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**BAOXIN AUTO GROUP LIMITED**

**寶信汽車集團有限公司**

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

**(Stock code: 1293)**

**CONTINUING CONNECTED TRANSACTIONS  
PROCUREMENT FRAMEWORK AGREEMENT**

**PROCUREMENT FRAMEWORK AGREEMENT**

The Board announces that on 31 March 2017 (after trading hours), the Company and CGA, the controlling shareholder of the Company, entered into the Procurement Framework Agreement, pursuant to which the parties have agreed that the CGA Group and the Group will purchase from and sell to each other certain passenger vehicles, automotive parts and accessories in accordance with the terms of the Procurement Framework Agreement.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CGA, through its indirect wholly-owned subsidiary China Grand Auto, holds approximately 75% of the issued share capital of the Company, and it is therefore a controlling shareholder and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Procurement Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As disclosed in the Company's announcement dated 29 July 2016, certain members of the Group have entered into the Property Lease Agreement and the Finance Lease Framework Agreement with certain members of the CGA Group on 6 July 2016 and 29 July 2016, respectively.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Property Lease Agreement and the Finance Lease Framework Agreement will be aggregated with the transactions contemplated under the Procurement Framework Agreement. Given that the applicable percentage ratios (as defined under the Listing Rules) are, in aggregate, exceed 0.1% but are less than 5%, these transactions contemplated under the Procurement Framework Agreement are only subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to the Listing Rules.

Prior to the signing of the Procurement Framework Agreement, the Company conducted an internal review on 29 March 2017, during which it was discovered that during the period from September 2016 to December 2016, certain subsidiaries of the Company and certain subsidiaries of CGA located in the same province in the PRC had been purchasing from and selling to each other passenger vehicles, automotive parts and accessories in their respective ordinary and usual course of business and on normal commercial terms to meet short-term operation needs of the Group, and the aggregate amount for such four months period in respect of the purchase by the Group from the CGA Group was approximately RMB17 million and the purchase by the CGA Group from the Group was approximately RMB13 million. Given that the applicable percentage ratios for such transactions exceed 0.1% but are less than 5%, such transactions are only subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to the Listing Rules. The Company should have complied with the requirements of Chapter 14A of the Listing Rules (including by publishing an announcement in respect of such continuing connected transactions in September 2016). Due to an inadvertent oversight, the Company has not complied with the disclosure requirements pursuant to the Listing Rules in a timely manner. As soon as the Board became aware of these transactions, it took immediate actions by signing the Procurement Framework Agreement and made disclosure in compliance with the requirements of Chapter 14A of the Listing Rules.

The Board apologises for this non-compliance and will strengthen the Group's internal control procedures to avoid occurrence of similar incidents in the future.

## **INTRODUCTION**

The Board announces that on 31 March 2017 (after trading hours), the Company and CGA, the controlling shareholder of the Company, entered into the Procurement Framework Agreement, pursuant to which the parties have agreed that the CGA Group and the Group will purchase from and sell to each other certain passenger vehicles, automotive parts and accessories in accordance with the terms of the Procurement Framework Agreement.

## PROCUREMENT FRAMEWORK AGREEMENT

The principal terms of the Procurement Framework Agreement are summarized as follows:

<b>Date:</b>	31 March 2017
<b>Parties:</b>	(1) the Company (2) CGA
<b>Term:</b>	1 January 2017 to 31 December 2017
<b>Products:</b>	Certain passenger vehicles, automotive parts and accessories
<b>Price determination:</b>	By reference to the market prices of the passenger vehicles, automotive parts and accessories

The Procurement Framework Agreement sets out the principles upon which the detailed terms in relation to the purchase and sale of certain passenger vehicles, automotive parts and accessories between the Group and the CGA Group are to be determined.

Pursuant to the Procurement Framework Agreement, a member of the Group will enter into definitive agreements with a member of the CGA Group from time to time to provide for detailed terms of each single transaction, including the payment and settlement terms, in accordance with the principles set out in the Procurement Framework Agreement.

### Proposed annual cap

The table below sets out the proposed annual cap for the financial year of 2017 in respect of the purchase and sale of passenger vehicles, automotive parts and accessories between the Group and the CGA Group:

	<b>Total</b> <i>(RMB)</i>
2017	50,000,000

The aforesaid proposed annual cap was determined after taking into account, amongst other things, the operation needs of the Group formulated based on the Group's internal business strategies.

## REASONS FOR AND BENEFITS OF THE ENTRY OF THE PROCUREMENT FRAMEWORK AGREEMENT

The Procurement Framework Agreement was entered into between the Company and CGA in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) are of the view that the Procurement Framework 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 because it will assist the Group to meet its short-term operation needs.

## **INTERESTS OF DIRECTORS**

Mr. Li Jianping (chairman of the board of CGA), Mr. Wang Xinming (a director and the president of CGA), Mr. Lu Ao (a vice president and chief financial officer of CGA), Mr. Qi Junjie (the secretary of the party committee of CGA) and Mr. Zhou Yu (a 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 Procurement Framework Agreement. Save as disclosed above, there are no other Directors who have any material interest in the Procurement Framework Agreement and no other Directors need to abstain from voting on the Board resolution for considering and approving the Procurement Framework Agreement.

## **INFORMATION ON THE GROUP**

The Group is a leading luxury 4S dealership group in the PRC and is principally engaged in the sale and service of motor vehicles.

## **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 finance leasing, maintenance and service, commission agent services (including insurance and financing agent, agent for extension of automobile insurance, pre-owned automobile trading brokering services).

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CGA, through its indirect wholly-owned subsidiary China Grand Auto, holds approximately 75% of the issued share capital of the Company, and it is therefore a controlling shareholder and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Procurement Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As disclosed in the Company's announcement dated 29 July 2016, certain members of the Group have entered into the Property Lease Agreement and the Finance Lease Framework Agreement with certain members of the CGA Group on 6 July 2016 and 29 July 2016, respectively.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Property Lease Agreement and the Finance Lease Framework Agreement will be aggregated with the transactions contemplated under the Procurement Framework Agreement. Given that the applicable percentage ratios (as defined under the Listing Rules) are, in aggregate, exceed 0.1% but are less than 5%, these transactions contemplated under the Procurement Framework Agreement are only subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to the Listing Rules.

Prior to the signing of the Procurement Framework Agreement, the Company conducted an internal review on 29 March 2017, during which it was discovered that during the period from September 2016 to December 2016, certain subsidiaries of the Company and certain subsidiaries of CGA located in the same province in the PRC had been purchasing from and selling to each other passenger vehicles, automotive parts and accessories in their respective ordinary and usual course of business and on normal commercial terms to meet short-term operation needs of the Group, and the aggregate amount for such four months period in respect of the purchase by the Group from the CGA Group was approximately RMB17 million and the purchase by the CGA Group from the Group was approximately RMB13 million. Given that the applicable percentage ratios for such transactions exceed 0.1% but are less than 5%, such transactions are only subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to the Listing Rules. The Company should have complied with the requirements of Chapter 14A of the Listing Rules (including by publishing an announcement in respect of such continuing connected transactions in September 2016). Due to an inadvertent oversight, the Company has not complied with the disclosure requirements pursuant to the Listing Rules in a timely manner. As soon as the Board became aware of these transactions, it took immediate actions by signing the Procurement Framework Agreement and made disclosure in compliance with the requirements of Chapter 14A of the Listing Rules.

The Board apologises for this non-compliance and will strengthen the Group's internal control procedures to avoid occurrence of similar incidents in the future.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“CGA”	China Grand Automotive Services, Co., Ltd (廣匯汽車服務股份公司), 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 Group”	CGA and its subsidiaries (from time to time) (excluding the Group for the purpose of the Procurement Framework Agreement)
“China Grand Auto”	China Grand Automotive Services (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of CGA
“Company”	Baoxin Auto Group Limited (寶信汽車集團有限公司), a 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)

“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director”	a director of the Company
“Finance Lease Framework Agreement”	the finance lease framework agreement dated 29 July 2016 entered into between All Trust Leasing Company Limited (匯通信誠租賃有限公司) and 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 of Hong Kong Limited (as amended from time to time)
“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
“Procurement Framework Agreement”	the procurement framework agreement dated 31 March 2017 entered into between the Company and CGA
“Property Lease Agreement”	the property lease agreement dated 6 July 2016 entered into between China Grand Automotive Services Co., Ltd. (廣匯汽車服務有限責任公司) and Shanghai Kailong Automobile Trading Co., Ltd (上海開隆汽車貿易有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary”	has the meaning ascribed thereto under the Listing Rules

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

The PRC, 31 March 2017

*As at the date of this announcement, the executive Directors are Mr. LI Jianping, Mr. WANG Xinming, Mr. LU Ao and Mr. QI Junjie, the non-executive Directors are Mr. ZHOU Yu and Mr. LU Linkui, and the independent non-executive Directors are Mr. DIAO Jianshen, Mr. WANG Keyi and Mr. CHAN Wan Tsun Adrian Alan.*