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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 IN RELATION TO THE SALE OF PASSENGER VEHICLES

SALE OF PASSENGER VEHICLES

The Board is pleased to announce that on 30 December 2020 (after trading hours), the Company and CGA entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Company shall sell to CGA, not more than 150 passenger vehicles and passenger vehicles spare parts at a total consideration of not more than RMB30,000,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGA, through its indirect wholly-owned subsidiary China Grand Auto (Hong Kong), holds approximately 67.70% of the shares in the Company, and it is therefore a controlling shareholder of the Company. Accordingly, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Sale and Purchase Agreement are more than 0.1% but less than 5%, the sale of the passenger vehicles and the passenger vehicles spare parts is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 30 December 2020 (after trading hours), the Company and CGA entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Company shall sell to CGA, certain passenger vehicles and passenger vehicles spare parts at a total consideration of not more than RMB30,000,000.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

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| Date | : | 30 December 2020 |
| Parties | : | (i) The Company; and (ii) CGA |
| Assets to be sold and | : | The Company will sell a total of not more than 150 passenger vehicles and certain passenger vehicles spare parts to CGA |
| Consideration | : | Not more than RMB30,000,000 |
| Determination of sales price | : | The sales price of the passenger vehicles and passenger vehicle spare parts will be determined after arm's length negotiations between the Company and CGA with reference to the then prevailing market price. Payment will be settled on a monthly basis based on the number of passenger vehicles and passenger vehicles spare parts sold in that month pursuant to the sub contracts. The passenger vehicles and the passenger vehicles spare parts will be delivered according to the individual sub-contracts to be entered into (see below paragraph headed "Individual sub-contracts") and in any event no later than 31 January 2021 |
| Individual sub-contracts | : | The Company will respectively enter into individual sub-contracts with CGA regarding the sales of passenger vehicles and passenger vehicles spare parts. |
| Validity of Sale and Purchase Agreement | : | The Sale and Purchase Agreement will be valid until 31 January 2021 |

INFORMATION ON CGA

CGA is a company established under the laws of the PRC, and its shares are listed on the Shanghai Stock Exchange (SSE Stock Code: 600297). CGA is a leading passenger vehicle dealership and automobile service group and a leading passenger vehicle finance leasing provider in the PRC primarily engaged in automobile sales and the whole life cycle after sales services such as sale of automobiles, passenger vehicle financing leasing, maintenance and service, commission agent services (including insurance and financing agent, agent for extension of automobile insurance, pre-owned automobile trading brokering services).

INFORMATION ON THE GROUP

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.

REASONS FOR AND BENEFITS OF THE ENTRY OF THE SALE AND PURCHASE AGREEMENT

The purchase of passenger vehicles and passenger vehicle spare parts by CGA under the Sale and Purchase Agreement is primarily due to the expected high demand for passenger vehicle purchase in the Southwestern part of the PRC during the Chinese New Year holidays. The sales of the passenger vehicles and passenger vehicle spare parts to CGA will increase the revenue of the Group and expand the sales network of the Group. In addition, the Directors are of the view that the transaction will increase the exposure of the brands and models of passenger vehicles that are sold by the Group and will attract sales to potential customers in the future.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and that the Sale and Purchase Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INTERESTS OF DIRECTORS

Mr. Lu Wei (chairman of the board of CGA), Mr. Wang Xinming (a director and the president of CGA), Mr. Lu Ao (a director and vice president and chief financial officer of CGA) and Ms. Xu Xing (a director and vice president and secretary of the board 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, CGA, through its indirect wholly-owned subsidiary China Grand Auto, holds approximately 67.70% of the shares in the Company, and it is therefore a controlling shareholder of the Company. Accordingly, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Sale and Purchase Agreement are more than 0.1% but less than 5%, the sale of the passenger vehicles and the passenger vehicles spare parts is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meaning below:

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| “Board” | the Board of directors of the Company |
| “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) |
| “China Grand Auto (Hong Kong)” | China Grand Automotive Services (Hong Kong) Limited (廣匯汽車服務(香港)有限公司), a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of CGA |

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| “Company” | Grand Baoxin Auto Group Limited (廣匯寶信汽車集團有限公司), an company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1293) |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Director” | a director of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “passenger vehicles” | for the purpose of this announcement, means new passenger vehicles and second-hand passenger vehicles |
| “PRC” | The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the People’s Republic of China |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 30 December 2020 entered into between the Company and CGA |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By Order of the Board
Grand Baoxin Auto Group Limited
LU Wei
Chairman

The PRC, 30 December 2020

As at the date of this announcement, the Company’s executive directors are Mr. LU Wei, Mr. WANG Xinming, Mr. LU Ao and Ms. XU Xing; and the independent non-executive directors are Mr. DIAO Jianshen, Ms. LIU Yangfang and Mr. CHAN Wan Tsun Adrian Alan.