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CAR Inc.

神州租車有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0699)

(Note stock code: 5556)

(Note stock code: 6017)

(Note stock code: 85735)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by CAR Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 and information currently available to the Board, the Group is expected to incur a net loss for the six months ended 30 June 2020, as compared to the net profit of RMB279 million for the six months ended 30 June 2019. The net loss for the six months ended 30 June 2020 was mainly due to the impairment of (a) the equity investment in UCAR Inc. (“**UCAR**”); (b) trade receivables from UCAR; (c) the prepayment of the subscription price of the shares and convertible bonds to be issued by FDG Electric Vehicles Limited (a company listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 729); and (d) the residual values of vehicles manufactured by Beijing Borgward Auto Co., Ltd. with repurchase arrangements, and it is expected that such impairments will result in an aggregate write-off of approximately RMB2.5 billion to RMB3.0 billion.

The Company has commenced the related work for the interim results of the Group for the six months ended 30 June 2020. The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 and the information currently available. The related review work is yet to be completed, and will also be subject to the final review and confirmation by the Company’s audit and compliance committee. In addition, the Company’s auditors are also carrying out their review work on the consolidated financial statements of the Company for the six months ended 30 June 2020. Accordingly, the actual results of the Group for the six months ended 30 June 2020 may differ from the information set out in this announcement.

The Company will make further announcement(s) if there is any significant update in the process of review of the interim results for the six months ended 30 June 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
CAR Inc.
Yifan Song
Executive Director

Hong Kong, July 24, 2020

As at the date of this announcement, the Board of Directors of the Company comprises Ms. Yifan Song as Executive Director; Mr. Linan Zhu, Ms. Xiaogeng Li, Mr. Zhen Wei and Mr. Leping Yan as Non-executive Directors; and Mr. Sam Hanhui Sun, Mr. Wei Ding, and Mr. Li Zhang as Independent Non-executive Directors.