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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)

**(1) DISCLOSEABLE TRANSACTIONS; AND
(2) CONNECTED AND MAJOR TRANSACTIONS
IN RELATION TO
PROVISION OF GUARANTEES**

PROVISION OF GUARANTEES

(A) Provision of Guarantee A

On 26 April 2020, each of Tianjin Binhai International and Tianjin Prominent (each being a former wholly-owned subsidiary of the Company) (as guarantors) entered into the Guarantee Agreement A in favour of Tianjin Binhai Bank (as lender), pursuant to which each of the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party A in respect of the loans of a total maximum principal amount of RMB216 million granted under the Credit Facility Agreement A.

(B) Provision of Guarantee B

On 11 February 2019, each of Tianjin Binhai International and Tianjin Prominent (as guarantors) entered into the Guarantee Agreement B in favour of Tianjin Binhai Bank (as lender), pursuant to which each of the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party B in respect of the loans of a total maximum principal amount of RMB278 million granted under the Credit Facility Agreement B.

(C) Provision of Guarantee C

On 26 August 2019, Tianjin Binhai International (as guarantor) entered into the Guarantee Agreement C in favour of Tianjin Binhai Bank (as lender), pursuant to which the guarantor had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party C in respect of the loans of a total maximum principal amount of RMB1,760 million granted under the Credit Facility Agreement C.

(D) Provision of Guarantee D

On 23 April 2019, Tianjin Binhai International, together with other guarantors, (as guarantors) entered into the Guarantee Agreement D in favour of Zheshang Bank (as lender), pursuant to which the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party D in respect of the loans of a total maximum principal amount of RMB220 million granted under the Loan Agreement D.

(E) Provision of Guarantee E

On 15 January 2020, Tianjin Binhai International and Tianjin Prominent, together with other guarantors, (as guarantors) entered into the Guarantee Agreement E in favour of Agricultural Bank of China (as lender), pursuant to which the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party A in respect of the loans of a total maximum principal amount of RMB148.5 million granted under the Credit Facility Agreement E.

Reference is made to the announcement of the Company dated 6 May 2022, the circular of the Company dated 26 May 2022 and the completion announcement of the Company dated 21 June 2022 in relation to, among other things, the disposal of the entire issued share capital of Robust Cooperation Limited and Mega Convention Group Limited by the Company. Given that Tianjin Binhai International and Tianjin Prominent are wholly-owned subsidiaries of Robust Cooperation Limited, following completion of the Disposal on 21 June 2022, each of Tianjin Binhai International and Tianjin Prominent had ceased to be a subsidiary of the Company and the remaining Group is no longer liable for the Guarantees provided by Tianjin Binhai International and Tianjin Prominent.

LISTING RULES IMPLICATIONS

(A) Discloseable Transactions - Provision of Guarantee A, Guarantee B and Guarantee E

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of Guarantee E, on a standalone basis, were less than 5% at the relevant time, the provision of Guarantee E, on a standalone basis, did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of each of Guarantee A and Guarantee B, on a standalone basis, at the relevant time was more than 5% but less than 25%, the provision of each of Guarantee A and Guarantee B, on a standalone basis, constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

However, since Since Guarantee A and Guarantee E were provided by the Group within 12 months in respect of the repayment obligations of the same guaranteed party (i.e. Guaranteed Party A), Guarantee A and Guarantee E are aggregated for calculation of the applicable percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the provision of Guarantee A and Guarantee E, on an aggregated basis, at the relevant time was more than 5% but less than 25%, the provision of Guarantee A and Guarantee E constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(B) Connected and Major Transactions - Provision of Guarantee C and Guarantee D

As the highest applicable percentage ratio in respect of the provision of Guarantee C at the relevant time was more than 25% but less than 100%, the provision of Guarantee C constituted a major transaction for the Company and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of Guarantee D at the relevant time was more than 5% but less than 25%, the provision of Guarantee D constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) since October 2020, Guaranteed Party D was indirectly owned as to 100% by Tong Lu (同路), the nephew of Tong Shiping (同世平) who was a Director in the past 12 months at the relevant time; and (b) since March 2022, Guaranteed Party C was indirectly owned as to 100% by Tong Lu (同路). Accordingly, each of Tong Lu (同路), Guaranteed Party C and Guaranteed Party D were considered as deemed connected persons of the Company pursuant to Rule 14A.21(1) of the Listing Rules at the relevant time. In addition, the other guarantors to Guarantee D were connected persons of the Company as at the date of Guarantee Agreement D, including (a) Cheng Weihong (程衛紅) who was a substantial shareholder of the Company and a Director, (b) Tong Shiping (同世平) who was a Director, and (c) Tianjin Calistar, a company owned as to 99% by Cheng Weihong, and hence, an associate of Cheng Weihong. Accordingly, the provision of Guarantee C and Guarantee D constituted connected transactions of the Company and were subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, since Guarantee C and Guarantee D were provided by the Group within 12 months and the relevant guaranteed parties (i.e. Guaranteed Party C and Guaranteed Party D) are indirectly and wholly owned by Tong Lu (同路), a connected person of the Company at the relevant time, Guarantee C and Guarantee D are aggregated for calculation of the applicable percentage ratios pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of Guarantee C and Guarantee D, on an aggregated basis, at the relevant time was more than 25% but less than 100%, the provision of Guarantee C and Guarantee D constituted major transactions for the Company and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Taking into account that (a) each of Tianjin Binhai International and Tianjin Prominent had already ceased to be a subsidiary of the Company and the remaining Group is no longer liable for the Guarantees following completion of the Disposal on 21 June 2022; (b) as a result of the Disposal, the provision of Guarantees cannot be reversed; and (c) relevant information relating to the Guarantees has been set forth in this announcement, the information to be contained in a circular as originally facilitating the Shareholders' consideration of Guarantee C and Guarantee D no longer serves its purpose, and therefore, no circular will be issued by the Company to its Shareholders and no special general meeting of the Company will be convened for the purposes of considering and approving Guarantee C and Guarantee D.

REMEDIAL ACTIONS

Pursuant to Chapter 14 of the Listing Rules, the provision of Guarantee A, Guarantee B and Guarantee E (when aggregated with Guarantee A) constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements whereas the provision of Guarantee C and Guarantee D constituted major transactions for the Company and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the provision of Guarantee C and Guarantee D constituted connected transactions of the Company and were subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, the failure by the Company to comply with the above requirements constituted non-compliance with Chapters 14 and 14A of the Listing Rules.

The Company's non-compliance with the Chapters 14 and 14A of the Listing Rules was primarily due to the misunderstanding of the relevant management and business team who were responsible for managing and overseeing the Guarantees that the provision of the Guarantees, which were incidental to the Group's imported cars segment business, were conducted in the ordinary course of business of the Company, and therefore did not constitute "transactions" under Chapters 14 and 14A of the Listing Rules. Therefore, the relevant management and business team did not specifically draw the attention of the Board to the Guarantees and the identities of the ultimate beneficial owners of the guaranteed parties and their relationship with the Company. The Company regrets its non-compliance with the Listing Rules as disclosed in this announcement, and it would like to stress that such non-compliance was inadvertent and unintentional, and the Company had no intention to withhold any information relating to the provision of Guarantees. The Company has taken remedial measures to prevent the reoccurrence of the similar incidents of non-compliance with the Listing Rules, including but not limited to, formation of a working group to supervise the implementation of the operational internal control procedures, strengthening its internal control measures, provision of training to the Directors on compliance of the Listing Rules, and conducting internal procedures review by internal control auditor.

PROVISION OF GUARANTEES

(A) Provision of Guarantee A

On 26 April 2020, each of Tianjin Binhai International and Tianjin Prominent (each being a former wholly-owned subsidiary of the Company) (as guarantors) entered into the Guarantee Agreement A in favour of Tianjin Binhai Bank (as lender), pursuant to which each of the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party A in respect of the loans of a total maximum principal amount of RMB216 million granted under the Credit Facility Agreement A.

Principal terms of Guarantee Agreement A

Date: 26 April 2020

Parties: (1) Tianjin Binhai International and Tianjin Prominent (as guarantors)
(2) Tianjin Binhai Bank (as lender)

Guarantee: A joint liability guarantee for the loans of a total maximum principal amount of RMB216 million granted under the Credit Facility Agreement A, together with corresponding interest (including default interest and compound interest), liquidated damages, compensation, and the related expenses incurred in realising the creditor's rights.

Should the guaranteed party fails to repay its loan, the lender is entitled to require the guarantor to be responsible for the guaranteed liability under the guarantee agreement irrespective of any other guarantees which the lender may have.

Guarantee Period: Commencing from the date of the guarantee agreement and ending on the date of 3 years after the expiry of the repayment obligation of the guaranteed party for the guaranteed loan.

Assuming the guaranteed party fails to repay its debts after expiry of the repayment obligations, the bank may initiate a claim against the guarantor within 3 years after expiry of such repayment obligations. The Directors considered the guarantee period to be fair and reasonable given that it was provided under the bank's standard form of guarantee agreement and was determined with reference to the Civil Code of the PRC (《中華人民共和國民法典》).

(B) Provision of Guarantee B

On 11 February 2019, each of Tianjin Binhai International and Tianjin Prominent (as guarantors) entered into the Guarantee Agreement B in favour of Tianjin Binhai Bank (as lender), pursuant to which the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party B in respect of the loans of a total maximum principal amount of RMB278 million granted under the Credit Facility Agreement B.

Principal terms of Guarantee Agreement B

Date: 11 February 2019

Parties: (1) Tianjin Binhai International and Tianjin Prominent (as guarantors)
(2) Tianjin Binhai Bank (as lender)

Guarantee: A joint liability guarantee for the loans of a total maximum principal amount of RMB278 million granted under the Credit Facility Agreement B, together with corresponding interest (including default interest and compound interest), liquidated damages, compensation, and the related expenses incurred in realising the creditor's rights.

Should the guaranteed party fails to repay its loan, the lender is entitled to require the guarantor to be responsible for the guaranteed liability under the guarantee agreement irrespective of any other guarantees which the lender may have.

Guarantee Period: Commencing from the date of the guarantee agreement and ending on the date of 3 years after the expiry of the repayment obligation of the guaranteed party for the guaranteed loan.

Assuming the guaranteed party fails to repay its debts after expiry of the repayment obligations, the bank may initiate a claim against the guarantor within 3 years after expiry of such repayment obligations. The Directors considered the guarantee period to be fair and reasonable given that it was provided under the bank's standard form of guarantee agreement and was determined with reference to the Civil Code of the PRC (《中華人民共和國民法典》).

(C) Provision of Guarantee C

On 26 August 2019, Tianjin Binhai International (as guarantor) entered into the Guarantee Agreement C in favour of Tianjin Binhai Bank (as lender), pursuant to which the guarantor had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party C in respect of the loans of a total maximum principal amount of RMB1,760 million granted under the Credit Facility Agreement C.

Principal terms of Guarantee Agreement C

Date: 26 August 2019

Parties: (1) Tianjin Binhai International (as guarantor)
(2) Tianjin Binhai Bank (as lender)

Guarantee: A joint liability guarantee for the loans of a total maximum principal amount of RMB1,760 million granted under the Credit Facility Agreement C, together with corresponding interest (including default interest and compound interest), liquidated damages, compensation, and the related expenses incurred in realising the creditor's rights.

Should the guaranteed party fails to repay its loan, the lender is entitled to require the guarantor to be responsible for the guaranteed liability under the guarantee agreement irrespective of any other guarantees which the lender may have.

Guarantee Period: Commencing from the date of the guarantee agreement and ending on the date of 3 years after the expiry of the repayment obligation of the guaranteed party for the guaranteed loan.

Assuming the guaranteed party fails to repay its debts after expiry of the repayment obligations, the bank may initiate a claim against the guarantor within 3 years after expiry of such repayment obligations. The Directors considered the guarantee period to be fair and reasonable given that it was provided under the bank's standard form of guarantee agreement and was determined with reference to the Civil Code of the PRC (《中華人民共和國民法典》).

(D) Provision of Guarantee D

On 23 April 2019, Tianjin Binhai International, together with other guarantors, (as guarantors) entered into the Guarantee Agreement D in favour of Zheshang Bank (as lender), pursuant to which the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party D in respect of the loans of a total maximum principal amount of RMB220 million granted under the Loan Agreement D.

Principal terms of Guarantee Agreement D

Date: 23 April 2019

Parties: (1) The following parties as guarantors:

- a. Tianjin Binhai International
- b. Cheng Weihong (程衛紅)
- c. Tong Shiping (同世平)
- d. Tianjin Calistar

(2) Zheshang Bank (as lender)

Guarantee: A joint liability guarantee for the loans of a total maximum principal amount of RMB220 million granted under the Loan Agreement D, together with corresponding interest (including default interest and compound interest), liquidated damages, compensation, and the related expenses incurred in realising the creditor's rights.

Should the guaranteed party fails to repay its loan, the lender is entitled to require the guarantor to be responsible for the guaranteed liability under the guarantee agreement irrespective of any other guarantees which the lender may have.

Guarantee Period: Commencing from the date of the guarantee agreement and ending on the date of 2 years after the expiry of the repayment obligation of the guaranteed party for the guaranteed loan.

Assuming the guaranteed party fails to repay its debts after expiry of the repayment obligations, the bank may initiate a claim against the guarantor within 2 years after expiry of such repayment obligations. The Directors considered the guarantee period to be fair and reasonable given that it was provided under the bank's standard form of guarantee agreement and was determined with reference to the Civil Code of the PRC (《中華人民共和國民法典》).

(E) Provision of Guarantee E

On 15 January 2020, Tianjin Binhai International and Tianjin Prominent, together with other guarantors, (as guarantors) entered into the Guarantee Agreement E in favour of Agricultural Bank of China (as lender), pursuant to which the guarantors had agreed to provide a joint liability guarantee for the due performance of the repayment obligations of Guaranteed Party A in respect of the loans of a total maximum principal amount of RMB148.5 million granted under the Credit Facility Agreement E.

Principal terms of Guarantee Agreement E

Date: 15 January 2020

Parties: (1) The following entities as guarantors:
a. Tianjin Binhai International
b. Tianjin Prominent
c. Tianjin Classic
d. Tianjin Shimao
e. Guaranteed Party B
(2) Agricultural Bank of China (as lender)

Guarantee: A joint liability guarantee for the loans of a total maximum principal amount of RMB148.5 million granted under the Credit Facility Agreement E, together with corresponding interest (including default interest and compound interest) and the related expenses incurred in realising the creditor's rights.

Should the guaranteed party fails to repay its loan, the lender is entitled to require the guarantor to be responsible for the guaranteed liability under the guarantee agreement irrespective of any other guarantees which the lender may have.

Guarantee Period: Commencing from the date of the guarantee agreement and ending on the date of 2 years after the expiry of the repayment obligation of the guaranteed party for the guaranteed loan.

Assuming the guaranteed party fails to repay its debts after expiry of the repayment obligations, the bank may initiate a claim against the guarantor within 2 years after expiry of such repayment obligations. The Directors considered the guarantee period to be fair and reasonable given that it was provided under the bank's standard form of guarantee agreement and was determined with reference to the Civil Code of the PRC (《中華人民共和國民法典》).

INFORMATION OF THE PARTIES

The Group

As at the date of this announcement, the Company is an investment holding company and the principal business of the Group primarily includes (i) manufacturing and trading of household products; (ii) operation of department stores and supermarkets; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investment holding.

Immediately before the Disposal, the principal business of the Group also included (i) provision of imported cars platform services and property rental services; and (ii) trading of imported cars (collectively, the “**Automotive Business**”).

Tianjin Binhai International and Tianjin Prominent

As at the date of the relevant Guarantee Agreements, Tianjin Binhai International was a limited liability company established in the PRC and a wholly-owned subsidiary of the Company, and was principally engaged in the operation of parallel imported car trading platform.

As at the date of the relevant Guarantee Agreements, Tianjin Prominent was a limited liability company established in the PRC and a wholly-owned subsidiary of the Company, and was principally engaged in investment holding and provision of ancillary services related to parallel imported car trading platform.

Reference is made to the announcement of the Company dated 6 May 2022, the circular of the Company dated 26 May 2022 and the completion announcement of the Company dated 21 June 2022 in relation to, among other things, the disposal (the “**Disposal**”) of the entire issued share capital of Robust Cooperation Limited and Mega Convention Group Limited. Given that Tianjin Binhai International and Tianjin Prominent are wholly-owned subsidiaries of Robust Cooperation Limited, following completion of the Disposal on 21 June 2022, each of Tianjin Binhai International and Tianjin Prominent had ceased to be a subsidiary of the Company and the remaining Group is no longer liable for the Guarantees provided.

Guaranteed Parties

Guaranteed Party A

Guaranteed Party A is a company established under the laws of the PRC which is principally engaged in sales of automobile, automobile exhibition and leasing of exhibition centre. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of Guarantee Agreement A, Guaranteed Party A was indirectly owned as to 75% by Fan Jie* (范杰) and 25% by Jumbo Glee Overseas Limited.

Guaranteed Party B

Guaranteed Party B is a company established under the laws of the PRC which is principally engaged in sales of automobile. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of Guarantee Agreement B, Guaranteed Party B was owned as to 100% by Dong Aiying* (董愛英).

Guaranteed Party C

Guaranteed Party C is a company established under the laws of the PRC which is principally engaged in sales of automobile and import agency business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guaranteed Party C was indirectly owned as to 100% by (a) Dawn Brilliant Limited, a company incorporated in the British Virgin Islands, as at the date of the Guarantee Agreement C; and (b) Shining Competence Limited, a company incorporated in the Republic of Seychelles, since March 2021; and (c) Tong Lu (同路) since March 2022.

Guaranteed Party D

Guaranteed Party D is a company established under the laws of the PRC which is principally engaged in sales of automobile and import agency business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guaranteed Party D was indirectly owned as to 100% by (a) Bright Praise Enterprises Limited, a company incorporated in the British Virgin Islands, as at the date of the Guarantee Agreement D; and (b) Tong Lu (同路) since October 2020.

Lending Banks

Tianjin Binhai Bank

Tianjin Binhai Bank is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the largest ultimate beneficial owner of Tianjin Binhai Bank is Tianjin Municipal People's Government State-owned Assets Supervision and Administration Commission (天津市人民政府國有資產監督管理委員會).

Zheshang Bank

Zheshang Bank is the Tianjin Branch of China Zheshang Bank Co., Ltd., being a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The H shares of China Zheshang Bank Co., Ltd. are listed on the Main Board of the Stock Exchange (stock code: 2016) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601916). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Zhejiang Provincial Financial Holdings Co., Ltd. (being a state-owned enterprise supervised and managed by Zhejiang Provincial Department of Finance) is the largest shareholder and holds approximately 12.49% of the shares of China Zheshang Bank Co., Ltd..

Agricultural Bank of China

Agricultural Bank of China is the Tianjin Heping Branch of Agricultural Bank of China Limited, being a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The H shares of Agricultural Bank of China Limited are listed on the Main Board of the Stock Exchange (stock code: 1288) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601288). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Central Huijin Investment Ltd. (being a state-owned company) is the largest shareholder and holds approximately 40.03% of the shares of Agricultural Bank of China Limited.

Other Guarantors to Guarantee D

Cheng Weihong

Cheng Weihong (程衛紅) was a substantial shareholder of the Company and a Director, and hence a connected person of the Company, as at the date of Guarantee Agreement D. As at the date of this announcement, Cheng Weihong has resigned as a Director with effect from 31 August 2022 but remains as a substantial shareholder of the Company and is interested in approximately 22.99% of the total issued share capital of the Company. Cheng Weihong is the spouse of Tong Shiping.

Tong Shiping

Tongshiping (同世平) was a Director, and hence a connected person of the Company, as at the date of Guarantee Agreement D and has resigned as a Director with effect from 30 September 2020. Tong Shiping is the spouse of Cheng Weihong and the uncle of Tong Lu.

Tianjin Calistar

Tianjin Calistar is a company established under the laws of the PRC which is principally engaged in sales of automobile. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of Guarantee Agreement D, Tianjin Calistar was owned as to 99% by Cheng Weihong and 1% by Cheng Tao* (程濤), and hence, an associate of Cheng Weihong and a connected person of the Company.

Other Guarantors to Guarantee E

Tianjin Classic

Tianjin Classic is a company established under the laws of the PRC which is principally engaged in sales of automobile and import agency business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of Guarantee Agreement E, Tianjin Classic was owned as to 20% by Zhang Zhigang* (張志剛) 80% by Wuxi Huaxing Shangtong Automobile Sales Services Company Limited* (無錫華星上通汽車銷售服務有限公司) which was in turn owned as to 85% by Zhang Zhigang* (張志剛) and 15% by Wu Xiangyang* (吳向陽).

Tianjin Shimao

Tianjin Shimao is a company established under the laws of the PRC which is principally engaged in sales of automobile and import agency business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of Guarantee Agreement E, Tianjin Shimao was wholly owned by Zhang Zhigang* (張志剛).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Guaranteed Party C, Guaranteed Party D and the other guarantors to Guarantee D who are connected persons of the Company, each of the remaining Guaranteed Parties, Tianjin Binhai Bank, Zheshang Bank and Agricultural Bank of China (as lending banks), Tianjin Classic and Tianjin Shimao (as the other guarantors to Guarantee E) and their respective ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEES

At the time of provision of the Guarantees, the Group was also engaged in the Automotive Business. The parallel import car industry in the PRC is capital-intensive with extended industrial chain that covers numerous transaction phases. In particular, when vehicle dealers (i.e. the Group's customers) order vehicles from imported cars traders (i.e. the Group), the vehicle dealers typically settle part of the purchase price by obtaining a loan from the bank. Given the Group was a state-authorized pilot platform enterprise of parallel imported cars at the relevant time, the Group was once connected to the overall development of the parallel imported car industry and had therefore regarded the strengthening and expansion of the parallel imported car dealer ecosystem as the strategic layout arrangement for its corporate development. In this connection, the Group selected sizeable customers with stable and long-term business relationship with the Group as its key support targets and provided them with business aids, such as the provision of guarantees to the loans undertaken by the customers from the banks. It was believed that the provision of guarantees could help connecting both the upstream and downstream resources of the parallel imported car market and secure under-supplied products in efficient manner with reasonable prices.

Having taken into consideration of the above, at the time of entering into the relevant Guarantee Agreements, the Directors were of the view that the terms of the Guarantees were on normal commercial terms, and were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

However, since 2020, the financial results of the Automotive Business had been adversely affected by a series of unfavourable events which were outside the control of the Group, including the outbreak of COVID-19 which increases the costs for international logistics transportation and the implementation of Limits and Measurement Methods for Emission from Light-duty Vehicles (《輕型汽車污染物排放限值及測量方法(中國第六階段)》), a policy aiming to reduce air pollutant emissions from light-duty vehicles in the PRC, which creates obstacles for vehicle importers to source overseas vehicles that satisfy the relevant certification requirements. In view of the above and the uncertainty as to the timing for the Automotive Business to be fully recovered, the Group disposed of the Automotive Business by way of the Disposal which was completed on 21 June 2022. For further details and reasons of the Disposal, please refer to the circular of the Company dated 26 May 2022.

LISTING RULES IMPLICATIONS

(A) Discloseable Transactions - Provision of Guarantee A, Guarantee B and Guarantee E

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of Guarantee E, on a standalone basis, were less than 5% at the relevant time, the provision of Guarantee E, on a standalone basis, did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of each of Guarantee A and Guarantee B, on a standalone basis, at the relevant time was more than 5% but less than 25%, the provision of each of each of Guarantee A and Guarantee B, on a standalone basis, constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

However, since Guarantee A and Guarantee E were provided by the Group within 12 months in respect of the repayment obligations of the same guaranteed party (i.e. Guaranteed Party A), Guarantee A and Guarantee E are aggregated for calculation of the applicable percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the provision of Guarantee A and Guarantee E, on an aggregated basis, at the relevant time was more than 5% but less than 25%, the provision of Guarantee A and Guarantee E constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(B) Connected and Major Transactions - Provision of Guarantee C and Guarantee D

As the highest applicable percentage ratio in respect of the provision of Guarantee C at the relevant time was more than 25% but less than 100%, the provision of Guarantee C constituted a major transaction for the Company and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of Guarantee D at the relevant time was more than 5% but less than 25%, the provision of Guarantee D constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) since October 2020, Guaranteed Party D was indirectly owned as to 100% by Tong Lu (同路), the nephew of Tong Shiping (同世平) who was a Director in the past 12 months at the relevant time; and (b) since March 2022, Guaranteed Party C was indirectly owned as to 100% by Tong Lu (同路). Accordingly, each of Tong Lu (同路), Guaranteed Party C and Guaranteed Party D were considered as deemed connected persons of the Company pursuant to Rule 14A.21(1) of the Listing Rules at the relevant time. In addition, the other guarantors to Guarantee D were connected persons of the Company as at the date of Guarantee Agreement D, including (a) Cheng Weihong (程衛紅) who was a substantial shareholder of the Company and a Director, (b) Tong Shiping (同世平) who was a Director, and (c) Tianjin Calistar, a company owned as to 99% by Cheng Weihong, and hence, an associate of Cheng Weihong. Accordingly, the provision of Guarantee C and Guarantee D constituted connected transactions of the Company and were subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, since Guarantee C and Guarantee D were provided by the Group within 12 months and the relevant guaranteed parties (i.e. Guaranteed Party C and Guaranteed Party D) are indirectly and wholly owned by Tong Lu (同路), a connected person of the Company at the relevant time, Guarantee C and Guarantee D are aggregated for calculation of the applicable percentage ratios pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of Guarantee C and Guarantee D, on an aggregated basis, at the relevant time was more than 25% but less than 100%, the provision of Guarantee C and Guarantee D constituted major transactions for the Company and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Taking into account that (a) each of Tianjin Binhai International and Tianjin Prominent had already ceased to be a subsidiary of the Company and the remaining Group is no longer liable for the Guarantees following completion of the Disposal on 21 June 2022; (b) as a result of the Disposal, the provision of Guarantees cannot be reversed; and (c) relevant information relating to the Guarantees has been set forth in this announcement, the information to be contained in a circular as originally facilitating the Shareholders' consideration of Guarantee C and Guarantee D no longer serves its purpose, and therefore, no circular will be issued by the Company to its Shareholders and no special general meeting of the Company will be convened for the purposes of considering and approving Guarantee C and Guarantee D.

REMEDIAL ACTIONS

Pursuant to Chapter 14 of the Listing Rules, the provision of Guarantee A, Guarantee B and Guarantee E (when aggregated with Guarantee A) constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements whereas the provision of Guarantee C and Guarantee D constituted major transactions for the Company and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the provision of Guarantee C and Guarantee D constituted connected transactions of the Company and were subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, the failure by the Company to comply with the above requirements constituted non-compliance with Chapters 14 and 14A of the Listing Rules.

The non-compliance with the Chapters 14 and 14A of the Listing Rules was primarily due to the misunderstanding of the relevant management and business team who were responsible for managing and overseeing the Guarantees that the provision of the Guarantees, which were incidental to the Group's imported cars segment business, were conducted in the ordinary course of business of the Company, and therefore did not constitute "transactions" under Chapters 14 and 14A of the Listing Rules. Therefore, the relevant management and business team did not specifically draw the attention of the Board to the Guarantees and the identities of the ultimate beneficial owners of the guaranteed parties and their relationship with the Company. To rectify the non-compliance, the Company has published this announcement pursuant to the requirements under Chapters 14 and 14A of the Listing Rules.

The Company regrets its non-compliance with the Listing Rules as disclosed in this announcement, and it would like to stress that such non-compliances were inadvertent and unintentional, and the Company had no intention to withhold any information relating to the provision of Guarantees. To prevent the reoccurrence of the similar incidents of non-compliance with the Listing Rules, the following remedial actions and measures as previously mentioned in the circular of the Company dated 29 April 2022 have been taken by the Group:

- (a) in addition to the audit committee of the Board, a working group (the “**Working Group**”) comprising staff of the Group who stationed in the PRC and in Hong Kong, was set up to ensure the operational internal control procedures are fully implemented. As members of the Working Group are from the PRC and Hong Kong, it ensures the staff in two locations can communicate effectively and efficiently. The review of the operational internal control procedures by the Working Group would be conducted at least once every six months;
- (b) the Company has been strengthening the implementation of its internal control system on transactions, including but not limited to, increasing the number of members of the Working Group which was designated to monitor and oversee all the on-going transaction, and the coordination and reporting arrangements for notifiable transactions among various departments of the Group, including the finance department, the business department and the Board. Before entering into each agreement, the finance department will coordinate those departments to review the relevant agreements to ensure compliance with the Listing Rules. The review of the relevant agreements will be conducted every time before the Group enter into such transaction;
- (c) the Directors attended a training conducted by the legal advisers of the Company in September 2021 in relation to the compliance of the Listing Rules, covering the rules relating to the provision of guarantee under Chapter 14 of the Listing Rules and connected persons under Chapter 14A of the Listing Rules, and the Board had also resolved to conduct the similar compliance training at least twice every year. The Board had requested its legal advisers to arrange two training sessions for the Directors and the relevant staff of the Company in 2022 to cover, among other matters, the compliance of the Listing Rules, practical knowledge relating to notifiable transaction and latest development of the Listing Rules. One of the trainings was held in May 2022 and the other one is currently scheduled to be held in November 2022;
- (d) the Company is now maintaining close cooperation with its various professional advisers in relation to regulatory compliance. If necessary, the Company will consult the Stock Exchange about the proper treatment of the proposed transaction; and

- (e) the Company engaged an internal control auditor to review its internal procedures in respect of the corporate governance for the year ended 31 March 2022. The Company is now acting upon the advice of the internal control auditor based on the internal control report and will engage the internal control auditor to conduct another review for the year ending 31 March 2023.

The Directors believe that the implementation of the remedial measures as disclosed in this announcement will effectively strengthen and reinforce the knowledge of the Directors and senior management relating to notifiable transactions under the Listing Rules, and improve the regulatory compliance abilities of the Company in the identification and reporting of related issues.

DEFINITIONS

“Agricultural Bank of China”	Agricultural Bank of China Limited, Tianjin Heping Branch* (中國農業銀行股份有限公司天津和平支行), a licensed bank established under the laws of the PRC, being the creditor under Guarantee E
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Automobile New Retail (Holdings) Limited (stock code: 526), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Credit Facility Agreement A”	the credit facility agreement dated 26 April 2020 entered into between Guaranteed Party A (as borrower) and Tianjin Binhai Bank (as lender) in relation to a credit facility of a total maximum principal amount of RMB216 million for an initial term from 24 April 2020 to 23 April 2021
“Credit Facility Agreement B”	the credit facility agreement dated 11 February 2019 entered into between Guaranteed Party B (as borrower) and Tianjin Binhai Bank (as lender) in relation to a credit facility of a total maximum principal amount of RMB278 million for an initial term from 11 February 2019 to 28 January 2021
“Credit Facility Agreement C”	the credit facility agreement dated 26 August 2019 entered into between Guaranteed Party C (as borrower) and Tianjin Binhai Bank (as lender) in relation to a credit facility of a total maximum principal amount of RMB1,760 million for an initial term from 22 August 2019 to 21 August 2022

“Credit Facility Agreement E”	the agreements in relation to various loan and credit facilities of a total maximum principal amount of RMB148.5 million owed by Guaranteed Party A (as borrower) to Agricultural Bank of China (as lender) between 16 January 2020 to 15 January 2022
“Director(s)”	the director(s) of the Company
“Disposal”	has the meaning ascribed to it under the paragraph headed “Information of the Parties – Tianjin Binhai International and Tianjin Prominent” in this announcement
“Group”	the Company and its subsidiaries
“Guarantee A”	the guarantee provided by each of Tianjin Binhai International and Tianjin Prominent (as guarantors) in favour of Tianjin Binhai Bank pursuant to Guarantee Agreement A
“Guarantee B”	the guarantee provided by each of Tianjin Binhai International and Tianjin Prominent (as guarantors) in favour of Tianjin Binhai Bank pursuant to Guarantee Agreement B
“Guarantee C”	the guarantee provided by Tianjin Binhai International (as guarantor) in favour of Tianjin Binhai Bank pursuant to Guarantee Agreement C
“Guarantee D”	the guarantee provided by Tianjin Binhai International (as guarantor) in favour of Zheshang Bank pursuant to Guarantee Agreement D
“Guarantee E”	the guarantee provided by each of Tianjin Binhai International and Tianjin Prominent (as guarantors) in favour of Agricultural Bank of China pursuant to Guarantee Agreement E
“Guarantees”	collectively Guarantee A, Guarantee B, Guarantee C, Guarantee D and Guarantee E
“Guaranteed Party A”	Tianjin Zhonghe Automobile Sales Service Co., Ltd.* (天津眾合汽車銷售服務有限公司), an Independent Third Party
“Guaranteed Party B”	Tianjin Ningchuan International Trade Co., Ltd.* (天津寧川國際貿易有限公司), an Independent Third Party

“Guaranteed Party C”	Tianjin Shiji Gangxing Automobile Sales Service Co., Ltd.* (天津世紀港星汽車銷售服務有限公司), a company indirectly and wholly owned by Tong Lu (同路) and a deemed connected person of the Company
“Guaranteed Party D”	Tianjin Binhai Shisheng Trade Group Co., Ltd.* (天津濱海世盛商貿集團有限公司), a company indirectly and wholly owned by Tong Lu (同路) and a deemed connected person of the Company
“Guaranteed Parties”	collectively Guaranteed Party A, Guaranteed Party B, Guaranteed Party C and Guaranteed Party D
“Guarantee Agreement A”	the guarantee agreements dated 26 April 2020 entered into between Tianjin Binhai Bank (as lender) and each of Tianjin Binhai International and Tianjin Prominent (as guarantors), pursuant to which each of the guarantors agreed to provide a joint liability guarantee in favour of Tianjin Binhai Bank as security for the repayment obligations of Guaranteed Party A for the loans of a maximum principal amount of RMB216 million granted under the Credit Facility Agreement A
“Guarantee Agreement B”	the guarantee agreements dated 11 February 2019 entered into between Tianjin Binhai Bank (as lender) and each of Tianjin Binhai International and Tianjin Prominent (as guarantors), pursuant to which each of the guarantors agreed to provide a joint liability guarantee in favour of Tianjin Binhai Bank as security for the repayment obligations of Guaranteed Party B under the Credit Facility Agreement B
“Guarantee Agreement C”	the guarantee agreement dated 26 August 2019 entered into between Tianjin Binhai International (as guarantor) and Tianjin Binhai Bank (as lender), pursuant to which the guarantor agreed to provide a joint liability guarantee in favour of Tianjin Binhai Bank as security for the repayment obligations of Guaranteed Party C under the Credit Facility Agreement C
“Guarantee Agreement D”	the guarantee agreement dated 23 April 2019 entered into between Tianjin Binhai International (as guarantor) and Zheshang Bank (as lender), pursuant to which the guarantor agreed to provide a joint liability guarantee in favour of Zheshang Bank as security for the repayment obligations of Guaranteed Party D under the Loan Agreement D

“Guarantee Agreement E”	the guarantee agreement dated 15 January 2020 entered into between each of Tianjin Binhai International and Tianjin Prominent (as guarantors) and Agricultural Bank of China (as lender), pursuant to which the guarantors agreed to provide a joint liability guarantee in favour of Agricultural Bank of China as security for the repayment obligations of Guaranteed Party A under the Credit Facility Agreement E
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Loan Agreement D”	the agreements in relation to various loans with a total maximum principal amount of RMB220 million owed by Guaranteed Party D (as borrower) to Zheshang Bank (as lender) from 23 April 2019 to 23 April 2022
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Binhai Bank”	Tianjin Binhai Agricultural Commercial Bank Co., Ltd* (天津濱海農村商業銀行股份有限公司), a licensed bank established under the laws of the PRC, being the creditor under each of Guarantee A, Guarantee B and Guarantee C

“Tianjin Binhai International”	Tianjin Binhai International Auto Mall Co., Ltd. (天津濱海國際汽車城有限公司), a former wholly-owned subsidiary of the Company and the guarantor under each of the Guarantees
“Tianjin Calistar”	Tianjin Calistar Company Limited* (天津開利星空實業有限公司), a company owned as to 99% by Cheng Weihong, and hence, an associate of Cheng Weihong and a connected person of the Company
“Tianjin Classic”	Tianjin Classic Automobile Sales Information Company Limited* (天津精典汽車銷售資訊有限公司), an Independent Third Party
“Tianjin Prominent”	Tianjin Prominent Hero International Logistics Co., Ltd. (天津英之杰國際物流有限公司), a former wholly-owned subsidiary of the Company and the guarantor under each of Guarantee A, Guarantee B and Guarantee E
“Tianjin Shimao”	Tianjin Shimao International Trade Company Limited* (天津市世茂國際貿易有限公司), an Independent Third Party
“Zheshang Bank”	China Zheshang Bank Co., Ltd., Tianjin Branch* (浙商銀行股份有限公司天津分行), a licensed bank established under the laws of the PRC, being the creditor under Guarantee D
“%”	per cent

* For identification purpose only

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

Hong Kong, 30 September 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.