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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)

**ADDITIONAL ISSUE OF US\$100,000,000 8.75%
SENIOR PERPETUAL SECURITIES**

Reference is made to the announcements of the Company dated 7 November 2016, 9 December 2016 and 16 December 2016 in respect of the issue of the Original Securities by the Issuer and the announcement of the Company dated 16 December 2016 in respect of the Additional Securities Issue.

The Board is pleased to announce that on 16 December 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantor entered into the Purchase Agreement with CICC HK Securities in connection with the Additional Securities Issue.

The Additional Securities will be issued on the same terms and conditions as the Original Securities, save for the issue date, the issue size and the issue price. The Additional Securities will be consolidated and form a single class with the Original Securities.

The net proceeds from the offering of the Additional Securities is estimated to be approximately US\$97.7 million after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the offering of the Additional Securities. The net proceeds from the offering of the Additional Securities are expected to be used by the Company for repayment of debt and general corporate purposes.

The Original Securities are listed on the SGX-ST. Approval in-principle has been obtained for the listing and quotation of the Additional Securities on the SGX-ST. Admission of the Additional Securities to the Official List of, and quotation of the Additional Securities on, the SGX-ST are not to be taken as an indication of the merits or the credit quality of the Additional Securities, the Issuer, the Company, the Parent Guarantor or the Subsidiary Guarantor. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Additional Securities has been sought in Hong Kong.

As the conditions precedent to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Reference is made to the announcements of the Company dated 7 November 2016, 9 December 2016 and 16 December 2016 in respect of the issue of the Original Securities by the Issuer and the announcement of the Company dated 16 December 2016 in respect of the Additional Securities Issue. The Board is pleased to announce that on 16 December 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantor entered into the Purchase Agreement with CICC HK Securities in connection with the Additional Securities Issue.

THE PURCHASE AGREEMENT

Date:

16 December 2016

Parties to the Purchase Agreement

- (a) the Issuer
- (b) the Parent Guarantor
- (c) the Subsidiary Guarantor
- (d) CICC HK Securities as the sole global coordinator, sole lead manager and sole bookrunner

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CICC HK Securities and its respective ultimate beneficial owner(s) are not Connected Persons of the Company.

The Additional Securities have not been, and will not be, registered under the U.S. Securities Act. The Additional Securities will only be offered and sold outside the United States in offshore transactions in compliance with Regulation S. None of the Additional Securities will be offered to the public in Hong Kong and none of the Additional Securities will be placed to any Connected Persons of the Company.

PRINCIPAL TERMS OF THE ADDITIONAL SECURITIES

The principal terms of the Additional Securities are the same as the terms of the Original Securities as set forth in the announcement of the Company dated 9 December 2016, save for the issue date, the issue size and the issue price. The Additional Securities will be consolidated and form a single class with the Original Securities. A summary of certain provisions of the Additional Securities is set out below:

Issuer:	Baoxin Auto Finance I Limited
Expected Issue Date:	The Additional Securities are expected to be issued on 23 December 2016
Additional Securities Offered:	US\$100,000,000 aggregate principal amount of 8.75% Additional Securities
Issue Price:	99.355 per cent. of the principal amount of the Additional Securities plus accrued interest in respect of the period from (and including) 15 December 2016 to (but excluding) 23 December 2016
Status of the Additional Securities, the Parent Guarantee and the Subsidiary Guarantee:	The Additional Securities, will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves and save for such exception as further described in the Purchase Agreement, at least pari passu in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer. The Parent Guarantee will constitute direct, unconditional, unsecured and unsubordinated obligations of the Parent Guarantor and save for such exception as further described in the Purchase Agreement, shall rank at least pari passu in right of payment with all other present and future unsecured and unsubordinated obligations of the Parent Guarantor. The Subsidiary Guarantee will constitute direct, unconditional, unsecured and unsubordinated obligations of the Subsidiary Guarantor and shall rank at least pari passu in right of payment with all other present and future unsecured and unsubordinated obligations of the Subsidiary Guarantor save for such exception as further described in the Purchase Agreement.

Distribution Rate:

Subject to the occurrence of certain events as further described in the Description of the Securities and in accordance with the terms of the Indenture, the Additional Securities will confer a right to receive distribution (each a “**Distribution**”) from, and including, 15 December 2016 (the “**Original Issue Date**”) or from and including the most recent Distribution payment date to which Distribution has been paid or duly provided for, at the Distribution Rate as described below, payable semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 June 2017, as further described in the Description of the Securities.

The rate of Distribution (the “**Distribution Rate**”) applicable to the Additional Securities shall be:

- in respect of the period from, and including, the Original Issue Date to, but excluding, 15 December 2019 (the “**First Call Date**”), 8.75 per cent. per annum; and
- in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

“**Reset Date**” means the First Call Date and each day falling every three calendar years after the First Call Date.

Proposed Use of Net Proceeds

The net proceeds from the offering of the Additional Securities is estimated to be approximately US\$97.7 million after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the offering of the Additional Securities. The net proceeds from the offering of the Additional Securities are expected to be used by the Company for repayment of debt and general corporate purposes.

Listing

The Original Securities are listed on the SGX-ST. Approval in-principle has been obtained for the listing and quotation of the Additional Securities on the SGX-ST. Admission of the Additional Securities to the Official List of, and quotation of the Additional Securities on, the SGX-ST are not to be taken as an indication of the merits or credit quality of the Additional Securities, the Issuer, the Company, the Parent Guarantor or the Subsidiary Guarantor. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Additional Securities has been sought in Hong Kong.

General

As the conditions precedent to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Additional Securities”	US\$100,000,000 8.75% senior perpetual securities to be issued by the Issuer, which will be consolidated and form a single class with the Original Securities, as described in this announcement
“Additional Securities Issue”	the issue of the Additional Securities by the Issuer
“Board”	the board of directors of the Company
“CICC HK Securities”	China International Capital Corporation Hong Kong Securities Limited
“Company”	Baoxin Auto Group Limited, a company incorporated in the Cayman Islands with limited liability
“Connected Person”	has the meaning ascribed to it under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Description of the Securities”	the description of the Securities which summaries certain provisions of the Indenture, the Securities, the Parent Guarantee and the Subsidiary Guarantee
“Directors”	the directors of the Company
“Group”	the Parent Guarantor and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Indenture”	the indenture dated 15 December 2016 entered into between the Issuer, the Parent Guarantor, the Subsidiary Guarantor and The Bank of New York Mellon, London Branch as the Trustee that governs the Securities
“Issuer”	Baoxin Auto Finance I Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

“Original Securities”	US\$300,000,000 8.75% senior perpetual securities issued by the Issuer on 15 December 2016 which are listed and traded on the SGX-ST
“Parent Guarantee”	the guarantee provided by the Parent Guarantor
“Parent Guarantor”	China Grand Automotive Services Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the controlling shareholder of the Subsidiary Guarantor, the Company and the Issuer
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Purchase Agreement”	the purchase agreement dated 16 December 2016 entered into among the Issuer, the Parent Guarantor, the Subsidiary Guarantor and CICC HK Securities
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Reset Distribution Rate”	has the meaning ascribed to it in the Description of the Securities
“Securities”	The Original Securities and the Additional Securities
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Subsidiary Guarantee”	any guarantee of the obligation of the Issuer under the Indenture and the Securities by any of the Subsidiary Guarantor
“Subsidiary Guarantor”	On the Original Issue Date, China Grand Automotive Services (Hong Kong) Limited (a company incorporated with limited liability under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Parent Guarantor) and after the Original Issue Date, each of China Grand Automotive Services (Hong Kong) Limited and any other Restricted Subsidiary (as described in the Description of the Securities) that guarantees the obligations of the Issuer under the Indenture and the Securities; provided that “Subsidiary Guarantor” does not include any person whose Subsidiary Guarantee have been released in accordance with the Indenture and the Securities
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction

“US\$” United States dollar, the lawful currency of the United States

“U.S. Securities Act” the United States Securities Act of 1933, as amended

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

Shanghai, the PRC

19 December 2016

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.