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China ZhengTong Auto Services Holdings Limited

中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1728)

CLARIFICATION ANNOUNCEMENT IN CONNECTION WITH THE ISSUE AND GRANT OF SHARES UNDER THE RESTRICTED SHARE AWARD SCHEME

Reference is made to the announcement of China ZhengTong Auto Services Holdings Limited (the “**Company**”) dated 12 June 2020 (the “**Announcement**”), among other things, on the adoption of the restricted share award scheme (the “**Scheme**”) and the issue and grant of Shares under the Scheme. Unless otherwise stated, capitalised terms used herein shall have the same meaning as defined in the Announcement.

As disclosed in the Announcement, the Board has resolved to conditionally grant a total of 47,100,000 Grant Shares to 40 Selected Participants in accordance with the terms of the Scheme and that a total of 50,000,000 new Shares are proposed to be issued and allotted to the Trustee on trust for Selected Participants for satisfying the vesting of the 47,100,000 Grant Shares and future Grants of the remaining 2,900,000 Grant Shares which may be made by the Board from time to time.

As at the date of the Announcement and this announcement, other than the said 47,100,000 Grant Shares, no future Grants have been made by the Board. The Company wishes to clarify that the total number of new Shares to be issued and allotted to the Trustee under the Scheme shall be 47,100,000 Shares, instead of 50,000,000 Shares such that the total number of Shares to be issued and allotted to the Trustee shall be the same as the total number of Grant Shares conditionally granted to the 40 identified Selected Participants. Since no Selected Participant is identified (other than the 40 Selected Participants), the Company will not issue and allot an additional 2,900,000 Grant Shares to the Trustee for the purpose of future grant(s), if any. The Trustee shall be issued and allotted with a total of 47,100,000 Grant Shares and will hold and use such Shares to satisfy the vesting of the 47,100,000 Grant Shares granted on 12 June 2020.

The said 47,100,000 Grant Shares to be conditionally granted to the 40 Selected Participants shall be initially and directly allotted and issued to the Trustee at market price based on the average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Announcement (excluding the date of the Announcement) as quoted on the Stock Exchange of approximately HK\$1.178 per Share. The market value of such 47,100,000 Grant Shares is HK\$55,483,800 and the nominal value of those 47,100,000 Shares is HK\$4,710,000. Upon the issue and allotment of the 47,100,000 new Shares to the Trustee, it will hold such Shares on trust for the benefit of the Selected Participants and shall vest and transfer such number of Shares to the relevant Selected Participants at no cost after fulfilment of all vesting conditions and subject to the vesting schedule as set out in the Scheme Rules.

Assuming the total of 47,100,000 Grant Shares are allotted and issued by the Company to the Selected Participants, such Grant Shares represent (i) approximately 1.92% of the total issued Shares as at the date of this announcement; and (ii) approximately 1.88% of the total issued Shares as enlarged by such allotment and issue (assuming there is no change in the number of issued Shares of the Company from the date of this announcement up to the allotment date of the new Shares, other than the allotment and issue of the new Grant Shares).

Out of the 47,100,000 Grant Shares, (i) 35,700,000 Grant Shares are granted to 37 Non-connected Selected Participants, all being independent Employees of the Group by the allotment and issue of new Shares to the Trustee pursuant to the 2020 General Mandate; and (ii) 11,400,000 Grant Shares are granted to 3 Connected Selected Participants, who are executive Directors and connected persons of the Company by the allotment and issue of new Shares to the Trustee pursuant to the Specific Mandate.

Pursuant to the 2020 General Mandate, the Company was authorised to allot and issue up to 490,444,084 Shares, representing 20% of the total number of the issued Shares as at the date of the 2020 AGM. Except for the aforesaid issue of 35,700,000 new Grant Shares to the Trustee on trust for the 37 Non-connected Selected Participants, no new Share has been issued or allotted under the 2020 General Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 47,100,000 new Grant Shares to be allotted and issued.

Saved as disclosed above, all other information in the Announcement remains substantially unchanged.

By order of the Board
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
WANG Muqing
Chairman

Hong Kong, 18 June 2020

As at the date of this announcement, the Board comprises Mr. WANG Muqing (Chairman), Mr. WANG Kunpeng, Mr. LI Zhubo and Mr. WAN To as executive Directors; and Dr. WONG Tin Yau, Kelvin, Dr. CAO Tong and Ms. WONG Tan Tan as independent non-executive Directors.