THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Automobile New Retail (Holdings) Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE TARGET GROUP AND NOTICE OF SPECIAL GENERAL MEETING

Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined under the section "Definitions" of this circular.

A notice convening the SGM to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on 15 June 2022, Wednesday at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time designated for holding the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish and in such event the relevant form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

Please see page ii of this circular for measures being taken to prevent and control the spread of the COVID-19 pandemic, including but not limited to:

- compulsory temperature check before entering the SGM Venue, and those with a body temperature of over 37.3 degrees Celsius or with the flu-like symptoms or is otherwise unwell will not be admitted to the SGM Venue;
- wearing of surgical face mask is compulsory at any time within the SGM Venue; and
- signing of health declaration form before admission to the SGM Venue.

Any person who declines any of the aforementioned precautionary measures will not be admitted to the SGM Venue. The Company reminds the Shareholders that they may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.

26 May 2022

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In view of the ongoing COVID-19 pandemic, the Company will adopt the following precautionary measures at the SGM in order to safeguard the health and safety of the Shareholders, staff and stakeholders who attend the SGM in person:

1. At the entrance of the SGM Venue, a compulsory body temperature check will be conducted on every person attending the SGM. Any person with a body temperature of over 37.3 degrees Celsius, or any individual who has any flu-like symptoms or is otherwise unwell will not be admitted to the SGM Venue.

2. Every attendees will be required to sign and complete a health declaration form before admission to the SGM Venue.

3. Seating at the SGM Venue will be arranged so as to allow for appropriate social distancing. As a result, there will be limited capacity for Shareholders to attend the SGM. The Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.

4. Every attendee is required to wear a surgical face mask at any time within the SGM Venue.

5. Any attendee who declines any of the abovementioned measures will not be admitted to the SGM Venue.

6. No food or beverages or gifts will be provided to the attendees at the SGM.

To the extent permitted under the applicable laws, the Company reserves the right to deny any person entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the other attendees at the SGM. Subject to the development of COVID-19, the Company may be required to change the SGM arrangements at short notice.

Shareholders should check the websites of the Company (www.lisigroup.com.hk) and the Stock Exchange (www.hkexnews.hk) for further announcements and updates on the SGM arrangements.

Voting by proxy in advance of the SGM: The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to COVID-19. For the health and safety of the Shareholders, the Company encourages Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising the voting rights of the Shareholders.

Appointment of proxy by non-registered Shareholders: Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) for assistance in the appointment of proxies.

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

"Agreement"	the sale and purchase agreement in relation to the Disposal entered into among the Company and the Purchaser on 6 May 2022
"Announcement"	the announcement of the Company dated 6 May 2022 in respect of, among others, the Agreement and the Disposal
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	means any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"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
"Completion"	the completion of the Disposal pursuant to the terms and conditions of the Agreement
"Completion Date"	a day falling on the second (2nd) Business Day following the conditions precedent to Completion are fulfilled (or such other date as the Company and the Purchaser may agree in writing)
"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
"Consideration"	the aggregate sum of HK$3 million (or its equivalent amount in RMB) to be paid by the Purchaser to the Company for the Disposal
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the entire issued share capital of each of the Target Companies pursuant to the Agreement
"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
"Independent Third Party(ies)"	independent third party(ies) who is/are not connected with the Company and/or the connected person(s) of the Company
"Latest Practicable Date"	25 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	25 June 2022
"Mr. Li"	Mr. Li Lixin, an executive Director and a controlling shareholder of the Company
"PRC"	the People's Republic of China which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prosper Ocean"	Prosper Ocean International Enterprise Limited (盛海國際企業有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Target Company 1 as at the Latest Practicable Date
"Purchaser"	Kenpay International Company Limited (肯付國際有限公司), a company incorporated in Hong Kong with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on 15 June 2022, Wednesday at 10:30 a.m. to consider, and if thought fit, to approve the to be convened to approve the Agreement and transactions contemplated thereunder
"SGM Venue"	14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong
"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
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Company 1"	Robust Cooperation Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Target Company 2"	Mega Convention Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Target Companies"	Target Company 1 and Target Company 2
"Target Group"	Target Company 1, Target Company 2 and their respective subsidiaries
"Tianjin Binhai"	天津濱海國際汽車城有限公司 (Tianjin Binhai International Auto Mall Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Target Company 1 as at the Latest Practicable Date
"Tianjin Calistar"	天津開利星空汽車城運營管理有限公司 (Tianjin Calistar Automall Operation Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Target Company 2 as at the Latest Practicable Date
"Tianjin Prominent"	天津英之傑國際物流有限公司 (Tianjin Prominent Hero International Logistics Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Target Company 1 as at the Latest Practicable Date
"World Vast International"	World Vast International Enterprise Limited (世浩國際企業有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Target Company 2 as at the Latest Practicable Date
"%"	per cent.

* *For identification purpose only*

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

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)

Executive Directors:
Mr. Li Lixin
Mr. Cheng Jianhe
Ms. Jin Yaxue

Non-Executive Director:
Ms. Cheng Weihong

Independent Non-Executive Directors:
Mr. He Chengying
Mr. Shin Yick Fabian
Mr. Kwong Kwan Tong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Workshop 06 & 07, 36th Floor,
King Palace Plaza
No.52A Sha Tsui Road
Tsuen Wan, New Territories
Hong Kong

26 May 2022

To the Shareholders

Dear Sir/Madam

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE TARGET GROUP AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Disposal.

On 6 May 2022 (after trading hours), the Company and the Purchaser entered into the Agreement in relation to the Disposal, pursuant to which, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of each of the Target Companies at a total consideration of HK$3 million (or its equivalent amount in RMB).

The purpose of this circular is to provide you with (i) further details of the Agreement and the Disposal; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the SGM and a form of proxy.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date:	6 May 2022	
Parties:	(i)	the Company; and
	(ii)	the Purchaser

Asset to be disposed of

Pursuant to the Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of each of the Target Companies subject to the terms and conditions contained in the Agreement.

Consideration

Pursuant to the terms of the Agreement, the total consideration shall be HK$3 million (or its equivalent amount in RMB) which shall be paid by the Purchaser to the Company in cash on the Completion Date.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser and was determined with reference to, amongst others, (i) the unaudited combined net liabilities of the Target Group of approximately RMB1.17 billion as at 28 February 2022; and (ii) the valuation of the business of the Target Group, which is nil as at 28 February 2022 based on the assessment by the valuer. Please refer to Appendix IIA to this circular for further details of the business valuation report.

The above valuation of the business of the Target Group is undertaken by Knight Frank Petty Limited, which is an international asset consultancy and appraisal firm regulated by Royal Institution of Chartered Surveyors with extensive experience in conducting valuation of both fixed and intangible assets. The qualifications of the key personnel engaged in this assignment include Member/Fellow of Royal Institution of Chartered Surveyors, Member/Fellow of The Hong Kong Institute of Surveyors, Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417, Laws of Hong Kong) and China Institute of Real Estate Appraisers and Agents. Knight Frank Petty Limited does not have any relationship with the Company and its connected persons, save for the engagement of the business valuation report and the property valuation report.

In the course of the valuation of the business of the Target Group, income approach, market approach and asset-based approach are considered. The asset-based approach is selected for the valuation assessment.

The income approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. Pursuant to the negative gross profit and net profit of the Target Group as of the valuation date as shown from the financial statements, the assumptions in relation to the financial and cash flow projection of the Target Group under income approach are not easily justified and not appropriate to be adopted. Based on the abovementioned rationale, the income approach was not adopted in the valuation assessment.

The market approach was not adopted because the Target Group had operating loss-making as shown from the financial statements, there were no earnings multiples which can be applied in the valuation analysis and no similar assets in the market for comparison purpose.

Among the three approaches, the valuer considered that asset-based approach was more appropriate for valuing the business of the Target Group, given that the Target Group has been generating losses and the property is the major component on the balance sheet of the Target Group.

The following assumptions were adopted in the valuation:

(i) There will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group.

(ii) The conditions in which the business is operated, and which are material to revenue and costs of businesses will have no material change.

(iii) The information has been prepared on a reasonable basis after due and careful consideration by the management of the Company and/or the Target Group or their representatives.

(iv) Competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Group.

(v) All licenses and permits that is essential for the operation of the Target Group can be obtained and are renewable upon expiry.

(vi) There are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, there would be no responsibility for changes in market conditions after the valuation date.

Based on the Directors' best knowledge and understanding to the business environment in which the Target Group operates and the business of the Target Group, the Board is of the view that the above valuation assumptions adopted are fair and reasonable.

Conditions precedent

Completion shall be conditional upon and subject to:

(a) all approvals, consents, notices, filings and licenses required by the Company and/or the Purchaser under the applicable laws and regulations, internal policies and other agreements in respect of the transactions contemplated under this Agreement have been obtained or (if applicable) exempted;

(b) the Shareholders having passed the resolutions approving the Agreement and the transactions contemplated hereunder at the SGM; and

(c) (if applicable) all third party consents, approvals and notices which are required to be obtained pursuant to any applicable laws or agreements involving the Company or any members of the Target Group in connection with the Agreement and the transactions contemplated thereunder having been obtained.

None of the conditions can be waived.

As at the Latest Practicable Date, none of the conditions have been fulfilled.

In the event that any of the above conditions precedent have not been fulfilled on or before the Long Stop Date, the Agreement shall cease and terminate immediately unless the Company and the Purchaser agree to postpone the Completion in writing. Upon termination of the Agreement, parties to the Agreement shall be released and discharged from their respective obligations under the Agreement, save for obligations with continuing effect under the Agreement.

Completion

Completion shall take place on the Completion Date, i.e. the second (2nd) Business Day following fulfillment of all conditions precedent in the Agreement (or such other date as the Company and the Purchaser may agree in writing).

INFORMATION OF THE GROUP

The Company is an investment holding company principally engaged in the trading of imported cars. As at the Latest Practicable Date, the Group 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 OF THE TARGET GROUP

Target Company 1

Target Company 1 is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Target Company 1 is a wholly-owned subsidiary of the Company, and the holding company (whether directly or indirectly) of (i) the entire issued share capital of Prosper Ocean, and (ii) the entire equity interest in each of (a) Tianjin Prominent and (b) Tianjin Binhai.

Prosper Ocean is an investment holding company incorporated in Hong Kong with limited liability.

Tianjin Prominent is a company established in the PRC with limited liability and is principally engaged in investment holding and the provision of ancillary services related to parallel imported car trading platform.

Tianjin Binhai is a company established in the PRC with limited liability and is principally engaged in the operation of parallel imported car trading platform. Tianjin Binhai has two self-owned properties in the PRC situated at (i) Cali Building, No. 188 Tianbao Avenue, Binhai New District, Tianjin, the PRC and (ii) Tianjin Binhai International Automobile City, No. 86 Tianbao Avenue, Binhai New District, Tianjin, the PRC, both being investment properties held by the Group in return of rental income.

Target Company 2

Target Company 2 is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Target Company 2 is a wholly-owned subsidiary of the Company, and the holding company (whether directly or indirectly) of (i) the entire issued share capital of World Vast International, and (ii) the entire equity interest in Tianjin Calistar.

World Vast International is an investment holding company incorporated in Hong Kong with limited liability.

Tianjin Calistar is a company established in the PRC with limited liability and is principally engaged in the trading and sales of imported cars and providing related services, and the provision of agency services for trading of cars.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited combined financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 31 March 2020 and 2021 respectively:

	For the year ended 31 March 2020 (unaudited) *(RMB'000)*	**For the year ended 31 March 2021 (unaudited)** *(RMB'000)*
Net loss before taxation	185,500	2,780,315
Net loss after taxation	201,350	2,771,067

The unaudited combined net liabilities of the Target Group was approximately RMB1.17 billion as at 28 February 2022.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability. The principal business of the Purchaser is an investment holding. As at the Latest Practicable Date, the Purchaser is wholly owned by Ms XU Luoyu (徐羅雨). Ms Xu is the owner of a group a member of which, namely Zhejiang Chain Technology Co., Ltd.* (浙鏈科技有限公司), is an e-commerce service provider in the PRC, headquartered in Ningbo, Zhejiang Province, the PRC.

On 30 April 2022, Mr. Cheng Jianhe, an executive Director, initially contacted the Purchaser who was introduced by a previous potential purchaser of the Target Group. On 3 May 2022, Mr. Cheng Jianhe met with the Purchaser again to ascertain the Purchaser's intention to further proceed with the Disposal. On 4 May 2022, the Company, as the seller, and the Purchaser agreed to exchange the relevant information for each other's review. The Company provided information of the Target Group to the Purchaser for the Purchaser's review and the Purchaser provided its shareholder's personal information and the general information of the business in which Ms Xu is engaged to the Company for its reference. On 5 May 2022, Mr. Li Lixin, an executive Director, and Mr. Cheng Jianhe further negotiated with the Purchaser and the parties agreed to proceed with the Disposal in accordance with agreed terms. A draft sale and purchase agreement was provided to the Purchaser for its review and comments.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser and its ultimate beneficial owner are Independent Third Parties, (ii) the Purchaser and its ultimate beneficial owners do not have any formal or informal relationship with the Company or its connected persons, and (iii) the Purchaser and its ultimate beneficial owners do not have any formal or informal relationship with the vendors and their ultimate beneficial owners who sold the Target Group to the Company in 2017 and 2019.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Purchaser who can exert influence on the transaction; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary is involved in the transaction).

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Target Companies (including their respective subsidiaries) will cease to be the subsidiaries of the Company and the financial results and assets and liabilities of the Target Group will cease to be consolidated into the accounts of the Group. Furthermore, upon Completion, the Group will cease to engage in the trading of imported cars business and the provision of imported cars platform services business (collectively, the "**Automotive Business**").

The unaudited gain expected to be derived from the Disposal is approximately RMB1.17 billion, representing the sum of the amount of consideration of the Disposal and the amount of the unaudited combined net liabilities of the Target Group as at 28 February 2022 taking into account the corresponding foreign exchange reserve, transaction costs and tax. The actual gain or loss from the Disposal to be recorded by the Group is subject to audit and review by the auditor of the Company and will be assessed based on financial position of the Target Group as at the Completion Date.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The financial results of the Target Group had been affected by the outbreak of the COVID-19 and the implementation of Limits and Measurement Methods for Emission from Light-duty Vehicles ("**China VI**") (《輕型汽車污染物排放限值及測量方法(中國第六階段)). In 2016, the Ministry of Environmental Protection of the PRC released the China VI with the aim of reducing air pollutant emissions from light-duty vehicles and contributing to addressing severe air pollution in China. This standard applies to light-duty vehicles powered primarily by gasoline or diesel. The China VI was scheduled to take effect beginning on 1 July 2020.

According to the China VI promulgated in 2016, the China VI features: (i) two sets of fuel-neutral emission limits for air and climate pollutants, (ii) a shift from the New European Driving Cycle to World Harmonized Light Vehicle Cycle and World Harmonized Light Vehicle Test Procedures, (iii) adoption of real-world driving emission testing and requirements, and (iv) enhanced on-board diagnostics ("**OBD**") provisions etc.

The compliance program in the China VI includes a number of manufacturer-run and agency-run emission tests from vehicle prototype throughout vehicle useful life. Manufactures are required to test their vehicles at low, medium and high mileages and report their test results to the regulatory agency. Then, the agency has the authority to randomly test in-use vehicles up to 160,000 km of driving. For the manufacturer-run test, manufacturers must perform at least six of the eight required type tests. The regulatory agency may conduct all type tests for its verification test program.

China VI also introduces the emission warranty and defect-reporting requirement in China. Manufacturers are required to warrant a list of emission-control parts in their new vehicles for a minimum of three years/60,000km (whichever arrives sooner). Manufacturers are also required to record the maintenance of emission warranty parts and related OBD malfunctions and reasons.

At the relevant time in 2017 and 2019 during the Group's acquisitions of the Automotive Business, the Board understood that China VI would be implemented. However, the Board considered that China VI was one of the laws, rules and regulations which the business needs or would need to comply with in the PRC and the China VI itself would not cause material adverse impact to the Automotive Business. The Board considered that implementation of China VI by the PRC government was constructive and it may affect the vehicle manufacturers in the PRC (as their designs need to meet the new standard under China VI) and the vehicle owners (as the price for the second hand vehicles may drop significantly and their vehicles need to meet the standard under China VI). As long as the Group has the ability to source and import vehicles meeting the China VI, the Board did not consider that the China VI would have material adverse impact on the Automotive Business.

However, in 2020, after the implementation of China VI, there was an outbreak of COVID-19, and together with the COVID-19 restrictive measures implemented in the PRC during the pandemic and the increase of the costs for the international logistics transportation, the parallel imported vehicle business was seriously affected. Also, upon the implementation of the policy, the industry players realised that there were different problems and pitfalls. For example, China VI is a unique standard adopted by the PRC and vehicle manufacturers in Europe and the United States have not conducted any certifications specifically for China VI. Also, when the vehicle importers in the PRC requested certifications called "OBD certification" from overseas vehicle manufacturers in order to meet the China VI, it was realised that it is difficult because the "OBD Certification" involves some core technology which overseas vehicle manufacturers were reluctant to disclose and provide such "OBD Certification". It became a general obstacle for the vehicle importers in the PRC to meet the China VI for a certain period of time. It unexpectedly affected the imported vehicle industry of the PRC, including the Group's Automotive Business.

Therefore, the performance of the Group's Automotive Business dropped precipitously in the year of 2020 and 2021. In particular, the Automotive Business has been suspended in the financial year ended 31 March 2021 and have not yet been fully resumed as of the Latest Practicable Date. As a result, the Target Group recorded minimal turnover since then and was unable to repay the outstanding debts and bank loans on time.

Based on the current impact of the epidemic and international shipping disruptions in China and the world's major automotive exporting countries, the Company expects the full recovery of Group's Automotive Business will be no earlier than the end of 2023.

The Board considers that the full recovery of Group's Automotive Business will be no earlier than the end of 2023 and it is difficult to ascertain and predict when exactly it will take place. Despite the suspension of the Automotive Business, the Target Group would still incur various costs and expenses, including but not limited to storage costs, finance costs and operating costs. While the operating costs of Automotive Business has been increasing, the prospects are less certain and it is expected that the Company could recognize an unaudited gain derived from the Disposal of approximately RMB1.17 billion, the Board considers that the Disposal is in the best interest of the Company and the Shareholders as a whole.

As at 28 February 2022, the Target Group's unaudited combined net liabilities was approximately RMB1.17 billion, which included bank and other loans of approximately RMB1.5 billion. Amongst which, bank and other loans of RMB1.04 billion have been overdue as at 28 February 2022 and have not been fully settled or renewed as of the Latest Practicable Date. Included in these bank and other loans were RMB459 million the lenders of which have commenced litigations against the Target Group for repaying the outstanding balances. As at the Latest Practicable Date, the overdue bank and other loans of the Target Group as at 28 February 2022 have not been settled or renewed. The Company is not expected to further repay any outstanding balances after the Latest Practicable Date and before the Completion Date. The Group understands that the debts and liabilities will remain in the corresponding members of the Target Group and the Purchaser as the shareholder of the Target Companies which are companies with limited liabilities, would not be liable to settle the debts of the Target Group upon Completion.

Furthermore, the Target Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2.4 billion as at 28 February 2022. As at 28 February 2022, bank loans of RMB274 million out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB50 million the banks of which have commenced litigations against the borrowers and their guarantors, including the Target Group, for repaying the outstanding loans. The Company understands that, upon Completion, the remaining Group will no longer be liable for the above guarantees provided by the Target Group, or for any actual or contingent liabilities or claims in relation to the Automotive Business.

As at the Latest Practicable Date, approximately RMB62.1 million trade receivables and RMB1,820.4 million other receivables in relation to the Automotive Business remained outstanding.

Details of certain provision of impairment are set out as follows:

The provision of impairment for the other receivables in 2020 and 2021 were RMB25.7 million and RMB1,514.9 million respectively. The impairment loss for the other receivables in 2020 and 2021 were RMB4 million and RMB1,491.5 million respectively.

The provision of impairment for the trade receivables in 2020 and 2021 were RMB21.5 million and RMB66 million respectively. The impairment loss for the trade receivables in 2020 and 2021 were RMB18.5 million and RMB77.5 million respectively.

The provision of impairment for the guarantees in 2020 and 2021 were RMB40.6 million and RMB336.9 million respectively. The impairment loss for the guarantees in 2020 and 2021 were RMB6.2 million and RMB296.3 million respectively.

The provision of impairment for the goodwill in 2020 and 2021 were RMB933.4 million and RMB1,329.8 million respectively. The impairment loss for the goodwill in 2020 and 2021 were RMB240.0 million and RMB396.4 million respectively.

The Group took various actions (including setting up money collection team to visit the debtors' offices regularly, sending staff to station at the office of the debtors and conduct evaluation of the repayment plans of the debtors and commencing legal proceedings etc.) to recover the receivables. The Group has been collecting such outstanding receivables in accordance with its recollection plan and it is expected that 70% of the trade receivables can be recovered by 30 June 2022 and 70% of the other receivables can be recovered by the end of 2022. The Company understands that the Purchaser and the Target Group would still work in accordance with the expected timeline on collecting the trade and other receivables after completion and the Company ceases to hold any interests in the Target Group. However, the Company will not have any control over the debt collection process after Completion. Upon Completion, the Company will not be entitled to receive any trade and other receivables to be recovered.

Considering, amongst others, (i) the net liabilities position of the Target Group; (ii) the Target Group had not been able to repay the outstanding debts and bank loans on time; and (iii) the uncertainties of the prospect of industry and national policies on imported cars business in the PRC, it is expected that the Disposal would provide an opportunity for the Group to reduce its debt burden and to improve the Group's financial performance and financial position.

The estimated net proceeds from the Disposal (after deduction of professional fees and other related expenses) is approximately HK$0.16 million, which is expected to be used for general working capital of the Group.

Having taken into account the above factors, in particular the unsatisfactory performance and uncertain prospect of the Automotive Business as well as the net liabilities position of the Target Group, the Directors are of the view that the Disposal is carried out on a normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company does not have any intention to enter into any memorandum or agreement, to further dispose of its existing business, or to acquire any business.

IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their close associates have any material interest in the Agreement and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting at the SGM on the relevant resolution to approve the Agreement and the transaction contemplated thereunder.

SGM

The Company will convene the SGM at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on 15 June 2022, Wednesday at 10:30 a.m. for the Shareholders to consider, and if thought fit, to approve, among other things, the Agreement and the transactions contemplated thereunder.

The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular. The voting on resolutions to be proposed at the SGM will be conducted by way of poll in accordance with Rule 13.39(4) of the Listing Rules.

The Company will publish an announcement on the results of the SGM with respect to whether or not the proposed resolutions have been passed by the Shareholders.

A form of proxy is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event the relevant form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Board considers that the terms of the Agreement and the transactions, including the Disposal, contemplated thereunder are on normal commercial terms, fair and reasonable, and the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions approving the Agreement and the transactions contemplated thereunder at the SGM.

FURTHER INFORMATION

Your attention is also drawn to the information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED
Cheng Jianhe
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are disclosed in the following documents which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.lisigroup.com.hk):

- The annual report of the Company for the year ended 31 March 2019 (pages 43 to 138) published on 30 July 2019, available on:
  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/ltn20190730517.pdf

- The annual report of the Company for the year ended 31 March 2020 (pages 54 to 154) published on 30 July 2020, available on:
  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073000694.pdf

- The annual report of the Company for the year ended 31 March 2021 (pages 54 to 142) published on 8 September 2021, available on:
  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0908/2021090801127.pdf

- The interim report of the Company for the six months ended 30 September 2021 (pages 3 to 37) published on 28 December 2021, available on:
  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1228/2021122800410.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

At the close of business on 31 March 2022 being the latest practicable date of the purpose of this statement of indebtedness prior to the printing of this circular, the Group has the following loans and lease liabilities:

	Balance at 31 March 2022 *RMB million*
Bank loans	
– Secured and guaranteed	1,270
– Secured and unguaranteed	536
– Unsecured and guaranteed	129
	1,935
Loans from other financial institutions	
– Secured and guaranteed	361
Other borrowings	
– Unsecured and unguaranteed	191
Promissory notes	
– Unsecured and unguaranteed	318
Lease liabilities	
– Unsecured and unguaranteed	50
Total outstanding debts	2,855

Contingent Liabilities

The Group has provided guarantees to third parties' lenders of approximately amount RMB2.4 billion in relation to these third parties' banking facilities and loans as at 31 March 2022. As at 31 March 2022, some of these bank loans were defaulted and some of the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

In addition to the litigations commenced by banks against subsidiaries of the Group for repayment of outstanding balances, there are other litigations against the Group. The Company will actively manage the provision and limit any of its possible cash flow impact to a minimum.

Moreover, the impairment and provision has been made and the Company as their ultimate controlling shareholder has not provided any guarantee or warranty for them. Therefore, the negative financial impact of the operating and financial difficulties of those subsidiaries on the Group is wholly within control and they will not affect the continuing operation of the Company and the other business segment.

Saved as aforesaid and apart from intra-group liabilities and normal trade payable in the ordinary course of business, the Group did not, at the close of business on 31 March 2022, have any outstanding loan issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, term loans (whether guaranteed, unguaranteed, secured and unsecured), debts securities or any other similar indebtedness loans (whether guaranteed, unguaranteed, secured and unsecured) or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptable credits or any guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT OF THE GROUP

As at 28 February 2022, the Group had a net current liabilities of RMB2,493 million, which included bank and other loans amounted to RMB2,450 million, bills payable of RMB207 million and promissory notes of RMB316 million, which are repayable within one year. Among these, bank and other loans of RMB1,041 million were overdue.

The Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and loans. As at 28 February 2022, these banking facilities and loans amounted to RMB2,403 million, out of which bank loans of RMB274 million were defaulted. Included in these bank loans were RMB50 million the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

The Board has given careful consideration to the future liquidity and performance of the Group and its available sources of financial resources to continue as a going concern. All of the key assumptions and uncertainties of which the Group is aware that are relevant to the Group's ability to continue as a going concern, including significant conditions and events and the plans are set out below:

1. the Disposal is expected to be completed in June 2022. As at 28 February 2022, the unaudited combined net liabilities of the Target Group amounted to RMB1.17 billion. The Disposal will improve the Group's highly indebted position;

2. the Group is actively negotiating with banks and other financial institutions for extension of its liabilities. In the preparation of the working capital forecast it was assumed that (i) all overdue loans can be renewed under the existing terms and all interest payment of the overdue loans can be deferred without any penalty; (ii) the loans from Shareholders will be renewed; (iii) all other bank borrowings and interest will be repaid or renewed at the same terms according to the feasibility of the company's cash flow; and (iv) the Group will not incur any cash outflow to settle the obligation under the guarantee granted;

3. the Group expects that the wholesale business, the manufacturing and trading business will have great development in the next 12 months from 28 February 2022 and generate sufficient operating cash inflow;

4. the vendor of Robust Cooperation Limited ("**Robust**") has agreed not to demand for the payment of the HK$300,000,000 cash consideration and HK$400,000,000 promissory notes due to the vendor for a period of at least 16 months from 28 February 2022 if such payment would cause the Group to be unable to settle its liabilities to other parties when they fall due;

5. Ms Cheng Weihong (a Director and substantial Shareholder) and her husband, Mr. Tong Shiping, and Mr. Li (both being directors and Shareholders) have agreed to provide continuing financial support to the Group as is necessary to ensure its continuing operations for a period of at least 16 months from 28 February 2022;

6. the Group is also actively considering to deal with and utilise assets within the Group to support the Group's continuing operations; and

7. the Group will continue to consider other financing arrangements with a view to improving its liquidity and financial position.

The Directors, after due and careful enquiry and after taking into account the financial resources available to the Group (including cash and cash equivalents on hand and cash flows from operating activities) and assuming the success of the above measures and assessments, are of the opinion that the Group will have sufficient working capital for its present requirements and for at least the next twelve months commencing from the date of issue of this circular.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to achieve the plans and measures as described above and whether the Group will incur any economic outflow arising from the settlement of the obligation under the guarantee granted. Should the Group be unable to achieve the above measures, it might not be able to have sufficient working capital for its present operating requirements, which will further impose adverse impact to the sufficiency of working capital of the Group. The Company has obtained the relevant confirmation as required under Rule14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company principally engaged in the trading of imported cars. As at the Latest Practicable Date, the Group 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.

The manufacturing business of the Group has been growing successfully in recent years and is the pillar of the Group's ability to operate as a going concern. The Group will continue with its cost control measures and the business strategy of focusing on higher margin products. Apart from the continuing effort in cost control measures such as integration and realignment of management and sales resources together with structural changes in procurement and manufacturing planning, the Group will also continue with its efforts to develop and roll out new products so as to satisfy the needs of different customers. Besides, the Group will also enlarge its customer base in both existing and emerging markets to achieve its goal of continuous achievement of growth and performance improvement.

Within the Group's wholesales business, the heating, ventilation and air-conditioning (HVAC) wholesale business is growing rapidly due to the sales strategy and efforts of the business team. The Group will adopt the approach of working with large property groups in the long term to rapidly expand its business to various regions across the PRC. As at the Latest Practicable Date, for the wholesale business in HVAC, the Group has carried out large scale air-conditioning business cooperation with various property development companies with signed total contracts of approximately RMB1,063.83 million.

The performance of the Group's car-sale and platform business was affected by the implementation of Limits and Measurement Methods for Emissions from Light-duty Vehicles (CHINA VI) in the PRC and is still affected by the COVID-19 pandemic. As at 28 February 2022, the unaudited combined net liabilities of the Target Group amounted to RMB1.17 billion. The Disposal will reduce the Group's debt burden and improve the Group's financial position.

Subsequent to the Disposal, the Group will focus its resources and efforts on its remaining business segments which include (i) manufacturing and trading of household products; (ii) operation of supermarkets, (iii) wholesale of wine and electrical appliances, and (iv) investment holding (collectively, the "**Remaining Business Segments**").

For the six months ended 30 September 2021, the Remaining Business Segments recorded a revenue of approximately RMB1,021.1million, representing an increase of 28.1% when compared with the revenue of approximately RMB797.3million reported for the corresponding period last year. For the year ended 31 March 2021, the Remaining Business Segments recorded a revenue of RMB1,678.1million, representing an increase of 13.2% when compared with the revenue of approximately RMB1,481.9million reported for the year ended 31 March 2020.

The outbreak of COVID-19 caused negative impacts on the operation of supermarkets and the cost of logistics increase significantly. However, with the subsequent quarantine measures imposed by the PRC and Hong Kong government, the number of people vaccinated against COVID-19 has been increasing and the epidemic seems to be under control. The financial market has been recovering and social distancing restrictions are also expected to be further relaxed. It is expected that the consumption will be increased and the cost of logistics will be back to normal. The management of the Company therefore has been paying close attention to the development of the COVID-19 outbreak, implementing a series of precaution and control measures, and evaluating the impact of the outbreak of COVID-19 on the financial position and operating results of the Group.

*The following is the text of a letter, a valuation summary prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited ("**Knight Frank**"), an independent valuer, in connection with its valuation of the Equity Value held by the Group.*

Knight Frank 萊坊
Knight Frank Petty Limited
4/F, Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

26 May 2022

The Board of Director
China Automobile New Retail (Holdings) Limited
Workshop 06-07, 36th Floor,
King Palace Plaza,
No. 52A Sha Tsui Road,
Tsuen Wan, New Territories,
Hong Kong

Dear Sirs,

Valuation of 100% Equity Value (the "Equity Value") in Mega Convention Group Limited and its Subsidiaries as well as Robust Cooperation Limited and its Subsidiaries.

Instructions

In accordance with the instructions from China Automobile New Retail (Holdings) Limited (hereinafter referred to as the "**Company**", together with its subsidiaries, hereinafter together referred to as the "**Group**"), we have undertaken a valuation assignment to express an independent opinion on the market value of 100% Equity Value (the "**Equity Value**") in Mega Convention Group Limited and its subsidiaries as well as Robust Cooperation Limited and its subsidiaries (the "**Target Group**") as at 28 February 2022 (the "**Valuation Date**") for the purpose of incorporation in the Company's circular. Our valuation work was performed subject to the assumptions and limiting conditions described in this report. Our valuation is prepared in unbiased and professional manner. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

This report outlines the purpose of valuation, premise of value and sources of information; identifies the business appraised; describes the valuation methodology, assumptions and limiting conditions; and presents our investigation, analysis and our opinion of value.

Purpose of Valuation

The purpose of this valuation is to express an independent opinion on the market value of the Equity Value of the Target Group as at the Valuation Date. It is our understanding that this valuation will be used by the directors and management of the Company for transaction and public documentation purpose in relation to the Equity Value of the Target Group.

We understand that our valuation report may be included in the Company's public document and disclosed to other parties including its directors, shareholders, auditors and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Nonetheless, we will not be liable to any parties other than the addressee of the valuation report.

Knight Frank assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

Premise of Value

Our valuation has been prepared in accordance with the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum and the International Valuation Standards effective from 31 January 2022 published by the International Valuation Standards Council, where applicable.

Our valuation is conducted on a market value basis. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Overview of the Target Group

Mega Convention Group Limited ("**Mega Convention**") established in the British Virgin Islands on 22 November 2011 (Company No.: 1682083) and the registered address is Palm Grove House, P.O. Box 438 Road Town, Tortola, British Virgin Islands. The Company is an investment holding company and wholly owns World Vast International Enterprise Limited ("**World Vast**"). World Vast is also an investment holding company and wholly owns Tianjin Calistar Automall Operation Management Co., Ltd. ("**Tianjin Calistar**"), a PRC company which is principally engaged in the provision of trading and sales of imported cars and providing related services, and the provision of agency services of trading of cars.

Robust Cooperation Limited ("**Robust Cooperation**") established in the British Virgin Islands is an investment holding company and wholly owns Prosper Ocean International Enterprise Limited ("**Prosper Ocean**"). Prosper Ocean is also an investment holding company and wholly owns Tianjin Prominent Hero International Logistics Co., Ltd ("**Tianjin Prominent Hero**"). Tianjin Prominent Hero is an investment holding company which wholly owns Tianjin Binhai International Auto Mall Co., Ltd ("**Tianjin Binhai International**") and provides ancillary services related to parallel imported car trading platform. Tianjin Binhai International commenced its business in December 2002, in Tianjin Free Trade Zone and is principally engaged in the operation of parallel imported car trading platform.

Scope of Services

This engagement involved an analysis of the Target Group as at the Valuation Date. In undertaking this valuation assignment, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the management of the Company and/or the Target Group or their representatives (hereinafter referred to as the "**Management**"):

- Conducted meeting(s) and/or discussion with the Management;
- Obtained the relevant financial and operational information related to the Target Group and its business;
- Performed market research and obtained statistical data from public sources;
- Examined all relevant bases and assumptions of both the financial and operational information related to the subject matter, which were provided by the Management;
- Conducted valuation of the subject matter using the respective standards of value that are most appropriate;
- Documented the result of our findings in this valuation report.

Sources of Information

In conducting our valuation of the Equity Value, we have considered, reviewed and relied upon the following key information provided by the Management and the public.

- Background information of the Target Group and relevant corporate information;
- Historical financial information of the Target Group;
- Background information of the property held by the Target Group;
- Consolidated management account of the Target Group for the period ended 28 February 2022; and
- S&P Capital IQ database and other reliable sources of market data.

We have held discussion with the Management and conducted research from public sources to assess the reasonableness and fairness of the information provided. We have no reason to doubt the truth and accuracy of the information provided to us by the Management, and we have relied to a considerable extent on the information provided in arriving at our opinion of value.

Valuation Methodology

There are three generally accepted approaches to assess the market value of the Equity Value, namely, Market Approach, Asset-based Approach and Income Approach. Each of these approaches is appropriate in one or more circumstances.

Market Approach

Market Approach values an asset based on comparison with recent sales of similar assets from market transactions, with adjustments made to the indicated market prices to reflect condition and utility of the appraised asset relative to the market comparables. Although this approach is widely used, the main difficulty with this approach lies with the lack of financial information and full details regarding sales of similar assets.

The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently. The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

Asset-based Approach

The Asset-based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interest of the business entity. The Asset-based Approach is best used when a business is non-operating or has been generating losses, and the company's focus is on holding investments or real estate.

Income Approach

Income Approach values an asset with reference to the capitalized value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the asset.

The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the assets life. This approach estimates the future economic benefits and discounts these benefits to its present value using an appropriate discount rate for all risks associated with realizing those benefits.

Selection of Valuation Methodology

Among the three approaches, we considered that Asset-based approach was more appropriate for valuing the Target Group, given that the Target Group has been generating losses and the property is the major component on the balance sheet of the Target Group.

While useful for certain purposes, the Market Approach was not adopted in this case because the Target Group had operating loss-making, there were no earnings multiples which can be applied in the valuation analysis. The Income Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. Pursuant to the negative gross profit and net profit of the Target Group as of the Valuation Date as shown from the financial statements, the assumptions in relation to the financial and cash flow projection of the Target Group under Income Approach are not easily justified and not appropriate to be adopted.

It has assumed that the market value of the Target Group will be equal to the sum of each of the components of assets and liabilities are individually valued, their sum represents the value of the Target Group. Since Income Approach and Market Approach are both considered not appropriate, while the current value of the Target Group is considered to be best represented by the net asset value of the Target Group, Asset-based Approach is adopted in this valuation.

Valuation Assumptions and Rationale

For the purpose of determining the market value of the Equity Value, we have considered all the prominent factors affecting the value and assumed, including but not limited to, the following:

- We have assumed that there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group;
- We have assumed that the conditions in which the business is operated, and which are material to revenue and costs of businesses will have no material change;
- We have assumed that the information has been prepared on a reasonable basis after due and careful consideration by the Management;
- We have assumed that competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Group;
- We have assumed that all licenses and permits that is essential for the operation of the Target Group can be obtained and are renewable upon expiry; and
- We have assumed that there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

Asset-based Approach

The Asset-based Approach is based on the economic principle of substitution; it essentially measures what is the net asset value as at the Valuation Date and how much it would cost to replace those assets. Either one of the replacement value, liquidation value and adjusted net asset value method is used to estimate the market value of the business or its assets. In this valuation, the adjusted net asset value method is adopted.

Details of the statement of financial position of the Target Group as at the Valuation Date is as follows:

Assets/Liabilities	Book Value (RMB'000)	Market Value (RMB'000)
Current Assets		
Cash and Bank	428	428
Accounts Receivables	113	113
Prepayment	31	31
Amounts due from Group	403,819	403,819
Other Receivables	326,936	326,936
Non-Current Assets		
Investment Property[3]	1,166,052	1,166,052
Fixed Assets[3]	98,600	98,600
Current Liabilities		
Short-term loans	(1,491,062)	(1,491,062)
Other loans	(7,832)	(7,832)
Accounts Payables	(27)	(27)
Receipt in Advance	(25,020)	(25,020)
Income Tax Payables	(21,824)	(21,824)
Other Payables	(1,032,400)	(1,032,400)
Promissory Note	(316,097)	(316,097)
Non-Current Liabilities		
Deferred Tax Liability	(273,256)	(273,256)
Net Asset Value ("NAV")		**(1,171,539)**
Market Value of 100% Equity Value in the Target Group		**Nil**

Remarks:

1. Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

2. Unless otherwise stated, the above figures are approximations subject to rounding.

3. The aggregate market value of the properties held by the Target Group has been assessed at RMB1,242,000,000 as of 28 February 2022, which is shown and reflected in the Property Valuation Report attached as Appendix IIB. According to the accounting treatment of the Group, the aggregate market value of the properties has been sub-divided and allocated to "Investment Property" and "Fixed Assets" under the Statement of Financial Position of the Target Group. The "Fixed Assets" of RMB98,600,000 comprises the non-leased properties of RMB75,948,000 and other fixed assets and adjustments of RMB22,652,000.

Limitations on Liability

This report is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressee shall not disclose the report to any other person. Neither the whole, or any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Knight Frank. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.

In accordance with our standard practice, we must state that this report and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report.

We have relied to a considerable extent on information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the market value of the subject in this report is valid only for the stated purpose and only for the effective date of the appraisal. The valuation reflects facts and conditions existing at the date of valuation and subsequent events have not been considered. No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions which may occur subsequent to the date hereof. No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers.

Conclusion of Value

In our opinion, on the basis of the assumptions and information made available to us, the 100% Equity Value in Mega Convention Group Limited and its Subsidiaries as well as Robust Cooperation Limited and its Subsidiaries as of 28 February 2022 is reasonably estimated at Nil.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While we have exercised our professional judgment in arriving at the appraisal, you are advised to consider with caution the nature of such assumptions, which are disclosed in this report and to exercise caution when interpreting this report.

Our opinion of the market value of the Equity Value in this report is valid only for the stated purposes and only for the effective date of the appraisal. No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions which may occur subsequent to the date hereof.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited

Cyrus Fong
FRICS FHKIS MCIREA RPS(GP) RICS Registered Valuer
Senior Director, Valuation & Advisory

Natalie Wong
MRICS MHKIS RPS(GP) RICS Registered Valuer
Senior Director, Valuation & Advisory

Note: Ms. Natalie Wong is a Chartered Surveyor who has over 16 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

Mr. Cyrus Fong is a Chartered Surveyor who has over 16 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

*The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited ("**Knight Frank**"), an independent valuer, in connection with its valuation of the Property Interests held by the Target Group.*

Knight Frank 萊坊
Knight Frank Petty Limited
4/F, Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

26 May 2022

The Board of Director
China Automobile New Retail (Holdings) Limited
Workshop 06-07, 36th Floor,
King Palace Plaza,
No. 52A Sha Tsui Road,
Tsuen Wan, New Territories,
Hong Kong

Dear Sirs,

Valuation of Two Properties in The People's Republic of China (the "Property Interests").

Instructions

In accordance with the instructions for us to value the Property Interests held by China Automobile New Retail (Holdings) Limited (hereinafter referred to as the "**Company**", together with its subsidiaries, hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interests in existing state as at 28 February 2022 (the "**Valuation Date**") for the purpose of incorporation in the Company's circular. Our valuation is undertaken by qualified valuer with relevant experiences as an independent valuer. Our valuation is prepared in unbiased and professional manner.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation. Our valuation is based on 100% of the Property Interests.

Basis of Valuation

In arriving at our opinion of the market value, we followed "The HKIS Valuation Standards 2020" issued by The Hong Kong Institute of Surveyors ("**HKIS**") and "The RICS Valuation – Global Standards 2022" issued by the Royal Institution of Chartered Surveyors ("**RICS**"). Under the said standards, Market Value is defined as:-

> "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

> "the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in "The HKIS Valuation Standards 2020" issued by HKIS, "RICS Valuation – Global Standards 2022" issued by RICS and the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

Valuation Methodology

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. In our valuation, we have adopted Market Approach and Income Capitalization Approach.

Market Approach

In adopting the Market Approach, we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the property and the comparable properties such as location, time, size, building age, view, condition, quality and ancillary facilities in arriving at our opinion on the market value.

Income Capitalization Approach

In adopting Income Capitalization Approach, we have valued the property by capitalizing the amount of income receivable under the current terms of tenancies. Reference would then be made to any potential changes in rental income on reversion. Both the term and reversion are capitalized by the capitalization rates, which reflect the rate of investment return, alienation restrictions, effect of inflation and prospect of rental growth, if any.

Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions.

Title Documents and Encumbrances

In our valuation, we have taken reasonable care to investigate the title of the Property Interests by obtaining the copies of title documents from the Company. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

We have relied on the advice given by the PRC legal adviser, GFE Law Office, on The PRC laws, regarding the titles to the Property Interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

We have also assumed in our valuation that the Property Interests was free from encumbrances, seizures, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests nor for any expenses or taxation which may be incurred in effecting a sale.

Sources of Information

We have relied to a very considerable extent on information given by the Company. We have accepted advice given to us on such matters as occupancy, floor areas and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning this Property Interests, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interests or contained on the register of title. We assume that this information is complete and correct.

Inspection

We have inspected the Property Interests on 17 May 2022. Nevertheless, we have assumed in our valuations that the Property Interests were in satisfactory exterior and interior decorative order without any unauthorized extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of the Property Interests to be Valued

We have exercised reasonable care and skill to ensure that the Property Interests, identified by the property addresses in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the Property Interests to be valued, this should be drawn to our attention in your instruction or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interests on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuations, we have relied upon the area as advised by the Company. We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only.

Structural and Services Condition

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible areas. We are unable to confirm whether the Property Interests are free from urgent or significant defects or items of disrepair or any deleterious materials have been used in the construction of the Property Interests. Our valuation has therefore been undertaken on the assumption that the Property Interests were in satisfactory repair and condition and contain no deleterious materials and they are sound order and free from structural faults, rot, infestation or other defects, and that the services are in satisfactory condition.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any ordinance, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report is based, any and all required licenses, permits, certificates, consents, approvals and authorisation have been obtained, expected only where otherwise stated.

Remarks

Unless otherwise stated, all money amounts stated in our valuations are in Renminbi (RMB).

We enclose herewith our valuation report.

Limitations on Liability

This report is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressee shall not disclose the report to any other person. Neither the whole, or any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Knight Frank. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.

In accordance with our standard practice, we must state that this report and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report.

In our valuations, Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. While current market is influenced by various policies and regulations, increased complexity in social movements and international trade tensions geopolitics, has also resulted in more fluctuations in real estate market. It must be recognised changes in policy direction, mortgage requirements, social and international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the property.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited

Cyrus Fong
FRICS FHKIS MCIREA RPS(GP) RICS Registered Valuer
Senior Director, Valuation & Advisory

Natalie Wong
MRICS MHKIS RPS(GP) RICS Registered Valuer
Senior Director, Valuation & Advisory

Note: Ms. Natalie Wong is a Chartered Surveyor who has over 16 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

Mr. Cyrus Fong is a Chartered Surveyor who has over 16 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

VALUATION SUMMARY

Property Interests to be Disposed of by the Group in The People's Republic of China ("The PRC")

No.	Property	Market Value in the Existing State as at the Valuation Date	Interest Attributable to the Group Before Disposal	Market Value in the Existing State as at the Valuation Date Attributable to the Group Before Disposal
1	Cali Building, No. 188 Tianbao Avenue, Binhai New District, Tianjin, The PRC	RMB582,000,000	100%	RMB582,000,000
2	Tianjin Binhai International Automobile City, No. 86 Tianbao Avenue, Binhai New District, Tianjin, The PRC	RMB660,000,000	100%	RMB660,000,000
	Total	**RMB1,242,000,000**		**RMB1,242,000,000**

VALUATION

Property Interests to be Disposed of by the Group in The PRC

No.	Property	Description	Particulars of occupancy	Market Value in the Existing State as at the Valuation Date
1	Cali Building, No. 188 Tianbao Avenue, Binhai New District, Tianjin, The PRC	Cali Building (the "Building") is a 23-storey (including a mezzanine floor) commercial building over a single-storey basement and is erected on a parcel of land with a site area of approximately 8,075.80 square metres ("sqm"), which was completed in about 2009. The property comprises the whole of Levels 1 to 22 of the Building with a total gross floor area ("GFA") of approximately 28,568.61 sqm. The land use rights of the property were granted for a term expiring on 7 September 2042 for commercial uses.	As per our on-site inspection, a portion of Level 1 was occupied for shop use and the remaining area of the property was occupied for office uses. As per the information provided by the Company, the property was subject to different tenancies with the latest expiry in July 2024 at a total monthly rental income of approximately RMB365,100 inclusive of management fees and other outgoings.	RMB582,000,000 (Renminbi Five Hundred and Eighty Two Million) 100% Interest Attributable to the Group Before Disposal: RMB582,000,000 (Renminbi Five Hundred and Eighty Two Million)

Notes:

(1) The property was inspected by Amy Cui *BSc(TM) MSc* on 17 May 2022.

(2) Pursuant to 22 Tianjin Certificates of Real Estate Ownership, issued by The Planning and Land Resources Bureau of Binhai New District, Tianjin, the land use rights and the building ownership rights of property with a site area of approximately 8,075.80 sqm and a total GFA of approximately 28,568.61 sqm were vested in Tianjin Binhai. The land use rights of the property were granted for a term expiring on 7 September 2042 for commercial uses.

Details of the certificates are as follows:

Certificate No.	**Level**	**Date of Issue**	**Approximate GFA** *(sqm)*
Fang Di Zheng Jin Zi Di No. 115031301180	Level 1	21 May 2013	2,570.13
Fang Di Zheng Jin Zi Di No. 115031301181	Level 2 (including Mezzanine Floor)	21 May 2013	5,057.38
Fang Di Zheng Jin Zi Di No. 115031301182	Level 3	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301183	Level 4	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301184	Level 5	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301185	Level 6	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301186	Level 7	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301201	Level 8	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301187	Level 9	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301188	Level 10	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301189	Level 11	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301190	Level 12	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301191	Level 13	21 May 2013	1,071.75
Fang Di Zheng Jin Zi Di No. 115031301192	Level 14	21 May 2013	1,071.75
Fang Di Zheng Jin Zi Di No. 115031301193	Level 15	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301194	Level 16	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301195	Level 17	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301196	Level 18	21 May 2013	1,071.75
Fang Di Zheng Jin Zi Di No. 115031301197	Level 19	21 May 2013	1,029.30
Fang Di Zheng Jin Zi Di No. 115031301198	Level 20	21 May 2013	817.37
Fang Di Zheng Jin Zi Di No. 115031301199	Level 21	21 May 2013	800.52
Fang Di Zheng Jin Zi Di No. 115031301200	Level 22	21 May 2013	393.47
Total:			**28,568.61**

(3) Pursuant to the tenancy schedule provided, the property was subject to different tenancies with the latest expiry in July 2024 at a total monthly rental income of approximately RMB365,100, inclusive of management fees and other outgoings.

The key terms of the tenancies are summarized below:

Number of tenants	:	23
Total Lettable Area	:	25,494.28 sqm representing an occupancy rate of 89%
Tenure	:	1 year to 5 years
Expiry Date	:	From August 2022 to July 2024
Total Monthly Rent	:	Approximately RMB365,100, inclusive of management fees and other outgoings.

(4) Pursuant to the information provided by the Company, the property is currently subject to various mortgages in favour of Northern International Trust Co., Ltd., Tianjin Branch of Shengjing Bank Company Limited and New China Trust Company Limited. In the course of our valuation, we have not taken into account such mortgage.

(5) The general description and market information of the property are summarized below:

Location	:	The property is located at the east of Haibin Eighth Road, the south of Tianbao Avenue, the west of Haibin Ninth Road and the north of Xingang Avenue, Binhai New District, Tianjin, The PRC.
Transportation	:	Exhibition Centre Station of Tianjin Metro Line No. 9, Tianjin New Port, Tianjin Binhai Railway Station and Tianjin Binhai International Airport are located approximately 7.2 kilometres, 4.3 kilometres and 9.7 kilometres and 49.5 kilometres away from the property respectively.
Nature of Surrounding Area	:	The subject area is a newly developed urban area in Binhai New District. The neighbourhood of the property is dominated by various newly-built industrial, commercial and high-tech R&D developments.

(6) We have been provided with a legal opinion regarding the legality of the property by The PRC legal adviser of the Company, which contains, inter alia, the following:

(a) Tianjin Binhai has obtained the Real Estate Title Certificates of the property, and is the legal owner of the real estate title of the property;

(b) The property is subject to mortgages, the transfer of the property is subject to the consent of the mortgagees; and

(c) The property is subject to a seizure caused by an application of property preservation against Tianjin Binhai to the court by the creditors. Subject to complying with the conditions of lifting the seizure, and upon the court has ruled to lift the seizure and the real estate title registration department has completed the cancellation procedures of the seizure registration, there is no legal impediment to transfer the property in accordance with laws.

(7) In the course of our valuation of the property, we have considered and analysed the office sale comparables in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. The unit rates of the adopted comparables are ranging from RMB17,700 to RMB24,474 per sq.m. on the basis of GFA. The unit rate adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of different attributes. The adopted unit rate of the property is RMB20,372 per sq.m. on the basis of GFA.

(8) The table below shows the reconciliation between the current valuation of the property and the valuation reported in the Company's interim report as at 30 September 2021:

Market Value at the Valuation Date	:	RMB582,000,000
Market Value as at 30 September 2021	:	RMB644,000,000
Variance	:	-RMB62,000,000

The valuation change is caused by a drop in the contracted rents of the property, and a decline in the rents and selling prices of the market comparables.

No.	Property	Description	Particulars of occupancy	Market Value in the Existing State as at the Valuation Date
2	Tianjin Binhai International Automobile City, No. 86 Tianbao Avenue, Binhai New District, Tianjin, The PRC	The property comprises two convention halls and an ancillary building erected on a parcel of land with a site area of approximately 40,808.20 sqm. It was completed in various stages between 2002 and 2012. The property has a total GFA of approximately 42,302.36 sqm. The GFA breakdown of the property is listed as below: **Use** / **Approximate GFA** *(sqm)* Convention Hall A: 29,856.07 Ancillary Building: 319.96 Convention Hall B: 12,126.33 **Total: 42,302.36** The land use rights of the property were granted for a term expiring on 27 February 2051 for warehouse/non-residential uses.	As per our on-site inspection, the property was occupied for vehicle convention and logistics purposes. As per the information provided by the Company, the property was subject to different tenancies with the latest expiry in November 2022 at a total monthly rental income of approximately RMB543,600, inclusive of management fees and other outgoings.	RMB660,000,000 (Renminbi Six Hundred and Sixty Million) 100% Interest Attributable to the Group Before Disposal: RMB660,000,000 (Renminbi Six Hundred and Sixty Million)

Notes:

(1) The property was inspected by Amy Cui *BSc(TM) MSc* on 17 May 2022.

(2) Pursuant to a Real Estate Title Certificate, Jin (2016) Bao Shui Qu Bu Dong Chan Quan Zheng Di No. 1000943 dated 15 April 2016 and issued by The Housing Security and Land Resources Administration Bureau of Binhai New District, Tianjin, the land use rights and the building ownership rights of the property with a site area of approximately 40,808.20 sqm and a total GFA of approximately 42,302.36 sqm were vested in Tianjin Binhai. The land use rights of the property were granted for a term expiring on 27 February 2051 for warehouse/non-residential uses.

(3) Pursuant to the tenancy schedule provided, the property was subject to different tenancies with the latest expiry in November 2022 at a total monthly rental income of approximately RMB543,600, inclusive of management fees and other outgoings.

The key terms of the tenancies are summarized below:

Number of tenants	:	8
Total Lettable Area	:	43,057.23 sqm representing an occupancy rate of 95%
Tenure	:	4 months and 23 days to 2 years
Expiry Date	:	From March 2022 to November 2022
Total Monthly Rent	:	Approximately RMB543,600, inclusive of management fees and other outgoings.

(4) Pursuant to the information provided by the Company, the property is currently subject to various mortgages in favour of Nankai Branch of Tianjin Rural Commercial Bank Company Limited and New China Trust Company Limited. In the course of our valuation, we have not taken into account such mortgage.

(5) The general description and market information of the property are summarized below:

Location	:	The property is located at the east of Haibin Third Road, the south of Tianbao Avenue, the west of Haibin Forth Road and the north of Xingang Avenue, Binhai New District, Tianjin, The PRC.
Transportation	:	Exhibition Centre Station of Tianjin Metro Line No. 9, Tianjin New Port, Tianjin Binhai Railway Station and Tianjin Binhai International Airport are located approximately 7.4 kilometres, 3.7 kilometres and 9.3 kilometres and 49.2 kilometres away from the property respectively.
Nature of Surrounding Area	:	The subject area is a newly developed urban area in Binhai New District. The neighbourhood of the property is dominated by various newly-built industrial, commercial and high-tech R&D developments.

(6) We have been provided with a legal opinion regarding the legality of the property by The PRC legal adviser of the Company, which contains, inter alia, the following:

(a) Tianjin Binhai has obtained the Real Estate Title Certificate of the property, and is the legal owner of the real estate title of the property;

(b) The property is subject to mortgages, the transfer of the property is subject to the consent of the mortgagees; and

(c) The property is subject to a seizure caused by an application of property preservation against Tianjin Binhai to the court by the creditors. Subject to complying with the conditions of lifting the seizure, and upon the court has ruled to lift the seizure and the real estate title registration department has completed the cancellation procedures of the seizure registration, there is no legal impediment to transfer the property in accordance with laws.

(7) In the course of our valuation of the property, we have considered and analysed the trading and convention property sale comparables in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. The unit rates of the adopted comparables are ranging from RMB15,368 to RMB16,500 per sq.m. on the basis of GFA. The unit rate adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of different attributes. The adopted unit rate of the property is RMB15,602 per sq.m. on the basis of GFA.

(8) The table below shows the reconciliation between the current valuation of the property and the valuation reported in the Company's interim report as at 30 September 2021:

Market Value at the Valuation Date	:	RMB660,000,000
Market Value as at 30 September 2021	:	RMB725,000,000
Variance	:	-RMB65,000,000

The valuation change is caused by a drop in the contracted rents of the property, and a decline in the rents and selling prices of the market comparables.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company or their associates had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executives of the Company or their associates were deemed or taken to have under provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name	Capacity	Number of shares/ underlying shares *(Note 1)*	Approximate percentage of the issued share capital of the Company
Mr. Li Lixin	*Note 2*	2,755,137,680 (L)	34.25%
		1,687,282,681 (S)	20.98%
Ms. Cheng Weihong	*Note 3*	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%

Note 1: (L) denotes long positions (S) denotes short positions.

Note 2: Mr. Li Lixin's interest in 2,755,137,680 shares is held as to 17,822,000 shares personally, 1,382,141,014 shares through Big-Max Manufacturing Co., Limited ("**Big-Max**") and 1,355,174,666 shares through Shi Hui Holdings Limited ("**Shi Hui**"). The issued share capital of Big-Max and Shi Hui are wholly-owned by Mr. Li Lixin.

Note 3: Ms. Cheng Weihong's interest in 1,849,407,702 shares is held as to 956,407,702 shares through Mighty Mark Investments Limited ("**Mighty Mark**") and 893,000,000 shares through Hopeful Glad Limited ("**Hopeful Glad**"). The issued share capital of Mighty Mark and Hopeful Glad are wholly-owned by Ms. Cheng Weihong.

Save as disclosed above, none of the Directors or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

(b) Substantial Shareholders' interests and short positions

As at the Latest Practicable Date, save as disclosed below, so far as was known to any Director or chief executive of the Company, no other person or company (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	**Capacity**	**Number of shares/ underlying shares** *(Note)*	**Approximate percentage of the issued share capital of the Company**
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L) 893,521,680 (S)	17.18% 11.11%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L) 793,761,001 (S)	16.85% 9.87%
Tong Shiping	Interest of spouse	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L) 398,000,000 (S)	11.10% 4.95%
Central Huijin Investment Ltd.	Person having a security interest in shares/Interest in controlled corporation	2,413,065,680 (L)	29.99%

Name	Capacity	Number of shares/ underlying shares *(Note)*	Approximate percentage of the issued share capital of the Company
China Construction Bank Corporation	Person having a security interest in shares/Interest in controlled corporation	2,413,065,680 (L)	29.99%
Poly Platinum Enterprises Limited	Person having a security interest in shares/Beneficial owner	1,051,144,000 (L)	13.07%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/Interest in controlled corporation	1,051,144,000 (L)	13.07%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/Interest in controlled corporation	1,048,124,000 (L)	13.03%

Note: (L) denotes long positions (S) denotes short positions.

Save as disclosed above, the Company had not been notified and is not aware of any other persons who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at the Latest Practicable Date.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, so far as the Directors are aware of, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, or is in conflict or is likely to be in conflict, either directly or indirectly, with the business of Group.

As at the Latest Practicable Date, Mr. Li, an executive Director and a controlling shareholder of the Company, together with his son, beneficially owns 98.15% equity interest of 利時集團股份有限公司 (Lisi Group Co. Ltd) ("**Lisi Co.**"). Mr. Cheng Jianhe, an executive Director, and Ms. Jin Yaxue, an executive Director, are also directors of Lisi Co. As at the Latest Practicable Date, the principal businesses of Lisi Co. and its subsidiaries ("**Lisi Group**") include the manufacturing and sale of plastic and hardware products, the operation of department stores and supermarket chain, and investments in property development in the PRC.

Lisi Group operates four department stores (the "**Excluded Department Stores**") and one supermarket (the "**Excluded Supermarket**"). Two out of the four Excluded Department Stores and the Excluded Supermarket are located in Ningbo City and the remaining two Excluded Department Stores are located in Tonglu County, Hangzhou City and Haiyan County, Jiaqing City in Zhejiang Province, respectively. All four Excluded Department Stores commenced business in 2010 or 2011 and recorded net losses for each of the two financial years ended 31 December 2012. Since the Excluded Department Stores are still in their start-up stage of operation and are loss making, the Directors decided not to acquire the Excluded Department Stores at the material time.

The Excluded Supermarket is situated at the basement of one of the Excluded Department Stores and forms part of that Excluded Department and as such, the Directors decided not to include the Excluded Supermarket into the target group acquired by the Group from Lisi Group in August 2013.

The Directors believed that the Group was capable of carrying on its business independently of, and at arm's length from, the Excluded Department Stores and the Excluded Supermarket owned by Lisi Group, on the basis that, among other factors:

(a) while two of the Excluded Department Stores are situated in Ningbo City, the districts in which they are located are different from those in which the two department stores owned by the Group namely, New JoySun Department Store and Xiangshan Lisi Department Store, are located. The other two Excluded Department Stores are located in Tonglu County, Hangzhou City and Haiyan County, Jiaqing City; and

(b) the Company entered into a non-competition deed (the "**Non-Competition Deed**") with Shi Hui, the guarantors and Lisi Co. (the "**Covenantors**") on 31 August 2013. Under the Non-Competition Deed, the Covenantors have undertaken not to engage, other than through the Excluded Department Stores and the Excluded Supermarket, in any businesses of manufacture and sale of household products as well as the retail trade in merchandise in department stores and supermarkets in Ningbo City. The non-competition restrictions under the Non-Competition Deed shall terminate on the earlier of (i) the date on which the Covenantors cease to be a controlling Shareholder; and (ii) the date on which the Shares ceased to be listed on the Stock Exchange. As such, Lisi Group will not open, own or operate any new department stores or supermarkets in Ningbo City other than the Excluded Department Stores and the Excluded Supermarket so long as the Non-Competition Deed is in effect. Under the Non-Competition Deed, the Covenantors granted the Company an option to purchase the whole or part of the interest in the Excluded Department Stores or the Excluded Supermarket. The price at which the option will be exercised shall be negotiated and agreed between the Company and Lisi Co. at the time of exercise. If the parties fail to agree on the exercise price, an independent internationally recognised firm of valuers will be appointed to determine the exercise price. The Covenantors also granted the Company a right of first refusal in the event that Lisi Co. wishes to sell the whole or part of its interest in the Excluded Department Stores or the Excluded Supermarket to any third party. Decisions as to whether or not to exercise the right of first refusal shall be subject to the review and approval of the independent non-executive Directors. If the Company decides not to acquire such interest, an announcement will be issued by the Company setting out the reasons for not exercising such right and Lisi Co. may proceed to sell to the third party, provided that the price may not be lower than the price which was offered to the Company.

4. DIRECTORS' INTERESTS IN ASSETS

On 1 April 2021, 寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited*) ("**Lisi Household**") entered into a lease agreement ("**Lease Agreement**") with 寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances Manufacturing Company Limited*) ("**Lisi Electrical**") for the renewal of the leasing of a property at 518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC at a monthly rental of RMB635,100 for a period of three years commenced from 1 June 2021 and expiring on 31 May 2024. For details, please refer to the announcement of the Company dated 1 April 2021. As at the Latest Practicable Date, Lisi Electrical is indirectly and wholly owned by 寧波利時塑膠有限公司 (Ningbo Lisi Plastics Company Limited*) ("**Lisi Plastics**") which is owned as to 75% by Lisi Co. which in turn is beneficially owned as to 98.15% by Mr Li Lixin, the executive Director and controlling Shareholder, and his son as at the Latest Practicable Date.

As at the Latest Practicable Date, so far as the Directors are aware, save for Mr. Li Lixin's interest in the Lease Agreement mentioned above, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group, save for the following:

(a) the Lease Agreement dated 1 April 2021, between Lisi Household and Lisi Electrical as disclosed in the Company's announcement dated 1 April 2021 pursuant to which Lisi Electrical leased a property located at 518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC for a period of three years commenced from 1 June 2021 and expiring on 31 May 2024. Lisi Electrical is indirectly wholly owned by Lisi Plastics is owned as to 75% by Lisi Co., which in turn is ultimately beneficially owned as to 98.15% by Mr Li Lixin, the Company' executive Director and controlling Shareholder, and his son;

(b) the Lease Agreement dated 20 December 2021 made between 達美(寧波)新材料有限公司 (Da Mei (Ningbo) New Materials Company Limited*) ("**Da Mei**") and Lisi Household as disclosed in the Company's announcement dated 20 December 2021 pursuant to which Da Mei leased a property located in 中國寧波市鄞州區投資創業中心誠信路518號 (518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC*) to Lisi Household for a term of nine months commenced from 1 January 2022 and ending on 30 September 2022 where Da Mei is a non-wholly owned subsidiary of Lisi Co., which is beneficially owned as to 98.15% by Mr. Li, the Company's executive Director and controlling shareholder, and his son;

(c) the Mutual Supply Agreement dated 20 December 2021 made between 寧波新江廈股份有限公司 (New JoySun Corp.*) ("**New JoySun**") and Lisi Co. as disclosed in the Company's announcement dated 20 December 2021 pursuant to which New JoySun agreed to procure its subsidiaries to supply to the Lisi Group electronic appliances, food and beverage products. In return, Lisi Co. agreed to procure its subsidiaries to supply to New JoySun and its subsidiaries certain household products. Lisi Co. is beneficially owned as to 98.15% by Mr. Li, the Company's executive director and controlling shareholder, and his son;

(d) the 2022 Export Agency Agreement dated 20 December 2021 made between 寧波利時進出口有限公司 (Lisi Import and Export Company Limited*) ("**Lisi Import & Export**") and Lisi Household as disclosed in the Company's announcement dated 20 December 2021 pursuant to which Lisi Import & Export provided export agency services to Lisi Household pursuant to such agreement for a terms of three years commenced from 1 January 2022 and ending on 31 December 2024 where Lisi Import & Export is owned as to 80% by Lisi Co. and 18.18% by a company wholly owned by Mr. Li and his son; and

(e) the 2022 Import Agency Agreement dated 20 December 2021 made between Lisi Import & Export and Lisi Household as disclosed in the Company's announcement dated 20 December 2021 pursuant to which Lisi Import & Export provided import agency services to Lisi Household for a term of three years commenced from 1 January 2022 and ending on 31 December 2024 where Lisi Import & Export is owned as to 80% by Lisi Co. and 18.18% by a company wholly owned by Mr. Li and his son.

7. LITIGATION

As at 28 February 2022, bank and other loans of RMB1,041 million were overdue but were not yet renewed or repaid. Included in these bank and other loans were RMB459 million the banks of which have commenced litigations against a subsidiary of the Group requesting the subsidiary to repay the outstanding balances.

The Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and loans amounting to be RMB2,403 million as at 28 February 2022. As at 28 February 2022, bank loans of RMB274 million were defaulted. Included in these bank loans were RMB50 million the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

As at the Latest Practicable Date, save for the above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion contained in this circular:

Name	**Qualification**
Knight Frank Petty Limited	Independent professional valuer

The expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice, opinion and/or report and references to its name in the form and context in which they respectively appeared.

As at the Latest Practicable Date, the expert (i) did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 March 2021, the date to which the latest audited financial statements of the Group was made up; and (ii) was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. MATERIAL CONTRACTS

Saved as disclosed below, no material contracts (not being contract entered into in the ordinary course of business carried out by the Group) have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

(a) various agreements entered into between寧波新江廈連鎖超市有限公司 (Ningbo New JoySun Supermarket Chain Limited*) ("**New JoySun Supermarket**") and New JoySun (as subscriber) with 國民信託有限公司 (National Trust Company Limited*) between April 2020 to September 2020 pursuant to which New JoySun Supermarket or New JoySun (as the case may be) agreed to subscribe for various financial products in the total amount of RMB1,680 million. For further details, please refer to the circular of the Company dated 29 April 2022;

(b) the sale and purchase agreement dated 28 May 2020 (and the supplemental agreement dated 26 April 2021) between the Company (as seller) and Mr. Li or his nominee (as purchaser) ("**SPA**") in relation to the disposal of the entire issued share capital each of Magician Investments (BVI) Limited, Magician Strategic Limited and Wealthy Honor Holdings Limited at a consideration of RMB1,250 million. For further details, please refer to the announcements of the Company dated 28 May 2020 and 26 April 2021;

(c) the termination deed dated 1 June 2021 between the Company and Mr. Li whereby the parties have mutually agreed to terminate the SPA with effect from the date of the termination deed and to release and discharge each other from its respective obligations under the SPA (save for any antecedent claim or request prior to such termination). For further details, please refer to the announcement of the Company dated 1 June 2021;

(d) the sale and purchase agreement dated 26 April 2021 between New JoySun Supermarket (as seller) and 周龍科 (Zhou Long Ke)* (as purchaser) in relation to the disposal of the site comprising the parcels of land at 寧波市鄞州區姜山鎮人民路26號 (No. 26, Remin Lu, Jiang Shan Zhen, Yin Zhou Qu, Ningbo Shi)* with a total site area of approximately 1,382 square metres, together with the commercial building complexes erected thereon with a total floor area of approximately 4,363.71 square metres at a consideration of RMB55,000,000. For further details, please refer to the announcement of the Company dated 26 April 2021;

(e) the sale and purchase agreement dated 15 June 2021 between New JoySun (as seller) and 黃永光 (Huang Yong Guang)* (as purchaser) in relation to the disposal of the site comprising the parcels of land at 寧波市鄞州區中山東路301-305號 (No. 301-305, Zhongshan Dong Lu, Yin Zhou Qu, Ningno Shi)* with a total site area of approximately 633.50 square metres, together with the commercial building complexes erected thereon with a total floor area of approximately 3,078.26 square metres at a consideration of RMB49,000,000. For further details, please refer to the announcement of the Company dated 15 June 2021; and

(f) the sale and purchase agreement dated 15 June 2021 between New JoySun (as seller) and 周蕾 (Zhou Lei)* (as purchaser) in relation to the disposal of the site comprising the parcels of land at 寧波市鄞州區中山東路301-305號 (No. 301-305, Zhongshan Dong Lu, Yin Zhou Qu, Ningno Shi)* with a total site area of approximately 554.50 square metres, together with the commercial building complexes erected thereon with a total floor area of approximately 2,694.4 square metres at a consideration of RMB35,000,000. For further details, please refer to the announcement of the Company dated 15 June 2021; and

(g) the Agreement.

10. GENERAL

(a) The company secretary of the Company is Ms. Pang Yuen Shan Christina. She is a solicitor qualified in Hong Kong.

(b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(c) The principal place of business of the Company is Workshop 06 & 07, 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.lisigroup.com.hk) for a period of 14 days from the date of this circular:

(a) the Agreement;

(b) the business valuation report on the Target Group prepared by Knight Frank Petty Limited as set out in Appendix IIA to this circular;

(c) the property valuation report on the Target Group prepared by Knight Frank Petty Limited as set out in Appendix IIB to this circular; and

(d) the written consent referred to in the paragraph headed "8. Expert and Consent" in this appendix.

* *For identification purposes only*

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the "**SGM**") of China Automobile New Retail (Holdings) Limited (the "**Company**") will be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on 15 June 2022, Wednesday at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

   (a) the Agreement (as defined in the circular of the Company dated 26 May 2022 (the "**Circular**")) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;

   (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary or desirable for the purpose of or in connection with or to give effect to the Agreement and the transactions contemplated thereunder; and

   (c) any and all actions of the Company, or of any Director or officer of the Company, taken in connection with the foregoing resolutions prior to the execution hereof be and were hereby ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval, and approved by, the Company prior to such action being taken."

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

Hong Kong, 26 May 2022

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.

4. The transfer books and register of members of the Company will be closed from 10 June 2022 to 15 June 2022, both days inclusive, to determine the entitlement of shareholders of the Company to attend and vote at the SGM, during which period no share transfers can be registered. In order to be eligible to attend and vote at the SGM, all duly completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 9 June 2022.

5. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, the resolutions as set out in this notice will be decided by poll at the meeting.

In view of the current COVID-19 pandemic situation, the Company will implement the following precautionary measures at the SGM to protect the Shareholders and other attendees from risk of infection:

1. At the entrance of the SGM Venue, a compulsory body temperature check will be conducted on every person attending the SGM. Any person with a body temperature of over 37.3 degrees Celsius, or any individual who has any flu-like symptoms or is otherwise unwell will not be admitted to the SGM Venue.

2. Every attendees will be required to sign and complete a health declaration form before admission to the SGM Venue.

3. Seating at the SGM Venue will be arranged so as to allow for appropriate social distancing. As a result, there will be limited capacity for Shareholders to attend the SGM. The Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.

4. Every attendee is required to wear a surgical face mask at any time within the SGM Venue.

5. Any attendee who declines any of the abovementioned measures will not be admitted to the SGM Venue.

6. No food or beverages or gifts will be provided to the attendees at the SGM.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry to the SGM Venue or require any person to leave the SGM Venue in order to ensure the safety of the attendees at the SGM.

The Company would like to remind the Shareholders to consider appointing the Chairman of the SGM as his/her/its proxy to vote on the resolution at the SGM as an alternative to attending the SGM in person. In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the SGM.

Subject to the development of the COVID-19 situation, the Company may implement and/or adjust precautionary measures for the SGM at short notice as the public health situation changes, and may issue further announcement(s) on such measures as and when appropriate.

As at the date of this notice, 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