (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a connected person of the Company
“Company”	Grand Baoxin Auto Group Limited (廣匯寶信汽車集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1293)
“Completion”	completion of the Acquisition
“Completion Date”	the date on which the Business Registration is completed at the relevant SAIC
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Shanghai Baoxin Automobile Sales & Services Co., Limited* (上海寶信汽車銷售服務有限公司), a company incorporated under the laws of the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company.
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	State Administration for Industry and Commerce
“Shareholders”	holders of Shares
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company
“Sale and Purchase Agreement”	the Sale and Purchase agreement dated 12 September 2019 in relation to the Acquisition entered into between the Purchaser and the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Shanghai Guanghui Tengde Automotive Sales Services Limited* (上海廣匯騰德汽車銷售服務有限公司), a company incorporated under the laws of the PRC with limited liability
“Vendor”	China Grand Automotive Services Co., Ltd.* (廣匯汽車服務有限責任公司), a company incorporated under the laws of the PRC with limited liability. It is wholly owned by CGA.
“%”	per cent.



*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB 1 = HK\$1.09. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.*

By order of the Board  
**Grand Baoxin Auto Group Limited**  
**Mr. Li Jianping**  
*Chairman*

Shanghai, the PRC

12 September 2019

*As at the date of this announcement, the executive Directors of the Company are Mr. Li Jianping, Mr. Wang Xinming, Mr. Qi Junjie, Mr. Lu Ao and Ms. Xu Xing; the independent non-executive Directors are Mr. Diao Jianshen, Ms. Liu Yangfang and Mr. Chan Wan Tsun Adrian Alan.*

*\* For identification purpose only.*