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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE KAILONG ASSETS TRANSFER AGREEMENT

THE KAILONG ASSETS TRANSFER AGREEMENT

The Board announces that, on 26 May 2025 (after trading hours), Shanghai Kailong, an indirect wholly-owned subsidiary of the Company, entered into the Kailong Assets Transfer Agreement with Beijing Yajing, pursuant to which Shanghai Kailong agreed to sell and Beijing Yajing agreed to purchase the Target Assets.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the transactions contemplated under the Kailong Assets Transfer Agreement exceeds 5% but is less than 25%, the Kailong Assets Transfer Agreement and transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that, on 26 May 2025 (after trading hours), Shanghai Kailong, an indirect wholly-owned subsidiary of the Company, entered into the Kailong Assets Transfer Agreement with Beijing Yajing, pursuant to which Shanghai Kailong agreed to sell and Beijing Yajing agreed to purchase the Target Assets.

THE KAILONG ASSETS TRANSFER AGREEMENT

The principal terms of the Kailong Assets Transfer Agreement are set out below:

- Date : 26 May 2025 (after trading hours)
- Parties : (1) Shanghai Kailong as the seller; and
(2) Beijing Yajing as the purchaser.

Target Assets : The Target Assets consist of machinery and equipment, office equipment, self-built buildings on rented land, renovations and alterations of the Shanghai Kailong 4S Dealership Store located at No. 3998, Hongxin Road, Minhang District, Shanghai City.

Conditions precedent to closing : The closing of the transfer of the Target Assets is conditional upon the satisfaction, or waiver by relevant party, of the following conditions:

- (1) all representations and warranties prior to the closing made by each party in the Kailong Assets Transfer Agreement shall continue to be true, accurate, complete and not misleading in all material aspects;
- (2) all commitments and obligation made by each party in the Kailong Assets Transfer Agreement prior to the closing shall be complied with;
- (3) no actions or proceedings, whether pending or threatened against either party, to restrict or prohibit the Kailong Assets Transfer Agreement and the transaction contemplated thereunder;
- (4) no prohibition from any applicable laws on either party to sell or purchase the Target Assets;
- (5) all necessary consents or approvals from any third parties required for the completion of the transaction have been obtained, including but not limited to, the internal decision approval procedure of seller, the authorization or notification procedures (if applicable) from third parties such as automobile suppliers, banks, and other financial institutions regarding this transaction;
- (6) all of the Target Assets have been delivered to the purchaser, and a letter of confirmation for asset delivery has been executed by both parties;
- (7) the purchaser and the seller have executed a lease agreement; and
- (8) the seller has confirmed in writing to the purchaser that all the above conditions have been fulfilled.

If the purchaser waives any of the above conditions, the conditions so waived shall automatically become post-closing obligations of the seller under the Kailong Assets Transfer Agreement and shall be completed within a reasonable timeframe to be confirmed by both parties.

Consideration : The consideration for the Target Assets in this transaction is tentatively set at RMB38.2373 million (tax inclusive) (the “**Tentative Consideration**”) which consists of (i) the fixed valuation portion at RMB30.5372 million based on the book value of such part as at 18 April 2025 of approximately RMB30.5372 million and (ii) the variable valuation portion at 7.7001 million based on the actual value of the inventories at the time of settlement of the final instalment between the two parties.

The final consideration (the “**Final Consideration**”) will be further determined through mutual confirmation between the parties after completing the inventory and value confirmation of the Target Assets in accordance with the Kailong Assets Transfer Agreement.

Payment : (1) Performance deposit: within five business days of execution of the Kailong Assets Transfer Agreement, the purchaser shall pay RMB0.10 million to the seller as the performance deposit;

(2) Second instalment: within three business days after completion after both the purchaser and seller have determined the value of all the Target Assets and confirmed the Final Consideration, the purchaser shall pay RMB30,537,162 to the seller;

(3) Final instalment: within six months after the closing date, the purchaser shall pay the remaining amounts to the seller.

Before paying the final instalment, the purchaser is entitled to deduct or settle the following amounts:

- a. any liabilities or debts that should be borne by the seller but have actually been temporarily borne by the purchaser as of the final payment date (including but not limited to the contingent liabilities);
- b. any expenditures that, as agreed by both parties, should be borne by the seller but have been temporarily advanced by the purchaser, including but not limited to the liabilities and cost expenditures exceeding the amount agreed by the parties for handling the cards and vouchers already issued by the seller and any costs related to the dual-warranty services (if applicable);
- c. any amounts incurred by the purchaser as a result of a breach by the seller of its representations, warranties or undertakings under the Kailong Assets Transfer Agreement.

If the purchaser advances any liability or obligation that should be borne by the seller, the purchaser may deduct the amount from the annual rent payable to the seller or its affiliates.

The parties specifically agree that, after the settlement of the final payment, in the event that any liabilities and obligations arise which, in accordance with the provisions of the Kailong Assets Transfer Agreement, should be borne by the seller but advanced by the purchaser (subject to the seller's prior confirmation before such advancement), the purchaser is entitled to directly deduct the corresponding amount from the annual rent payable by the purchaser or its affiliates to the seller or its affiliates in the subsequent periods.

Closing : After all conditions precedent to closing have been fulfilled or waived, the Final Consideration determined, and following the purchaser's completion of the second instalment payment, the parties shall proceed with the delivery of the Target Assets and execute the letter of confirmation for asset delivery in accordance with the Kailong Assets Transfer Agreement.

The seller shall provide a list of the Target Assets confirmed by both parties, transfer all legal title and other relevant interests in the Target Assets, along with all relevant documents, files, and information, to the purchaser.

Breach of contract : If either party breaches its representations, warranties, undertakings or covenants under the Kailong Assets Transfer Agreement, the non-breaching party shall immediately notify the other party. Upon receipt of such notice, the breaching party shall promptly address the breach and be liable for all losses incurred by the non-breaching party as a result thereof.

If either party materially breaches the Kailong Assets Transfer Agreement or the purpose of the transaction thereunder cannot be realized due to any cause attributable to either party, the breaching party shall compensate the non-breaching party for all losses as abovementioned:

- (1) if the breaching party is the purchaser, the performance deposit paid by the purchaser shall not be returned, and the prepayment and other sums paid by the purchaser shall be returned within five business days; and
- (2) if the breaching party is the seller, the seller shall return the performance deposit in double, the prepayment and other sums paid by the purchaser in full within five business days.

INFORMATION ON THE TARGET ASSETS

The Target Assets consist of machinery and equipment, office equipment, self-built buildings on rented land, renovations and alterations of Shanghai Kailong 4S Dealership Store located at No. 3998, Hongxin Road, Minhang District, Shanghai City.

There are no identifiable income and net profits attributable to the Target Assets under the Kailong Assets Transfer Agreement. The unaudited book value of the Target Assets as at 18 April 2025 was approximately RMB40.8241 million, among which, excluding the new vehicles in inventory, spare parts in inventory, and high-quality products in inventory that are valued at variable prices, the remaining portion is valued at RMB30.5372 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE KAILONG ASSETS TRANSFER AGREEMENT

In order to further optimize the production and operation layout of the Group and coordinate the use of its resources, the Group intends to sell the Target Assets to Beijing Yajing. The disposal of the Target Assets will be conducive to the effective use and further realization of the Group's resources. The terms of the Kailong Assets Transfer Agreement and the consideration as stipulated thereunder were arrived at after arm's length negotiations between the parties.

Having considered the above reasons, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Kailong Assets Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Group is a major dealership group of luxury brands automobiles in the PRC and is principally engaged in the automobile sales and after-sales services business. The Group's business mainly concentrates in the eastern part of the PRC, which acts as the axis for expanding into the southern, central and northern parts of the PRC and also the northeast and northwest regions, thus, covering the majority of the mainstream market for luxury and ultra-luxury automobiles in the PRC as of now.

Shanghai Kailong is a limited liability company established in the PRC and principally engaged in sales and maintenance of small vehicles, insurance agency business, automobile and motorcycle display, vehicle cleaning and interior modification services in the PRC. Shanghai Kailong is an indirectly wholly-owned subsidiary of the Company.

Beijing Yajing

Beijing Yajing is a limited liability company established in the PRC and principally engaged in wholesale and retail of auto parts; pre-owned automobile brokerage services; and small and micro-vehicles leasing and management services. Beijing Yajing is ultimately owned by Mr. Fang Gang.

To the best of knowledge, information and belief of the Directors after making all reasonable enquiries and based on the public information available to the Company, Beijing Yajing and its ultimate beneficial owner, are third parties independent of the Company and its connected persons.

FINANCIAL EFFECT AND USE OF PROCEEDS

The net proceeds from the disposal of the Target Assets (“Disposal”) will be used to supplement working capital of the Company.

Upon completion of the Disposal, the Group is expected record a loss of approximately RMB2.5868 million, being the difference between (i) the Tentative Consideration of RMB38.2373 million; (ii) the book value of the Target Assets as at 18 April 2025 of RMB40.8241 million. The actual gain or loss resulting from the Disposal expected to be recognized in the income statement of the Company will be further adjusted subject to the audits of the Company and the Final Consideration.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

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| “Beijing Yajing” | Beijing Yajing Network Technology Co., Ltd. * (北京亞環網絡科技有限公司), a PRC limited liability company |
| “Board” | the board of Directors |
| “business day” | any calendar day (other than a Saturday, a Sunday, or a statutory public holiday) on which banks in the PRC are open for business, and interbank deposit and payment transactions can be conducted |
| “Company” | Grand Baoxin Auto Group Limited (廣匯寶信汽車集團有限公司), a 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) |
| “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 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Kailong Assets Transfer Agreement” | the assets transfer agreement entered into between Shanghai Kailong and Beijing Yajing dated 26 May 2025 (after trading hours) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “PRC” or “China” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of PRC |
| “Shanghai Kailong” | Shanghai Kailong Automobile Trade Co., Ltd.* (上海開隆汽車貿易有限公司), a PRC limited liability company and an indirect wholly-owned subsidiary of the Company |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Target Assets” | The target assets consist of machinery and equipment, office equipment, self-built buildings on rented land, renovations and alterations of Shanghai Kailong 4S Dealership Store located at No. 3998, Hongxin Road, Minhang District, Shanghai City |
| “%” | per cent |

By order of the Board
Grand Baoxin Auto Group Limited
Ma Fujiang
Chairman

Hong Kong, 26 May 2025

As at the date of this announcement, the Company’s executive directors are Mr. MA Fujiang, Mr. WANG Sheng, and Mr. DING Yu and the independent non-executive directors are Ms. LIU Wenji and Mr. HUANG Kai.