

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED

中國汽車新零售（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

CONNECTED TRANSACTION

The Board announces that on 1 April 2021, as the Old Lease Agreement will expire on 31 May 2021, the New Lease Agreement was entered into between Lisi Household, a wholly owned subsidiary of the Company, as lessee and Lisi Electrical as lessor regarding the renewal of the leasing of the Property for a further period of three years commencing from 1 June 2021 to 31 May 2024 at a monthly rental of RMB635,100.

Pursuant to HKFRS 16, the Property leased under the New Lease Agreement will be recognised as right-of-use assets with the aggregate consideration of approximately RMB21.0 million (equivalent to approximately HK\$25.0 million), and the transaction contemplated under the New Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

Lisi Electrical is a connected person of the Company. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the New Lease Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the New Lease Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE NEW LEASE AGREEMENT

The Board announces that on 1 April 2021, as the Old Lease Agreement will expire on 31 May 2021, the New Lease Agreement was entered into between Lisi Household, a wholly owned subsidiary of the Company, as lessee and Lisi Electrical as lessor regarding the renewal of the leasing of the Property for a further period of three years commencing from 1 June 2021 and expiring on 31 May 2024 as detailed below:

Date

1 April 2021

Parties

- (i) 寧波利時電器制造有限公司 (“Lisi Electrical”) (Ningbo Lisi Electrical Appliances Manufacturing Company Limited) as the lessor; and
- (ii) 寧波利時日用品有限公司 (“Lisi Household”) (Ningbo Lisi Household Products Company Limited) as the lessee.

Lisi Electrical is indirectly wholly owned by Lisi Plastics. Lisi Plastics is owned as to 75% by Lisi Group. Lisi Group in turn is ultimately beneficially owned as to 98.15% by Mr Li Lixin, the Company’s executive Director and substantial Shareholder, and his son. Therefore Lisi Electrical is a connected person of the Company.

Subject Matter

Lisi Electrical shall lease the Property to Lisi Household pursuant to the terms and conditions of the New Lease Agreement.

Details of Property

Description	Approximate gross area
Workshop #1	19,790 sq.m.
Workshop #2 (1st Floor)	12,364 sq.m.
Workshop #2 (2nd Floor)	12,364 sq.m.
Equipment room	240 sq.m.
Security room	50 sq.m.
248 units of workers quarters	–

Term

The New Lease Agreement is for the period of three years commencing from 1 June 2021 to 31 May 2024.

Consideration

The monthly rental for the Property under the New Lease Agreement shall be RMB635,100 and is expected to be financed by internal resources of the Group. The monthly rental, which is same as the monthly rental under the Old Lease Agreement, is comparable to the market rental charge for adjacent lands and buildings in the local property market. A security deposit equivalent to one month's rental will be paid to Lisi Electrical within 30 days from the effective date of the New Lease Agreement. The rental shall be payable monthly in advance.

REASONS FOR AND BENEFITS OF THE NEW LEASE AGREEMENT

The Group is principally engaged in provision of car trading platform related services, trading of imported cars, manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances and investments holding.

Lisi Electrical is principally engaged in home appliance manufacturing and processing.

The Property has been leased by Lisi Household from Lisi Electrical since 2012 for the Group's manufacturing base for production of household products. As the Old Lease Agreement will expire on 31 May 2021, Lisi Household and Lisi Electrical have entered into the New Lease Agreement in relation to the leasing of the Property with the rental remain unchanged.

The Directors, including the independent non-executive Directors, are of the view that the terms of the New Lease Agreement are on normal commercial terms and are fair and reasonable and the entering into of the New Lease Agreement is in the interests of the Company and the Shareholders as a whole.

The Board has approved the New Lease Agreement and the transaction contemplated thereunder. Since each of Mr. Li Lixin, Mr. Cheng Jianhe and Ms. Jin Yaxue have their respective interests in Lisi Electrical, Mr. Li Lixin, Mr. Cheng Jianhe and Ms. Jin Yaxue have abstained from voting on the relevant resolutions of the Board to approve the New Lease Agreement.

LISTING RULES IMPLICATIONS

Lisi Electrical is indirectly wholly owned by Lisi Plastics. Lisi Plastics is owned as to 75% by Lisi Group. Lisi Group in turn is ultimately beneficially owned as to 98.15% by Mr Li Lixin, the Company's executive Director and substantial Shareholder, and his son. Therefore Lisi Electrical is a connected person of the Company. The HKFRS applicable to the Group includes HKFRS 16 "Leases". Pursuant to HKFRS 16, the Property leased under the New Lease Agreement will be recognised as right-of-use assets with the aggregate consideration of approximately RMB21.0 million (equivalent to approximately HK\$25.0 million), and the transaction contemplated under the New Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future. Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the New Lease Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the New Leasing Agreement is subject to reporting and announcement requirements but is exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Company”	China Automobile New Retail (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lisi Electrical”	寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances Manufacturing Company Limited), a sino-foreign enterprise established in the PRC, a company established in the PRC
“Lisi Group”	利時集團股份有限公司 (Lisi Group Co., Ltd), a company established in the PRC
“Lisi Household”	寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Lisi Plastics”	寧波利時塑膠有限公司 (Ningbo Lisi Plastics Company Limited), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Lease Agreement”	the lease agreement dated 1 April 2021 made between Lisi Electrical and Lisi Household relating to the leasing of the Property

“Old Lease Agreement”	the lease agreement dated 31 October 2018 made between Lisi Electrical and Lisi Household relating to the leasing of the Property, details of which were disclosed in the announcement of the Company dated 31 October 2018
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	the properties including the factory and office buildings situated at 518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC which is the subject matter of the New Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

The English translation of Chinese names is included for information purposes only and should not be regarded as their official English translation.

By Order of the Board
CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED
Cheng Jianhe
Director

Hong Kong, 1 April 2021

As at the date of this announcement, the Board comprises Mr Li Lixin, Mr Cheng Jianhe and Ms Jin Yaxue being executive Directors, Ms Cheng Weihong being non-executive Director, Mr He Chengying, Mr Cheung Kiu Cho Vincent, Mr Shin Yick Fabian and Mr Kwong Kwan Tong being independent non-executive Directors.