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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)**

**EXCEEDING OF ANNUAL CAPS OF CONTINUING CONNECTED  
TRANSACTIONS IN RELATION TO THE EXPORT AGENCY  
AGREEMENT AND THE IMPORT AGENCY AGREEMENT**

**(1) EXCEEDING OF ANNUAL CAPS FOR THE NINE MONTHS  
ENDING 31 DECEMBER 2021;**

**AND**

**(2) REVISION OF ANNUAL CAPS FOR  
THE NINE MONTHS ENDING 31 DECEMBER 2021**

Reference is made to the 2018 Announcement and the June 2021 Announcement.

**EXPORT AGENCY AGREEMENT**

Further to the June 2021 Announcement, it has come to the attention of the Company that the actual transaction amount for Export Agency Services for the period from 1 April 2021 to the date of this announcement was approximately RMB5.45 million and therefore exceeds the original annual cap for Export Agency Services of RMB5.25 million for the period from 1 April 2021 to 31 December 2021. The Board will seek the approval of the Independent Shareholders, among other things, to approve the EAA Ratification and the Revised Export Annual Cap at the SGM.

### **IMPORT AGENCY AGREEMENT**

Further to the June 2021 Announcement, it has come to the attention of the Company that the actual transaction amount for Import Agency Services for the period from 1 April 2021 to the date of this announcement was approximately RMB80.82 million and therefore exceeds the original annual cap for Import Agency Services of RMB68.75 million for the period from 1 April 2021 to 31 December 2021. The Board will seek the approval of the Independent Shareholders, among other things, to approve the IAA Ratification and the Revised Import Annual Cap at the SGM.

### **LISTING RULES IMPLICATIONS**

Lisi Import & Export is a connected person of the Company.

As disclosed in the June 2021 Announcement, the relevant percentage ratios in respect of the proposed Revised Export Annual Cap was more than 0.1% but less than 5%. However as the transactions contemplated under the Export Agency Agreement and Import Agency Agreement are of similar nature which form part of the import and export business of the Group, the Revised Export Annual Cap and Revised Import Annual Cap are aggregated and as the relevant percentage ratios in respect of the Export Agency Agreement and the Import Agency Agreement with respect to the aggregate values of the proposed Revised Export Annual Cap and the Revised Import Annual Cap are more than 5%, the Export Agency Agreement and the Import Agency Agreement constitute continuing connected transactions of the Company which are therefore subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, as (i) the 2021 Export Transaction Amount has exceeded the original annual cap for the Export Agency Services for the year ended 31 March 2021; (ii) the actual transaction amount for the period from 1 April 2021 to the date of this announcement under the Export Agency Agreement has exceeded the original annual cap for the Export Agency Services for the nine months period ending 31 December 2021; (iii) the 2021 Import Transaction Amount has exceeded the original annual cap for the Import Agency Services for the year ended 31 March 2021; and (iv) the actual transaction amount for the period from 1 April 2021 to the date of this announcement under the Import Agency Agreement has exceeded the original annual cap for the Import Agency Service for the nine months period ending 31 December 2021, the Company is in the process of re-complying with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board will seek the approval of the Independent Shareholders, among other things, to approve the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap at the SGM.

A circular containing, among other things, (i) further details of the EAA Ratification, the Revised Export Annual Cap, IAA Ratification and Revised Import Annual Cap; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy, it is expected that the circular will be despatched to the Shareholders on or before 30 November 2021.

Reference is made to the 2018 Announcement and the June 2021 Announcement. It has come to the attention of the Board that (i) the actual transaction amount for the period from 1 April 2021 to the date of this announcement under the Export Agency Agreement has exceeded the original annual cap for the Export Agency Services for the nine months period ending 31 December 2021 of RMB5.25 million; and (ii) the actual transaction amount for the period from 1 April 2021 to the date of this announcement under the Import Agency Agreement has exceeded the original annual cap for the Import Agency Service for the nine months period ending 31 December 2021 of RMB68.75 million.

## **THE EXPORT AGENCY AGREEMENT**

### **Exceeding the original annual cap for the nine months ending 31 December 2021**

As stated in the 2018 Announcement, the annual cap of service fees payable to Lisi Import & Export for Export Agency Services for the period from 1 April 2021 to 31 December 2021 was RMB5.25 million. The annual cap for Export Agency Services was determined by the Directors with reference to, among others, (i) the amount of past transactions between Lisi Import & Export and Lisi Household and the actual service fees paid up to 31 March 2018; (ii) the estimated annual sales of Lisi Household of approximately USD68 million for the calendar year of 2019; (iii) the expected growth of the business of Lisi Household at the rate of 10% per annum and the corresponding increase in the service fees payable for the calendar years of 2020 and 2021; and (iv) buffer for the annual growth and the impact of exchange rate fluctuation on export activities (assuming further depreciation of the RMB exchange rate for up to 5% per year).

The estimated growth rate of the business of Lisi Household of 10% per annum was based on, among others, the following assumptions: (i) the modest sales growth of Lisi Household supported by continuous exchange rate depreciation of RMB in coming years widely expected in the market; (ii) the strength of Lisi Household in maintaining and enlarging its customer base; and (iii) the continuous effort of the Group in cost control measures and business strategy of focusing on higher margin products and customers and development of new products and customers.

The orders from overseas surged during the first quarter of 2021. For the period between April 2021 and September 2021, the export orders received by Lisi Household have increased substantially and the actual export volume of the Group increased about 35.0% when it is compared with the corresponding period in 2020. The Company was of the view that the increase of the orders was due to the closure of factories and suspension of manufacturing process in other Asian countries under their lockdown policies which render overseas buyers sourcing products from manufacturers in the PRC. The Group therefore received large amount of orders which the Group has not encountered before.

The actual transaction amounts involved under the Export Agency Agreement for the period from 1 April 2021 to the 15 November 2021 are set out below:

<b>Month</b>	<b>Actual amount involved for the period from 2021 April to 15 November 2021 (unaudited) RMB</b>	<b>Accumulated amount involved for the period from 2021 April to the 15 November 2021 (unaudited) RMB</b>
April	601,000	601,000
May	679,000	1,280,000
June	692,000	1,972,000
July	792,000	2,764,000
August	763,000	3,527,000
September	668,000	4,195,000
October	854,000	5,049,000
1 November 2021 to 15 November 2021	402,000	5,451,000

The accumulated amount involved for the period from 1 April 2021 to the date of this announcement therefore has exceeded the original annual cap of the Export Agency Agreement of RMB5.25 million for the period from 1 April 2021 to 31 December 2021.

As disclosed above, as the demand of the products increased and the Company was of the view that cessation of conducting the transactions under the Export Agency Agreement may disrupt the normal operation of business of the Group and hence it has no alternative but to continue to perform the obligations under the Export Agency Agreement and accept the orders in order to maintain the normal operation of the business of the Group. In the meantime, it took additional time for the Company to prepare the annual financial results for the financial year ended 31 March 2021 which in turn affects the preparation of the circular relating to the continuing connected transactions, the Company therefore failed to obtain the Shareholders' approval in respect of the Revised Export Annual Cap before the original annual cap for the nine-months ending 31 December 2021 under the Export Agency Agreement was exceeded.

The Company noted that there is a non-compliance of Rule 14A.54(1) and is in the course of re-complying the Listing Rules requirements by seeking the EAA Ratification from the Independent Shareholders.

### **Revised Export Annual Cap**

In view of the factors above, the Board is of the view that the trend of increased export orders will continue. As disclosed in the June 2021 Announcement, taking into account of the amount of service fees paid to Lisi Import & Export for Export Agency Services for the year ended 31 March 2021, the expectation of increase in demand of Export Agency Services and the increase in the volume of sales, the Company proposes to set Revised Export Annual Cap of service fees payable to Lisi Import & Export for Export Agency Services pursuant to the Export Agency Agreement for the period from 1 April 2021 and ending on 31 December 2021 as RMB7.125 million. As the transactions contemplated under the Export Agency Agreement and Import Agency Agreement are of similar nature which form part of the import and export business of the Group, the Revised Export Annual Cap and Revised Import Annual Cap are aggregated and the relevant percentage ratios in respect of the Export Agency Agreement and the Import Agency Agreement with respect to the aggregate values of the proposed Revised Export Annual Cap and the Revised Import Annual Cap are more than 5%. Accordingly, the Revised Export Annual Cap and the Revised Import Annual Cap in aggregate will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The terms and conditions, pricing basis and payment terms of the Export Agency Agreement, as detailed in the 2018 Announcement, remain unchanged.

### **THE IMPORT AGENCY AGREEMENT**

#### **Exceeding the original annual cap for the nine months ending 31 December 2021**

As stated in the 2018 Announcement, the annual cap of gross transaction amounts payable to Lisi Import & Export for Import Agency Services for the period from 1 April 2021 to 31 December 2021 was RMB68.75 million. The annual cap for Import Agency Services was determined by the Directors with reference to, among others, (i) the amount of past transactions between Lisi Import & Export and Lisi Household and the actual gross transaction amounts up to 31 March 2018, (ii) the estimated annual purchase of Lisi Household for calendar year of 2019, (iii) the expected growth of the business of Lisi Household at the rate of 10% per annum for the calendar years of 2020 and 2021, and (iv) buffer for the annual growth and the impact of exchange rate fluctuation on import activities (assuming further depreciation of the RMB exchange rate for 5% per year).

The orders from overseas surged during the first quarter of 2021. For the period between April 2021 and September 2021, the export orders received by Lisi Household have increased substantially. Lisi Household therefore purchases more raw materials or goods from Lisi Import & Export. In the meantime, the costs of the raw material increased.

The Company was of the view that the increase of the orders was due to the closure of factories and suspension of manufacturing process in other Asian countries under their lockdown policies which render overseas buyers sourcing products from manufacturers in the PRC. The Group therefore received large amount of orders which the Group has not encountered before.

The actual transaction amounts involved for the period from 1 April 2021 to the 31 October 2021 are set out below:

<b>Month</b>	<b>Actual amount involved for the period from 2021 April to 31 October 2021 (unaudited) RMB</b>	<b>Accumulated amount involved for the period from 2021 April to 31 October 2021 (unaudited) RMB</b>
April	3,697,000	3,697,000
May	9,699,000	13,396,000
June	11,801,000	25,197,000
July	11,860,000	37,057,000
August	12,215,000	49,272,000
September	8,349,000	57,621,000
October	11,900,000	69,521,000

The accumulated amount involved for the period from 1 April 2021 to the date of this announcement therefore has exceeded the original annual cap of the Import Agency Agreement of RMB68.75 million for the period from 1 April 2021 to 31 December 2021.

As disclosed above, as the demand of the products increased and the Company was of the view that cessation of conducting the transactions under the Import Agency Agreement may disrupt the normal operation of business of the Group and hence it has no alternative but to continue to perform the obligations under the Import Agency Agreement and accept the orders in order to maintain the normal operation of the business of the Group. In the meantime, it took additional time for the Company to prepare the annual financial results for the financial year ended 31 March 2021 which in turn affects the preparation of the circular relating to the continuing connected transactions, the Company therefore failed to obtain the Shareholders' approval in respect of the Revised Import Annual Cap before the original annual cap for the nine-months ending 31 December 2021 under the Import Agency Agreement was exceeded.

The Company noted that there is a non-compliance of Rule 14A.54(1) and is in the course of re-complying the Listing Rules requirements by seeking the IAA Ratification from the Independent Shareholders.

## **Revised Import Annual Cap**

As disclosed in the June 2021 Announcement, taking into account of the 2021 Import Transaction Amount paid to Lisi Import & Export for Import Agency Services for the year ended 31 March 2021, the expectation of increase in demand of Import Agency Services, and the increase of the costs of the raw material and the annual import volume, the Company proposes to set the Revised Import Annual Cap of gross transaction amount payable to Lisi Import & Export for Import Agency Services pursuant to the Import Agency Agreement for the period from 1 April 2021 and ending 31 December 2021 as RMB102.75 million.

The terms and conditions, pricing basis and payment terms of the Import Agency Agreement, as detailed in the 2018 Announcement, remain unchanged.

## **LISTING RULES IMPLICATIONS**

As stated above, Lisi Import & Export is connected persons of the Company. As a result, the Export Agency Agreement and the Import Agency Agreement constitute continuing connected transactions for the Company.

As disclosed in the June 2021 Announcement, the relevant percentage ratios in respect of the proposed Revised Export Annual was more than 0.1% but less than 5%. However as the transactions contemplated under the Export Agency Agreement and Import Agency Agreement are of similar nature which form part of the import and export business of the Group, the Revised Export Annual Cap and Revised Import Annual Cap are aggregated and as the relevant percentage ratios in respect of the Export Agency Agreement and the Import Agency Agreement with respect to the aggregate values of the proposed Revised Export Annual Cap and the Revised Import Annual Cap are more than 5%, the Export Agency Agreement and the Import Agency Agreement constitute continuing connected transactions of the Company which are therefore subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, as (i) the 2021 Export Transaction Amount has exceeded the original annual cap for the Export Agency Services for the year ended 31 March 2021; (ii) the actual transaction amount for the period from 1 April 2021 to the date of this announcement under the Export Agency Agreement has exceeded the original annual cap for the Export Agency Services for the nine months period ending 31 December 2021; (iii) the 2021 Import Transaction Amount has exceeded the original annual cap for the Import Agency Services for the year ended 31 March 2021; and (iv) the actual transaction amount for the period from 1 April 2021 to the date of this announcement under the Import Agency Agreement has exceeded the original annual cap for the Import Agency Service for the nine months period ending 31 December 2021, the Company is in the process of re-complying with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board will seek the approval of the Independent Shareholders, among other things, to approve the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap at the SGM.

An Independent Board Committee will be established to advise the Independent Shareholders as to whether the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole and on how to vote. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### **INFORMATION ABOUT THE GROUP**

The Group is principally engaged in the trading of imported cars. Together with subsidiaries, the Company operates business through six segments: (i) the Car Trading Platform segment is engaged in providing imported cars platform services and property rental services; (ii) the Car-sale segment is engaged in the trading of imported cars; (iii) the Manufacturing and Trading segment is engaged in the manufacture and trading of plastic and metallic household products; (iv) the Retail segment is engaged in the management of department stores and the operation of supermarket operation; (v) the Wholesale segment is engaged in the wholesales of wine and beverages and electrical appliances; and (vi) the Investments Holding segment is engaged in the debts management and the investment in equity securities.

### **INFORMATION ABOUT LISI IMPORT & EXPORT**

Lisi Import & Export is principally engaged in import and export of goods and materials in the PRC.

### **GENERAL**

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other matters, the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap.

At the SGM, any Shareholder with a material interest in the relevant resolution(s) to be passed at the SGM is required to abstain from voting on the resolutions to be put forward to the independent Shareholders for approving the EAA Ratification, the Revised Export Annual Cap, IAA Ratification and Revised Import Annual Cap. Mr. Li, Big-Max Manufacturing Co., Limited and Shi Hui Holdings Limited and their respective associates will abstain from voting on such resolutions at the SGM.



A circular containing, among other things, (i) further details of the EAA Ratification, the Revised Export Annual Cap, IAA Ratification and Revised Import Annual Cap; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy, are expected to be despatched to the Shareholders on or before 30 November 2021.

## **DEFINITIONS**

In this announcement, the following words and expressions shall have the meanings set out below, unless the context otherwise requires:

“2018 Announcement”	the announcement of the Company dated 22 November 2018, in relation to, among others, the continuing connected transactions of the Export Agency Agreement and the Import Agency Agreement
“2021 Export Transaction Amount”	the aggregate amount of gross transaction amount paid to Lisi Import & Export for Export Agency Services for the year ended 31 March 2021 in a sum of approximately RMB6.79 million
“2021 Import Transaction Amount”	the aggregate amount of gross transaction amount paid to Lisi Import & Export for Import Agency Services for the year ended 31 March 2021 in a sum of approximately RMB98.66 million
“Company”	China Automobile New Retail (Holdings) Limited (stock code: 526), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EAA Ratification”	the ratification of the transactions under the Export Agency Agreement for (i) the year ended 31 March 2021 and (ii) the period from 1 April 2021 to 31 December 2021 that exceed the respective original annual caps of the Export Agency Agreement

“Export Agency Agreement”	the export agency agreement dated 22 November 2018 entered into between Lisi Import & Export and Lisi Household
“Export Agency Services”	means the export agency services provided by Lisi Import & Export to Lisi Household pursuant to the Export Agency Agreement as set out in the 2018 Announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAA Ratification”	the ratification of the transactions under the Import Agency Agreement for (i) the year ended 31 March 2021 and (ii) the period from 1 April 2021 to 31 December 2021 that exceed the respective original annual caps of the Import Agency Agreement
“Import Agency Agreement”	the import agency agreement dated 22 November 2018 entered into between Lisi Import & Export and Lisi Household
“Import Agency Services”	means the import agency services provided by Lisi Import & Export to Lisi Household pursuant to the Import Agency Agreement as set out in the 2018 Announcement
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr He Chengying, Mr Shin Yick Fabian and Mr Kwong Kwan Tong, to advise the Independent Shareholders on the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap
“Independent Shareholder(s)”	Shareholders other than Mr. Li, Big-Max Manufacturing Co., Limited and Shi Hui Holdings Limited, together with their respective associates (if any) who are required by the Listing Rules to abstain from voting on the resolutions approving the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap

“June 2021 Announcement”	the announcement of the Company dated 9 June 2021, in relation to, among others, the exceeding of annual caps for the year ended 31 March 2021 and the revision of annual caps for the nine months ending 31 December 2021 for the respective continuing connected transactions of the Export Agency Agreement and the Import Agency Agreement
“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 Import & Export”	寧波利時進出口有限公司 (Lisi Import and Export Company Limited*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Lixin, an executive Director and a controlling shareholder of the Company
“percentage ratios”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Revised Export Annual Cap”	the revised maximum aggregate annual amount of service fees payable by Lisi Household to Lisi Import & Export for Export Agency Services under the Export Agency Agreement for the period from 1 April 2021 and ending 31 December 2021
“Revised Import Annual Cap”	the revised maximum aggregate annual amount of service fees payable by Lisi Household to Lisi Import & Export for Import Agency Services under the Import Agency Agreement for the period from 1 April 2021 and ending 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC

“SGM”	the special general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving the EAA Ratification, the Revised Export Annual Cap, the IAA Ratification and the Revised Import Annual Cap
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In case of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.*

\* *for identification purpose only*

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

Hong Kong, 23 November 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 Shin Yick Fabian and Mr Kwong Kwan Tong being independent non-executive Directors.*