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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)

A MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF NCGA HOLDINGS LIMITED

THE SALE AND PURCHASE AGREEMENT

On August 29, 2012, the Company entered into the Sale and Purchase Agreement with the Sellers and the Warrantors, pursuant to which (i) the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, the number and class of Sale Shares, being the entire issued share capital of the Target, and the amount of Shareholders Loans; and (ii) MCM conditionally agreed to cancel the Management Options, for the Consideration. Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but are less than 75%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Therefore, the Acquisition is subject to the applicable notification, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Acquisition.

Pursuant to Rule 14.44(2) of the Listing Rules, a written Shareholders approval has been obtained from the following closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares giving the right to attend and vote at general meeting to approve the transactions:

- (1) Baoxin Investment Management Ltd., holding 1,819,200,000 Shares (approximately 61.41% of the issued share capital of the Company), is wholly owned by the trustee of a discretionary trust of which Mr. Yang Aihua, Mr. Yang Hansong and Mr. Yang Zehua, together with their respective children and further issue are beneficiaries. For so long as there is a protector in office, the trustee shall not have any investment or asset management powers, including powers to interfere in the management of the business of Baoxin Investment Management Ltd. and the voting rights attached to its shares. Mr. Yang Aihua is currently the protector of such discretionary trust.
- (2) Auspicious Splendid Global Investments Limited, holding 266,420,000 Shares (approximately 10.54% of the issued share capital of the Company), is wholly owned by Ms. Yang Chu Yu, a daughter of Mr. Yang Aihua as the trustee of a discretionary trust of which Mr. Yang Aihua and Mr. Yang Zehua, together with their respective children and further issue are beneficiaries. For so long as there is a protector in office, the trustee shall not have any investment or asset management powers, including powers to interfere in the management of the business of Auspicious Splendid Global Investments Limited and the voting rights attached to its shares. Mr. Yang Aihua is currently the protector of such discretionary trust.

Accordingly, no extraordinary general meeting will be convened by the Company to approve the Acquisition.

GENERAL

A circular containing, among other information, further details of the Acquisition will be dispatched to Shareholders in compliance with the Listing Rules.

Pursuant to Rules 14.41 of the Listing Rules, the Company is required to dispatch to Shareholders a circular in relation to the Acquisition within 15 business days after the publication of this announcement, that is, on or before September 19, 2012. The Company may not be able to dispatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company shall make a further announcement of any expected delay in dispatch of the circular in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Wednesday, August 29, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Thursday, August 30, 2012.

As the Sale and Purchase Agreement is subject to a number of conditions precedent, the Sale and Purchase Agreement may or may not become unconditional or be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

BACKGROUND

On August 29, 2012, the Company entered into the Sale and Purchase Agreement with the Sellers and the Warrantors, pursuant to which (i) the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, the number and class of Sale Shares, being the entire issued share capital of the Target, and the amount of Shareholders Loans; and (ii) MCM conditionally agreed to cancel the Management Options, for the Consideration. Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement is legally binding and its terms and conditions are described below:

Date: August 29, 2012

The Parties:

- (1) The Sellers
- (2) The Warrantors
- (3) The Company

Assets to be acquired:

- (1) The Sale Shares, being the entire issued share capital of the Target at Completion
- (2) The amount of Shareholder Loans
- (3) The cancellation of the Management Options

Upon Completion, the Target will become a wholly-owned subsidiary of the Company. Further details of the Target Group are set out in the paragraph headed “Information on the Parties” below.

Consideration: According to the Sale and Purchase Agreement, the Consideration payable by the Company to the Sellers and MCM on the Completion Date for the purchase of the Sale Shares, the amount of Shareholders Loans and the cancellation of the Management Options consists of:

- (i) the Cash Amount;
- (ii) the Bonds; and
- (iii) the Consideration Shares.

Based on the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day, the value of each Consideration Share is approximately HK\$3.974 and the total Consideration amounts to approximately US\$305,357,701.

The payment of the Cash Amount is expected to be funded by a combination of internal cash resources and external bank borrowings. The Consideration was determined based on arm's length negotiation between the Company and representatives of the Sellers and MCM after taking into account, among others, the net asset value of the Target Group as at July 31, 2012.

**Consideration
Shares:**

The Consideration Shares represent (i) approximately 1.13% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 1.12% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the general mandate to allot Shares granted to the Board at the Company's annual general meeting held on June 12, 2012 and will rank *pari passu* with the Shares in issue on the date of their issue.

The Consideration Shares will be issued on the Completion Date at a price of HK\$3.974 per share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day, which represents:

- (i) a discount of approximately 0.7% to the closing price of the Shares of HK\$4.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) same as the average of the closing prices of the Shares of approximately HK\$3.974 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including Last Trading Day;
- (iii) a premium of approximately 3.5% to the average of the closing prices of the Shares of approximately HK\$3.839 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 3.7% to the average of the closing prices of the Shares of approximately HK\$3.831 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and

- (v) a discount of approximately 9.62% to the average of the closing prices of the Shares of approximately HK\$4.397 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day.

Each of the Consideration Shares Recipients severally undertakes to the Company that, subject to Completion having taken place, it shall not transfer, dispose of or create any encumbrance over its Consideration Shares at any time prior to June 30, 2015, except:

- (i) a transfer or disposal of its Consideration Shares to any Affiliate of a Consideration Shares Recipient and such Affiliate has (prior to such transfer or disposal) executed an undertaking in favour of the Company to be bound by these lock-up restrictions and either to remain an Affiliate of a Consideration Shares Recipient through 30 June 2015 or to re-transfer the Consideration Shares back to a Consideration Shares Recipient (or any of its Affiliates) before that Affiliate ceases to be an Affiliate of a Consideration Shares Recipient;
- (ii) a transfer or disposal of all (but not some only) of its Consideration Shares to any third party, provided that such third party transferee has (prior to such transfer or disposal) executed an undertaking in favour of the Company to be bound by these lock-up restrictions;
- (iii) a transfer or disposal of all (but not some only) of its Consideration Shares in connection with a general offer (including by way of a scheme of arrangement or a repurchase offer) in respect of the Shares made pursuant to applicable law (including the Hong Kong Codes on Takeovers and Mergers and Share Repurchases);
- (iv) a transfer or disposal of its Consideration Shares pursuant to a court order or under the compulsion of law; or
- (v) a transfer or disposal of its Consideration Shares with the prior written consent of the Company.

- Conditions Precedent in respect of the Acquisition:** Completion of the Acquisition is conditional upon, among others:
- (i) in so far as the Acquisition (or any part of it) requires to be notified to any competition authority in the PRC such that, without such notification, Completion would be unlawful or otherwise prohibited or restricted under the laws of the PRC, all consents and approvals of any such competition authority in the PRC having been obtained and all applicable mandatory waiting periods in connection with any such filings, submissions or notifications having expired or been terminated;
 - (ii) all consents under the contracts with the original equipment manufacturers for the change of control of the Target having been obtained, provided that no such consent shall be required unless the absence of such consent will cause a material adverse effect on the Target Group taken as a whole;
 - (iii) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares (and such listing and permission not subsequently being revoked prior to Completion); and
 - (iv) there having been no Material Adverse Change since the date of the Sale and Purchase Agreement.

Completion: Completion shall take place on the fifth Business Day after the last in time of the Conditions Precedent (except such Conditions Precedent which are expressed to be satisfied on or as at the Completion Date, but subject to the satisfaction or waiver of such Conditions Precedent) is satisfied or waived in accordance with the Sale and Purchase Agreement (or at such other time as may be agreed in writing between the Parties).

THE BOND INSTRUMENT

The Bond Instrument is in the agreed form and will be executed by the Company by way of deed poll at Completion. Its terms and conditions are described below:

Initial aggregate principal amount of the Bonds: US\$58,160,184.91

Status: The Bonds constitute direct, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves.

Transfer: A holder of the Bond may assign, sell, transfer or otherwise dispose of the Bonds held by it to any person at any time, subject to applicable laws.

Interest:

The Bonds bear interest at the rate of 5.65% per annum. Interest is payable in arrears every twelve months after the first issue date. Each Bond will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

All accrued and unpaid interest payable with respect to a Bond shall be added automatically on the interest payment date to the then outstanding principal amount of such Bond and, following such increase in principal amount, such Bond shall bear interest on such increased principal amount from and after the interest payment date.

Redemption:

The Company shall redeem in cash each Bond at 100% of its principal amount, together with all accrued and unpaid interest on the fifth anniversary of the first issue date.

A Bondholder shall have the right at any time and from time to time, by notice in writing to the Company, to require the Company to redeem in cash all or any of the then outstanding Bonds held by it; provided, however, that a Bondholder may exercise such right prior to the maturity date only following the occurrence of a Redemption Event. A "Redemption Event" shall mean any of the following:

- (i) a default is made in the payment of the principal or interest in respect of any of the Bonds when and as the same ought to be paid for more than three days (except where failure to pay is caused by administrative or technical error and payment is made within five days of its due date); or
- (ii) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the conditions of the Bonds or the Bond Instrument, and on its part to be performed or observed (other than the covenant to pay the principal and interest in respect of any of the Bonds) which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after written notice of such default shall have been given to the Company by a Bondholder; or

- (iii) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of an event of default (however described) or any such indebtedness is not paid when due, or, as the case may be, within any applicable grace period or the Company or any of its subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph have occurred and is continuing equals or exceeds US\$50,000,000 (or its equivalent in any other currency); or
- (iv) an effective members' resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved, otherwise (in any such case) than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved by the Bondholder Majority; or
- (v) an effective members' resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any subsidiary of the Company except (in any such case):
 - (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any of its subsidiaries; or
 - (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation (other than as described in sub-paragraph (a) above) the terms of which shall have previously been approved by the Bondholder Majority; or
 - (c) by way of a voluntary winding up or dissolution where there are surplus assets in such subsidiary and such surplus assets attributable to the Company and/or any its subsidiaries are distributed to the Company and/or any such subsidiary; or
- (vi) an encumbrancer takes possession of, or a receiver is appointed in respect of, the whole or a material part of the property, assets or undertaking of the Company or any of its subsidiaries and is not discharged within 30 days thereof; or

- (vii) a distress, attachment, execution or seizure before judgment is levied or enforced upon or sued out on or against any material part of the property, assets or revenues of the Company or any of its subsidiaries which is material to the Company and its subsidiaries as a whole, and is not discharged within 30 days thereof; or
- (viii) the Company or any of its subsidiaries is unable to pay its debts as and when they fall due or the Company or any of its subsidiaries shall initiate proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors; or
- (ix) proceedings shall have been initiated against the Company or any of its subsidiaries under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 30 days; or
- (x) breach by the Company of any of the covenants or undertakings that the Company shall give notice to each of the Bondholders promptly upon the occurrence of any of the Redemption Events and that it will not modify the rights attaching to the Bonds or amend the Instrument and, if such breach is capable of being remedied, fails to remedy such breach within 21 days of being required in writing to do so by any Bondholder; or
- (xi) the Company or any of its subsidiaries cease to carry on business in the ordinary and usual course or there is a material change in the nature of the business carried on by the Company or any of its subsidiaries, except for such change which shall have been previously approved by the Bondholder Majority; or
- (xii) the Instrument or the issue of the Bonds is illegal, invalid or unenforceable; or
- (xiii) any event occurs which has an analogous effect under the laws of any relevant jurisdiction to any of the events referred to in paragraphs (iv) to (xii) (inclusive) above.

Redemption following a Change of Control: A Bondholder shall have the right at any time and from time to time, by notice in writing to the Company, following a Change of Control to require the Company to redeem in cash all of the then outstanding Bonds held by it, whereupon the Company shall pay to the Bondholder within five Business Days from receipt of such notice at 103% of its principal amount, together with all accrued and unpaid interest. For that purpose, “Change of Control” means: (a) any person who does not own or control more than 30% of the voting rights in the capital of the Company at the first issue date comes to own or control more than 30% of the voting rights in the capital of the Company; or (b) any person who owns or controls more than 30% of the voting rights in the capital of the Company at the first issue date ceases to own or control more than 30% of the voting rights in the capital of the Company.

INFORMATION ON THE PARTIES

The Group

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

The Sellers and Warrantors

The Sellers are the direct shareholders of the Target, and their respective business activities are as follows:

NCGA Investor LLC is a limited liability company incorporated in the State of Delaware, United States of America and is indirectly owned by Citigroup Inc. Other than the holding of its Shares and its Shareholder Loans, it does not conduct any business activities. Citigroup Inc., one of the leading global banks, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

Pangaea One Acquisition Holdings 9, Ltd. is a holding company incorporated in the Cayman Islands with limited liability and is controlled by Pangaea One, a private equity fund. Other than the holding of its Shares, it does not conduct any business activities.

Each of Apollo Strategic Value Master Fund, L.P., a Cayman Islands limited partnership, Apollo Value Investment Fund, L.P. a Delaware (US) limited partnership, and Apollo Value Investment Offshore Fund, Ltd., a company incorporated in the Cayman Islands, are investment vehicles managed by affiliates of Apollo Global Management, LLC. Apollo Global Management, LLC and its consolidated subsidiaries had assets under management of approximately US\$105 billion as of June 30, 2012, in private equity, credit-oriented capital markets and real estate funds invested across a core group of nine industries where Apollo has considerable knowledge and resources.

NCGA Investor Group Limited is a holding company incorporated in the Cayman Islands with limited liability and is owned by various investors which are financial sponsors or who are high net worth individuals. Other than the holding of its Shares and its Shareholder Loans, it does not conduct any business activities.

NCGA Management Participation, Ltd. is a holding company incorporated in the Cayman Islands with limited liability and is owned by some of the Target's senior management. Other than the holding of its Shares, it does not conduct any business activities.

The Company confirms that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Sellers, the Warrantors and their respective ultimate beneficial owners are third parties independent of the Company and its connected person(s).

INFORMATION OF THE TARGET

The Target is a holding company of a group which operates luxury automobile dealerships in the PRC. The Target Group currently owns and operates 12 dealerships and 8 showrooms. Based on the audited accounts of the Target Group, the net asset value of the Target Group was US\$231,973,728 as at December 31, 2011. The following information is a summary of the consolidated financial statements of the Target Group for the two financial years ended December 31, 2011:

	For the year ended December 31, 2010	For the year ended December 31, 2011
	<i>US\$</i>	<i>US\$</i>
Net profits before tax and extraordinary items	44,741,243	11,739,097
Net profits after tax and extraordinary items	32,184,221	6,603,665

REASONS AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition allows the Company to expand its geographical presence and diversify its brand portfolio in an increasingly competitive PRC dealership market. The Group is principally engaged in the dealership business in the eastern part of the PRC including Shanghai, Jiangsu province and Zhejiang province, while the business activities of the Target Group are mainly carried out in the northeastern and northwestern parts of the PRC, including Beijing, Hebei province, Liaoning province, Shaanxi province, Shandong province, Tianjin and Xinjiang Uyghur Autonomous Region.

The Target Group currently owns and operates 8 BMW/Mini dealerships and 2 Jaguar & Land Rover dealerships, which will enhance the Company's position as a leading dealership for these two brands. The Acquisition will also diversify the Company's portfolio of luxury and ultra-luxury automobile brands, with the addition of one Porsche dealership and one Volvo dealership.

The Acquisition enhances the Company's scale and platform, broadens its revenue and customer base, and provides the Company with an attractive platform for strong future growth and development.

The Directors believe that the terms of the Acquisition are fair and reasonable, and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but are less than 75%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Therefore, the Acquisition is subject to the applicable notification, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Acquisition.

Pursuant to Rule 14.44(2) of the Listing Rules, a written Shareholders approval has been obtained from the following closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares giving the right to attend and vote at general meeting to approve the transactions:

- (1) Baoxin Investment Management Ltd., holding 1,819,200,000 Shares (approximately 61.41% of the issued share capital of the Company), is wholly owned by the trustee of a discretionary trust of which Mr. Yang Aihua, Mr. Yang Hansong and Mr. Yang Zehua, together with their respective children and further issue are beneficiaries. For so long as there is a protector in office, the trustee shall not have any investment or asset management powers, including powers to interfere in the management of the business of Baoxin Investment Management Ltd. and the voting rights attached to its shares. Mr. Yang Aihua is currently the protector of such discretionary trust.
- (2) Auspicious Splendid Global Investments Limited, holding 266,420,000 Shares (approximately 10.54% of the issued share capital of the Company), is wholly owned by Ms. Yang Chu Yu, a daughter of Mr. Yang Aihua as the trustee of a discretionary trust of which Mr. Yang Aihua and Mr. Yang Zehua, together with their respective children and further issue are beneficiaries. For so long as there is a protector in office, the trustee shall not have any investment or asset management powers, including powers to interfere in the management of the business of Auspicious Splendid Global Investments Limited and the voting rights attached to its shares. Mr. Yang Aihua is currently the protector of such discretionary trust.

Accordingly, no extraordinary general meeting will be convened by the Company to approve the Acquisition.

GENERAL

A circular containing, among other information, further details of the Acquisition will be dispatched to Shareholders in compliance with the Listing Rules.

Pursuant to Rules 14.41 of the Listing Rules, the Company is required to dispatch to Shareholders a circular in relation to the Acquisition within 15 business days after the publication of this announcement, that is, on or before September 20, 2012. The Company may not be able to dispatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company shall make a further announcement of any expected delay in dispatch of the circular in due course.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Wednesday, August 29, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Thursday, August 30, 2012.

As the Sale and Purchase Agreement is subject to a number of conditions precedent, the Sale and Purchase Agreement may or may not become unconditional or be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement;
“Audited Accounts”	the audited consolidated accounts of the Target Group for the 12 months period ended on December 31, 2011, including the notes, statements (including cash flow statements) and directors’ report relating to them;
“Board”	the board of Directors of the Company;
“Bond Instrument”	the bond instrument to be executed by the Company by way of deed poll at Completion;
“Bondholder Majority”	Bondholders holding or representing in aggregate not less than 50% in principal amount of the Bonds for the time being outstanding

“Bonds”	the pay-in-kind bonds component of the Consideration, in the initial aggregate principal amount of US\$58,160,184.91, to be issued by the Company to the relevant Sellers and MCM at Completion;
“Business Days”	a day on which banks are open for business in New York and Hong Kong (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm);
“Cash Amount”	the initial cash component of the Consideration, in the aggregate amount of US\$232,640,739.62 to be paid by the Company to the relevant Sellers at Completion;
“Company”	Baoxin Auto Group Limited (寶信汽車集團有限公司), an exempted company incorporated in the Cayman Islands, whose shares are listed on the main board of the Stock Exchange (stock code: 1293);
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the provisions of the Sale and Purchase Agreement;
“Completion Date”	the day on which Completion occurs in accordance with the provisions of the Sale and Purchase Agreement;
“Condition(s) Precedent”	the conditions precedent to Completion stipulated in the Sale and Purchase Agreement;
“Consideration”	the aggregate consideration payable by the Company to the Sellers and MCM pursuant to the Sale and Purchase Agreement, comprising the Cash Amount, the Bonds and the Consideration Shares;
“Consideration Shares”	component of the Consideration to be satisfied by the issuance of 28,571,429 Shares by the Company to the Consideration Shares Recipients;
“Consideration Shares Recipients”	NCGA Investor Group Limited, NCGA Management Participation, Ltd., Pangaea One Acquisition Holdings 9, Ltd. and MCM, being the relevant Sellers entitled to receive the Consideration Shares at Completion (and each shall be a “Consideration Shares Recipient”);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Last Trading Day”	August 28, 2012, being the final day of trading prior to suspension of trading in the Shares and the last trading day for the Shares before the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Management Accounts Date”	July 31, 2012;
“Management Options”	the options granted to MCM in respect of the right to subscribe for certain shares in the capital of the Target;
“Material Adverse Change”	<p>any change, effect, event or any combination of them that is materially adverse to the business, results of operations or the business conditions of the Group taken as a whole (resulting in a decline of more than 20% to the total assets or the total revenue of the Group by reference to the amounts stated in the Audited Accounts), provided that none of the following (or its result) shall be a Material Adverse Change:</p> <ul style="list-style-type: none"> (a) any change in applicable law or accounting standards (or their interpretations) applicable to any member of the Group; (b) any loss of customers, business or employees to any member of the Group as a result of, the execution of this Sale and Purchase Agreement or the announcement of the transactions contemplated by this Sale and Purchase Agreement; (c) any change relating to the automobile dealerships industry generally; or (d) any action taken (or not taken) by the Target Group at the request or direction of the Company.
“MCM”	Mark Cochran McLarty, a director of the Target;
“Parties”	parties to the Sale and Purchase Agreement;
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes, Hong Kong, Taiwan and Macau Special Administrative Region;

“Sale Shares”	the entire issued share capital of the Target at Completion;
“Sellers”	<p>(a) NCGA Investor LLC;</p> <p>(b) Pangaea One Acquisition Holdings 9, Ltd.;</p> <p>(c) Apollo Strategic Value Master Fund, L.P.;</p> <p>(d) Apollo Value Investment Offshore Fund, Ltd.;</p> <p>(e) Apollo Value Investment Fund, L.P.;</p> <p>(f) NCGA Investor Group Limited; and</p> <p>(g) NCGA Management Participation, Ltd.;</p>
“Sale and Purchase Agreement”	the sale and purchase agreement relating to the sale and purchase of the entire issued share capital of the Target entered into between the Sellers, the Warrantors and the Company dated August 29, 2012;
“Shareholder(s)”	shareholders of the Company;
“Shareholder Loans”	certain shareholders loans owed by the Target to NCGA Investor LLC and NCGA Investor Group Limited, the aggregate outstanding amount of which was US\$112,586,118.41 as at the Management Accounts Date;
“Shares”	the ordinary shares in the capital of the Company with nominal value of HK\$0.01 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target”	NCGA Holdings Limited, a company incorporated in Hong Kong with limited liability;
“Target Group”	the Target Company and its subsidiaries;
“Warrantors”	<p>(a) NCGA Investor LLC;</p> <p>(b) Pangaea One Acquisition Holdings 9, Ltd.;</p> <p>(c) Apollo Strategic Value Master Fund, L.P.;</p> <p>(d) Apollo Value Investment Offshore Fund, Ltd.;</p> <p>(e) Apollo Value Investment Fund, L.P.;</p> <p>(f) NCGA Investor Group Limited;</p>

(g) NCGA Management Participation, Ltd.; and

(h) MCM.

By Order of the Board
Baoxin Auto Group Limited
YANG Aihua
Chairman

Hong Kong, August 30, 2012

As at the date of this announcement, the executive Directors are Mr. YANG Aihua, Mr. YANG Hansong, Mr. YANG Zehua, Ms. HUA Xiuzhen and Mr. ZHAO Hongliang, the non-executive Director is Mr. ZHANG Yang, and the independent non-executive Directors are Mr. DIAO Jianshen, Mr. WANG Keyi and Mr. CHAN Wan Tsun Adrian Alan.