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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)

FURTHER INFORMATION ABOUT DISCLOSEABLE TRANSACTION

Reference is made to the announcement of Grand Baoxin Auto Group Limited (the “**Company**”) dated 30 September 2025 (the “**Announcement**”) in relation to the disposal of entire interest in the Target Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

FURTHER INFORMATION OF THE VALUATION

The Company would like to supplement the key inputs and computation process for the Valuation as follows:

- A. Current assets of the Target Company comprise bank deposits and account receivables.

The book value of bank deposits is taken as the appraised value which was determined by verifying bank statements.

The Valuer verified the amount of receivables by reviewing historical data and investigation, and conducted a detailed analysis of the receivables, including but not limited to the amount of receivables, the recovery status of receivables, and the fund, credit and management status of the debtor.

- B. Fixed assets of the Target Company comprise buildings, structures and equipment.

For buildings and structures, the Valuer has adopted the replacement cost approach for valuation of the properties. The replacement cost approach is an approach that determines the value of an appraised asset by multiplying the replacement cost of the appraised asset by its integrated newness rate as at the valuation benchmark date. The replacement cost is the sum of all necessary expenses required to develop or construct the properties being appraised or similar properties, including but not limited to construction cost, development expenses and capital costs, taxes payable and profit in respect of the properties. The newness rate is mainly determined through the age method and observation method. The formula for calculating the appraised value of the buildings and structures is as follows:

$$\text{Appraised value} = \text{replacement cost} \times \text{integrated newness rate}$$

For equipment, replacement cost approach is being adopted by the Valuer for valuation, and is an approach that determines the value of an appraised asset by multiplying the replacement cost of the appraised asset by its integrated newness rate as at the Valuation Date. The replacement cost was determined based on the current market price of the new equipment, transportation cost and installation fee, while the newness rate is determined through age limit method, observation method and workload method. The formula for calculating the appraised value of the equipment is as follows:

$$\text{Appraised value} = \text{replacement cost} \times \text{integrated newness rate}$$

- C. The Valuer has verified that the Target Company does not have any construction in progress by site inspection.
- D. Intangible Assets of the Target Company comprises land use rights of a 4S store of approximately 13,166 sq.m.

For land use rights, the market approach was used to evaluate the target land. The market approach determines the price of the target land on the valuation benchmark date by comparing the comparable properties recently transacted in the market.

- E. Long-term deferred expenses of the Target Group is mainly related to the decoration costs of the 4S store. The Valuer verified the long-term deferred expenses by examining the relevant accounting records.
- F. For liabilities of the Target Company, the Valuer reviewed the consistency between the ledgers and financial statements, and adopted the verified book value as the appraisal value.

Analysis and reasons for the difference between appraised value and book value

The valuation amount of the total assets of the Target Company as at 31 May 2025 based on the asset-based approach was RMB67,601,600, representing an appreciation of RMB30,133,800 over the book value of the total assets of the Target Company as at the 31 May 2025 of RMB37,467,800; the appraised value of liabilities was RMB34,168,100 which is same as the book value of the liabilities of the Target Company as at 31 May 2025 of RMB34,168,100; the appraised value of net assets value was RMB33,433,500, representing an appreciation of RMB30,133,800 over the book value of the net asset of the Target Company as at 31 May 2025 of RMB3,299,700.

The appreciation of the appraised value of net assets value over its book value was attributable to the following factors:

- (a) The appraised value of the intangible asset (i.e. the land use right of a 4S store of approximately 13,166 sq.m) was approximately RMB54,856,900, representing an appreciation of RMB31,964,800 over the book value of RMB22,892,100. As disclosed in the paragraphs above, market approach was used to value the land use right which has taken into account the comparable market price of the target land in proximity ranging from RMB3,900 to RMB4,300 per sq.m., and thus appreciation of the land use right of the target land was reflected in the valuation.

- (b) The appraised value of the long-term deferred expenses was nil as compared to the book value as at 31 May 2025 of RMB2,141,900. The reason for the adjustment of appraised value of the long-term deferred expenses to nil is because the decoration cost of the 4S store has already been taken into account in the valuation of buildings and structures.

The Board's View on the Fairness and Reasonableness of the Valuation

As disclosed in the Announcement, the Board has reviewed the Valuation Report, focusing on the methodology adopted, its key assumptions and the financial information of the Valuer. After consideration that (i) the Valuer has the necessary professional qualifications and relevant experience to perform the valuation of the Valuer; (ii) the scope of work carried out by the Valuer is appropriate for the relevant assessments; and (iii) the valuation assumptions and methodology adopted by the Valuer for the relevant assessments are fair and reasonable, the Board is of the view that the Valuation that formed the basis of the Consideration is fair and reasonable.

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

Hong Kong, 20 October 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 Mr. HUANG Kai, Ms. LI Wenjun and Mr. CHEN Yuhang.