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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)

**MEMORANDUM OF UNDERSTANDING IN RELATION TO
THE POTENTIAL DISPOSAL**

This announcement is made by China Automobile New Retail (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 17 March 2020 (after trading hours), the Company and Mr Li Lixin, one of the Directors of the Company (the “**Potential Purchaser**”, together with the Company, the “**Parties**”), entered into a memorandum of understanding (the “**MOU**”).

THE POTENTIAL DISPOSAL

Pursuant to the MOU, the Company intends to dispose of, and the Potential Purchaser intends to acquire, certain equity interest in a subsidiary of the Group engaged in the operation of supermarkets and the wholesale of wine and electrical appliances (the “**Potential Disposal**”).

NON-LEGALLY BINDING EFFECT

Save for certain provisions relating to confidentiality and governing law, the MOU is not legally binding.

LISTING RULES IMPLICATIONS

The Potential Purchaser is a Director of the Company. The Potential Disposal, if it materialises, may constitute a connected and notifiable transaction for the Company under the Listing Rules. The Company will publish further announcement(s) in relation to the Potential Disposal and comply with all other applicable requirements under the Listing Rules as and when appropriate.

In addition, as disclosed in the Company's announcement dated 3 December 2019 in relation to a business update, the Group will continue to actively expand its automobile business to provide the consumers with a platform for the sales and purchase of parallel imported cars and domestic cars with ample choices and high quality services. It is hopeful that this will contribute to sustainable growth of the Group's sales and financial performance in the long term. As the epidemic of the novel coronavirus pneumonia eases in China and it is expected that favourable policies will be introduced in response to the impacts of the epidemic, it is hopeful that China's automobile market will develop steadily. The Group will also make use of the international capital market of Hong Kong to enhance and support its business development in the future.

The Board wishes to emphasise that the MOU is not legally binding and the Potential Disposal is subject to, among other things, the Company's negotiations on the relevant terms and conditions (including the consideration) which are yet to be finalised. The Potential Disposal may or may not proceed and potential investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED
Tong Shiping
Chairman

Hong Kong, 17 March 2020

As at the date of this announcement, the Board comprises Mr Tong Shiping (Chairman and Chief Executive Officer), 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.