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CAR Inc.

神州租車有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0699)

PROFIT WARNING ANNOUNCEMENT

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and information currently available to the Board, (i) net profit of the Group for the year ended 31 December 2019 is expected to be decreased by more than 80% as compared to the net profit of RMB290 million for the year ended 31 December 2018; and (ii) adjusted net profit of the Group for the year ended 31 December 2019 is expected to be decreased by more than 50% as compared to the adjusted net profit of RMB681 million for the year ended 31 December 2018, mainly due to the combined impact of (a) the significant increase in depreciation cost, as a result of reduced estimated residual values of used vehicles due to weak used car sales markets and to promote sales; (b) additional consideration paid for the exchange offer for the USD-denominated senior notes due 2020; and (c) the share-based compensation expenses for stock option. The rental revenue of the Group was less than expected due to decreased domestic travel in certain tourist cities and increased competition.

The Board wishes to further announce that adjusted EBITDA is expected to increase by more than 6% year-over-year to over RMB3,400 million for the year ended 31 December 2019, and adjusted EBITDA margin is expected to increase to over 60% for the year ended 31 December 2019. Free cash flow was an inflow of over RMB1,500 million for the year ended 31 December 2019.

The Company has commenced the related work for the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and the information currently available. The related audit work is yet to be completed, and will also be subject to the final review and confirmation by the Company’s audit and compliance committee. In addition, the Company’s auditors are also carrying out their audit work on the consolidated financial statements of the Company for the year ended 31 December 2019. Accordingly, the actual results of the Group for the year ended 31 December 2019 may differ from the information set out in this announcement.

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

By Order of the Board
CAR Inc.
Charles Zhengyao LU
Chairman

Hong Kong, 21 February 2020

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