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CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED

中國汽車新零售（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

**CONNECTED TRANSACTION
IN RELATION TO LEASE AGREEMENT**

THE LEASE AGREEMENT

On 25 October 2022 after trading hours, Ningbo New JoySun Corp, a wholly owned subsidiary of the Company entered into the Lease Agreement with Ningbo New JoySun Investment to lease the Property with a term commenced from 1 September 2022 to 31 August 2025.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Property leased under the Lease Agreement will be recognised as right-of-use assets with the aggregate consideration of approximately RMB1.02 million, and the transaction contemplated under the Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

Ningbo New JoySun Investment is a wholly owned subsidiary of Lisi Group, which is beneficially owned as to 98.15% by Mr. Li Lixin, a chairman, an executive Director and the controlling shareholder of the Company, and his son. Therefore, Ningbo New JoySun Investment is a connected person of the Company. Accordingly, the Lease Agreement constitutes a connected transaction for the Company.

Since the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the aggregate rental for the Term of under the Lease Agreement are more than 0.1% but less than 5%, the Lease Agreement therefore is subject to the reporting and announcement requirements but exempt from the circular and independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 25 October 2022 after trading hours, Ningbo New JoySun Corp, a wholly owned subsidiary of the Company entered into the Lease Agreement with Ningbo New JoySun Investment with a term commenced from 1 September 2022 to 31 August 2025.

The principal terms of the Lease Agreement are summarised below:

Date

25 October 2022

Parties

- (i) 寧波新江廈投資有限公司 (Ningbo New JoySun Investment Company Limited*) as the lessor; and
- (ii) 寧波新江廈股份有限公司 (Ningbo New JoySun Corp*) as the lessee.

The business scope of Ningbo New JoySun Investment includes, among others, property brokerage and dealing, property management and property renting. Ningbo New JoySun Investment is a wholly owned subsidiary of Lisi Group, which is beneficially owned as to 98.15% by Mr. Li Lixin, a chairman, an executive Director and the controlling shareholder of the Company, and his son. Therefore, Ningbo New JoySun Investment is a connected person of the Company.

Subject Matter

Ningbo New JoySun Investment shall lease the Property to Ningbo New JoySun Corp pursuant to the terms and conditions of the Lease Agreement.

Details of the Property

Description	Approximate gross area
Unit No. F1-17A on level 1, Lisi City Outlets, No. 688 Siming Middle Road, Yinzhou District, Ningbo, Zhejiang Province (浙江省寧波市鄞州區四明中路688號利時城市奧萊F1-17A室)	195 sq.m.

Term

The Lease Agreement is for a term of 36 months commenced from 1 September 2022 and expiring on 31 August 2025.

Consideration

The monthly rental per square meter for the Property for different rental years during the Term are set out as below:

Period	Amount
From 1 September 2022 to 31 August 2023	RMB146/m ²
From 1 September 2023 to 31 August 2024	RMB155.125/m ²
From 1 September 2024 to 31 August 2025	RMB164.71/m ²

The annual rental for the Property for different rental years during Term are set out as below:

Period	Amount
From 1 September 2022 to 31 August 2023	RMB341,640.00 (146/m ² x 195m ² x 12)
From 1 September 2023 to 31 August 2024	RMB362,992.50 (155.125/m ² x 195m ² x 12)
From 1 September 2024 to 31 August 2025	RMB385,412.63 (164.71/m ² x 195m ² x 12)

The management fee for the Property per rental year is RMB85,410 (being RMB36.5/m² x 195m² x 12). A security deposit in the amount of RMB120,000 will be paid to Ningbo New JoySun Investment as the lessor within seven days after the date of the Lease Agreement. The rental shall be payable by Ningbo New JoySun Corp quarterly in advance.

The payment of the rental for the Property is expected to be financed by internal resources of the Group. The consideration payable by Ningbo New JoySun Corp to Ningbo New JoySun Investment was determined after arm's length negotiations by the parties with reference to the market rental charge for adjacent properties and buildings in the local property market.

REASONS OF ENTERING INTO THE LEASE AGREEMENT

The principle activities of the Group are (i) manufacturing and trading of plastic and metal household products; (ii) operation of department stores and supermarkets; (iii) wholesale of alcohol, wine, beverages and electrical appliances; and (iv) investment holding. Ningbo New JoySun Corp is a wholly owned subsidiary of the Group which is principally engaged in wholesale of household products and wine, operation of department stores and provision of financing to the other members of the Group. The Lease Agreement will enable the Group to make use of the Property as its sales outlet for wine and beverages, which will enhance the development of the relevant segment of business of the Group.

The Board (including the independent non-executive Directors) are of the view that the transaction contemplated under the Lease Agreement is conducted in the ordinary and usual course of the business of the Group, and the terms of the Lease Agreement are fair and reasonable, and on normal commercial terms or better. The Board thus considers that the transaction contemplated under the Lease Agreement is in the interest of the Company and the Shareholders as a whole.

Since Mr. Li Lixin, who is a chairman, an executive Director and the controlling shareholder of the Company, has material interest in the Lease Agreement, he has abstained from voting on the Board resolutions approving the Lease Agreement.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Property leased under the Lease Agreement will be recognised as right-of-use assets with the aggregate consideration of approximately RMB1.02 million, and the transaction contemplated under the Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

Ningbo New JoySun Investment is a wholly owned subsidiary of Lisi Group, which is beneficially owned as to 98.15% by Mr. Li Lixin, a chairman, an executive Director and the controlling shareholder of the Company, and his son. Therefore, Ningbo New JoySun Investment is a connected person of the Company. Accordingly, the Lease Agreement constitutes a connected transaction for the Company.

Since the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the aggregate rental for the Term of the Lease Agreement are more than 0.1% but less than 5%, the Lease Agreement therefore is subject to the reporting and announcement requirements but exempt from the circular and independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Automobile New Retail (Holdings) Limited (stock code: 526), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Lease Agreement”	the lease agreement dated 25 October 2022 made between Ningbo New JoySun Investment (as lessor) and Ningbo New JoySun Corp (as lessee) relating to the leasing of the Property
“Lisi Group”	利時集團股份有限公司 (Lisi Group Co., Ltd.*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo New JoySun Corp”	寧波新江廈股份有限公司 (Ningbo New JoySun Corp*), a limited liability company established under the laws of the PRC
“Ningbo New JoySun Investment”	寧波新江廈投資有限公司 (Ningbo New JoySun Investment Company Limited*), a limited liability company established under the laws of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	Unit No. F1-17A on level 1, Lisi City Outlets, No.688 Siming Middle Road, Yinzhou District, Ningbo, Zhejiang Province (浙江省寧波市鄞州區四明中路668號利時城市奧萊F1-17A室)
“RMB”	Reminbi, the lawful currency of the PRC

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the term of the Lease Agreement, being 36 months commenced from 1 September 2022 and expiring on 31 August 2025
“%”	per cent.

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

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

Hong Kong, 25 October 2022

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

* *for identification purpose only*