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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010 AND RE-DESIGNATION OF DIRECTOR

- Turnover increased by approximately 61.3% to approximately RMB8,034 million
- Gross profit increased by approximately 75.2% to approximately RMB726 million
- Net profit attributable to shareholders increased by approximately 89.2% to approximately RMB276 million
- Basic earnings per share increased by approximately 85.6% to RMB0.18 per share
- The Board did not recommend payment of final dividend

Reference is made to the meeting of the board of directors (the "Board") of China ZhengTong Auto Services Holdings Limited 中國正通汽車服務控股有限公司 (the "Company" or "ZhengTong" and together with its subsidiaries, the "Group") held on 12 March 2011, the Board is pleased to announce the Group's first annual consolidated results for the year ended 31 December 2010, upon its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 December 2010 ("Listing").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010
(Expressed in RMB'000)

	Note	For the year ended 31 December 2010	2009
Turnover	*3*	**8,034,249**	4,981,174
Cost of sales		**(7,307,933)**	(4,566,633)
Gross profit		**726,316**	414,541
Other revenue	*4*	**39,305**	23,942
Other net income	*4*	**7,300**	7,182
Selling and distribution expenses		**(191,993)**	(138,337)
Administrative expenses		**(175,557)**	(82,334)
Profit from operations		**405,371**	224,994
Finance costs	*5(a)*	**(56,146)**	(31,465)
Share of profit of an associate or a jointly controlled entity		**10,355**	4,570
Gain on remeasurement of previously held equity interest in a jointly controlled entity		**3,177**	–
Gain on bargain purchase		**27,266**	–
Profit before taxation	*5*	**390,023**	198,099
Income tax	*6(a)*	**(90,571)**	(48,277)
Profit for the year		**299,452**	149,822
Other comprehensive income for the year, net of tax:			
Exchange differences on translation of financial statements of foreign operations		**1,030**	62
Total comprehensive income for the year		**300,482**	149,884

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2010
(Expressed in RMB'000)

	Note	**For the year ended 31 December 2010**	2009
Profit attributable to:			
Equity holders of the Company		**276,004**	145,854
Non-controlling interests		**23,448**	3,968
Profit for the year		**299,452**	149,822
Total comprehensive income attributable to:			
Equity holders of the Company		**277,034**	145,916
Non-controlling interests		**23,448**	3,968
Total comprehensive income for the year		**300,482**	149,884
Earnings per share	*7*		
Basic and diluted (RMB cent)		**18.0**	9.7

CONSOLIDATED BALANCE SHEET
At 31 December 2010
(Expressed in RMB'000)

	Note	At 31 December 2010	2009
Non-current assets			
Fixed assets:			
– Investment properties		**–**	10,639
– Other property, plant and equipment		**404,424**	340,643
Lease prepayments		**117,864**	150,265
Intangible assets		**58,601**	363
Goodwill		**16,236**	–
Interest in an associate		**–**	38,677
Interest in a jointly controlled entity		**120,475**	–
Deferred tax assets	*15*	**4,530**	2,225
		722,130	542,812
Current assets			
Inventories	*9(a)*	**748,733**	295,312
Trade and other receivables	*10*	**868,442**	598,874
Pledged bank deposits	*11*	**960,928**	894,853
Cash and cash equivalents	*12*	**3,432,060**	176,898
		6,010,163	1,965,937
Current liabilities			
Loans and borrowings	*13*	**721,292**	348,517
Trade and other payables	*14*	**1,847,037**	1,634,000
Income tax payables	*6(c)*	**73,053**	60,506
		2,641,382	2,043,023
Net current assets/(liabilities)		**3,368,781**	(77,086)
Total assets less current liabilities		**4,090,911**	465,726

CONSOLIDATED BALANCE SHEET *(Continued)*
At 31 December 2010
(Expressed in RMB'000)

	Note	At 31 December 2010	2009
Non-current liabilities			
Deferred tax liabilities	*15*	**17,920**	6,061
		17,920	6,061
NET ASSETS		**4,072,991**	459,665
Equity			
Share capital		**171,420**	223,500
Reserves		**3,843,363**	220,524
Equity attributable to equity holders of the Company		**4,014,783**	444,024
Non-controlling interests		**58,208**	15,641
TOTAL EQUITY		**4,072,991**	459,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND THE BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Group is principally engaged in 4S dealership business, motor-related logistics business and lubricant oil trading business in the People's Republic of China (the "PRC").

Pursuant to a group reorganisation completed on 17 November 2010 (the "Reorganisation") to rationalise the Group's structure in preparation for the public offering (the "Offering") of the Company's shares on the Main Board of the Stock Exchange as defined in the Company's prospectus dated 29 November 2010 (the "Prospectus"), the Company became the holding company of the Group. Details of the Reorganisation are set out in the Prospectus. The Company's shares were listed on the Stock Exchange on 10 December 2010 (the "Listing Date").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. For the purpose of these consolidated financial statements, the Group has adopted at the beginning of the earliest year presented, all the HKFRSs that have been issued and effective for the entire year, except for any new standards or interpretations that are not yet effective for the accounting year ended 31 December 2010.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries and the Group's interest in an associate and a jointly controlled entity.

These consolidated financial statements is presented in Renminbi ("RMB") which is the Group's presentation currency, rounded to the nearest thousand, except for earnings per share information. It is prepared on the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 TURNOVER

The Group is mainly engaged in sales of passenger automobile, motor spare parts, provision of maintenance services, provision of logistics services and sales of lubricant oil. Turnover represents the sales of goods and services income rendered to customers.

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Sales of motor vehicles	**7,009,426**	4,270,453
Sales of motor spare parts	**127,821**	68,028
Provision of maintenance services	**473,694**	312,420
Provision of logistics services	**167,397**	128,447
Sales of lubricant oil	**255,911**	201,826
	8,034,249	4,981,174

4 OTHER REVENUE AND NET INCOME

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Other revenue:		
Commission income	**28,585**	17,488
Interest income from bank deposits	**8,874**	5,137
Rental income	**1,242**	1,186
Others	**604**	131
	39,305	23,942
Other net income:		
Net gain on disposal of other property, plant and equipment	**6,590**	6,411
Others	**710**	771
	7,300	7,182

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		For the year ended 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
(a) Finance costs:			
Interest on loans and borrowings wholly repayable within 5 years		**22,318**	16,398
Other finance costs	*(i)*	**33,828**	15,067
		56,146	31,465
(b) Staff costs:			
Salaries, wages and other benefits		**131,505**	72,772
Contributions to defined contribution retirement plans	*(ii)*	**7,846**	4,407
Equity settled share-based transactions		**5,944**	–
		145,295	77,179

(i) It mainly represents the interest expenses arising from discount of bills.

(ii) Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal government where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
(c) Other items:		
Cost of inventories	**7,160,227**	4,447,967
Depreciation	**42,737**	33,881
Amortisation of lease prepayments	**4,039**	3,040
Amortisation of intangible assets	**1,494**	–
Operating lease charges	**18,903**	12,137
Rental receivables from investment properties less direct outgoings	**–**	(238)
Net foreign exchange loss	**7,038**	–

6 INCOME TAX

(a) Income tax in the consolidated statement of comprehensive income represents:

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Current tax:		
Provision for PRC income tax for the year	**96,179**	44,153
Deferred tax:		
(Origination)/reversal of temporary differences *(note 15)*	**(5,608)**	4,124
	90,571	48,277

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the year. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) On 16 March 2007, the PRC government enacted the new Enterprise Income Tax law ("new EIT law"), which unified the income tax rate to 25% for all companies. The new EIT law was effective as of 1 January 2008. Consequently, the Group's PRC subsidiaries (including the PRC Operating Entities under the Contractual Arrangements) are subject to income tax at 25% from 2008 onwards, except for Wuhan Jietong, which as a qualified production-oriented foreign invested enterprise, is subject to income tax at 12.5% for the three years from 2009 to 2011. Thereafter, it will be subject to the unified tax rate of 25%.

(iv) The new EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

Under the Arrangement between the Mainland of China and Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, or China-HK Tax Arrangement, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%.

On 27 October 2009, the State Administration of Taxation issued Guoshuihan [2009] No. 601 which clarified that a "beneficial owner" under a tax treaty is determined not purely by its place of legal registration but also by other factors which depend on the specific facts and circumstances and significant judgment may be involved. Hence, this reduction of withholding tax rate from 10% to 5% requires pre-approval by respective local tax bureaux in the PRC.

The Group's subsidiaries in the PRC are directly or indirectly held by the Group's intermediate holding company, Rising Wave Development Limited ("Rising Wave"), a Hong Kong tax resident. Since the Group can control the quantity and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As of 31 December 2010, the Group has not provided for income taxes on accumulated earnings generated by its PRC entities subsequent to 31 December 2007 amounting to RMB390,175,000, because directors confirm that no dividends out of such accumulated earnings will be distributed to overseas company in the foreseeable future.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Profit before taxation	**390,023**	198,099
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	**97,506**	49,525
Non-deductible expenses	**6,772**	514
Effect of tax concessions	**(2,586)**	(1,556)
Non-taxable income on:		
– Share of profits recognised under the equity method	**(2,589)**	(1,143)
– Gain on remeasurement of previously held equity interest in a jointly controlled entity	**(794)**	–
– Gain on bargain purchase	**(6,817)**	–
Others	**(921)**	937
Income tax	**90,571**	48,277

(c) Income tax payables in the consolidated balance sheet represent:

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Balance at beginning of the year	**60,506**	22,569
Acquisition of a subsidiary through business combination	**1,552**	–
Provision for current income tax for the year	**96,179**	44,153
Payment during the year	**(85,184)**	(6,216)
Income tax payables at the end of the year	**73,053**	60,506

7 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2010 was based on the profit attributable to equity holders of the Company for the year of RMB276,004,000 (2009: RMB145,854,000) and the weighted average number of shares in issue during the year ended 31 December 2010 of 1,530,136,986 (2009: 1,500,000,000). The weighted average number of shares in issue during the year ended 31 December 2010 and 2009 was based on the assumption that 1,500,000,000 shares were in issue as if these shares issued at the date the Company became the holding company of the Group were outstanding throughout the entire year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at 1 January	**1,500,000,000**	1,500,000,000
Effect of shares issued on initial public offering	**30,136,986**	–
Weighted average number of ordinary shares at 31 December	**1,530,136,986**	1,500,000,000

The pre-IPO employee share option scheme does not give rise to any dilution effect on the Company's earnings per share and there were no dilutive potential ordinary shares throughout the year, and therefore, the basic and diluted earnings per share are the same.

8 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments:

1 4S dealership business

4S dealership business mainly includes sales of motor vehicles, motor spare parts and provision of maintenance services through the Group's network of 4S dealerships in the PRC.

2 Logistics business

Logistics business mainly includes provision of motor-related logistics services.

3 Lubricant oil business

Lubricant oil business mainly includes trading of lubricant oil.

As neither of logistics business nor lubricant oil business has exceeded the quantitative threshold for determining a reportable segment, they are grouped together to form one reportable segment. Consequently, the Group has two reportable segments, namely "4S dealership business" and "Logistics and lubricant oil businesses".

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

- The measure used for reporting segment profit is profit before taxation. To arrive at profit before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segments, such as head office and corporate administration costs, other revenue, other net income and finance costs.

- Segment assets include all current and non-current assets with the exception of investment properties, intangible assets, goodwill, deferred tax assets, unallocated head office assets and non-trade receivables due from related parties. Segment liabilities include all current and non-current liabilities with the exception of income tax payables, deferred tax liabilities, unallocated head office liabilities and non-trade payables due to related parties.

- In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), loans and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

	4S dealership business Year ended 31 December		**Logistics and lubricant oil businesses Year ended 31 December**		**Total Year ended 31 December**	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover from external customers	**7,610,941**	4,650,901	**423,308**	330,273	**8,034,249**	4,981,174
Inter-segment turnover	**–**	–	**5,044**	2,250	**5,044**	2,250
Reportable segment turnover	**7,610,941**	4,650,901	**428,352**	332,523	**8,039,293**	4,983,424
Reportable segment profit	**362,430**	170,790	**60,897**	28,223	**423,327**	199,013
Depreciation and amortisation for the year	**43,450**	32,853	**4,820**	4,068	**48,270**	36,921
Reportable segment assets	**3,358,051**	2,230,148	**414,035**	182,941	**3,772,086**	2,413,089
Additions to non-current segment assets during the year	**230,236**	119,445	**12,382**	1,048	**242,618**	120,493
Reportable segment liabilities	**(2,396,624)**	(1,655,906)	**(280,816)**	(84,949)	**(2,677,440)**	(1,740,855)
Interest in an associate	**–**	–	**–**	38,677	**–**	38,677
Interest in a jointly controlled entity	**–**	–	**120,475**	–	**120,475**	–

(b) Reconciliations of reportable segment turnover, profit before taxation, assets and liabilities

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Turnover:		
Reportable segment turnover	**8,039,293**	4,983,424
Elimination of inter-segment turnover	**(5,044)**	(2,250)
Consolidated turnover	**8,034,249**	4,981,174
Profit before taxation:		
Reportable segment profit	**423,327**	199,013
Unallocated head office expenses	**(23,763)**	(573)
Other revenue	**39,305**	23,942
Other net income	**7,300**	7,182
Finance costs	**(56,146)**	(31,465)
Consolidated profit before taxation	**390,023**	198,099

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Assets:		
Reportable segment assets	**3,772,086**	2,413,089
Non-trade receivables due from related parties	**–**	96,722
Investment properties	**–**	10,639
Intangible assets	**58,601**	363
Goodwill	**16,236**	–
Deferred tax assets	**4,530**	2,225
Unallocated head office assets	**3,020,927**	1,421
Elimination of inter-segment receivables	**(140,087)**	(15,710)
Consolidated total assets	**6,732,293**	2,508,749
Liabilities:		
Reportable segment liabilities	**(2,677,440)**	(1,740,855)
Non-trade payables due to related parties	**(7,180)**	(215,133)
Income tax payables	**(73,053)**	(60,506)
Deferred tax liabilities	**(17,920)**	(6,061)
Unallocated head office liabilities	**(23,796)**	(42,239)
Elimination of inter-segment payables	**140,087**	15,710
Consolidated total liabilities	**(2,659,302)**	(2,049,084)

(c) Geographic information

As the Group solely operates in the PRC, no geographical segment information has been presented.

9 INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Motor vehicles	**675,918**	249,482
Automobile spare parts	**69,609**	43,002
Others	**3,206**	2,828
	748,733	295,312

No inventory provision was made as at 31 December 2010 and 31 December 2009, which were stated at cost.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**7,160,227**	4,447,967

Inventories with carrying amount of RMB413,281,000 have been pledged as security for the bills payable (see note 14) as at 31 December 2010 (2009: RMB166,004,000).

Inventories with carrying amount of RMB45,311,000 have been pledged as security for loans and borrowings from other financial institutions as at 31 December 2010 (2009: RMB12,488,000).

10 TRADE AND OTHER RECEIVABLES

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**131,247**	69,565
Bills receivable	**4,409**	4,318
	135,656	73,883
Prepayments	**480,129**	251,504
Other receivables and deposits	**252,657**	176,765
Receivables due from third parties	**868,442**	502,152
Receivables due from related parties	**–**	96,722
Trade and other receivables	**868,442**	598,874

All of the trade and other receivables as at 31 December 2010 (31 December 2009: all except for RMB15,583,000) are expected to be recovered within one year.

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Current	**133,608**	73,800
Less than 1 month past due	**–**	–
1 to 3 months past due	**1,525**	–
3 to 12 months past due	**523**	83
Total amount past due	**2,048**	83
	135,656	73,883

11 PLEDGED BANK DEPOSITS

Guarantee deposits in respect of:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Bank loans	**10,120**	–
Bills payable *(note 14)*	**950,808**	894,853
	960,928	894,853

The pledged bank deposits will be released upon the settlement of relevant bank loans and bills payable.

12 CASH AND CASH EQUIVALENTS

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Deposit with banks within 3 months of maturity	**984,439**	124
Cash at banks and on hand	**2,447,621**	176,774
Cash and cash equivalents in consolidated cash flow statements	**3,432,060**	176,898

13 LOANS AND BORROWINGS

The analysis of the carrying amount of loans and borrowings is as follows:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Unsecured bank loans	**418,400**	124,200
Unsecured loans from the controlling shareholder	**–**	38,596
	418,400	162,796
Secured bank loans	**270,277**	139,550
Secured borrowings from other financial institutions	**32,615**	46,171
	302,892	185,721
	721,292	348,517

14 TRADE AND OTHER PAYABLES

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade payables	**39,956**	44,597
Bills payable	**1,515,172**	1,160,288
	1,555,128	1,204,885
Receipts in advance	**159,364**	100,935
Other payables and accruals	**121,521**	113,047
Payables due to third parties	**1,836,013**	1,418,867
Payables due to related parties	**11,024**	215,133
Trade and other payables	**1,847,037**	1,634,000

All trade and other payables are expected to be settled within one year.

Bills payable of RMB950,808,000 as at 31 December 2010 (2009: RMB894,853,000), were secured by pledged bank deposits (see note 11).

Bills payable of RMB564,364,000 as at 31 December 2010 (2009: RMB265,435,000), were secured by inventories (see note 9).

An ageing analysis of trade and bills payables is as follows:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Due within 3 months	**1,480,539**	1,015,887
Due after 3 months but within 6 months	**53,787**	188,998
Due after 6 months but within 12 months	**20,802**	–
	1,555,128	1,204,885

15 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

	At 31 December	
	2010	2009
	RMB'000	*RMB'000*
Representing:		
Net deferred tax assets	**4,530**	2,225
Net deferred tax liabilities	**(17,920)**	(6,061)
	(13,390)	(3,836)

16 CONTINGENT LIABILITIES

At 31 December 2010, the Group and the Company did not have any significant contingent liabilities.

At 31 December 2009, subsidiaries comprising the Group issued financial guarantees to related parties and have assets being pledged to financial institutions as security for bank loans borrowed by related parties. These guarantees and assets pledged to banks have been released before the listing of the Company's shares on the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

While the global economy was gradually recovering in 2010, the economy of China maintained steady and fast growth. The government's proactive measures to boost consumption and fast growing disposable income of households became the major drivers of the rapid growth in the automobile sales market.

Based on statistics released by the National Bureau of Statistics of China, the gross domestic product ("GDP") of China for 2010 is estimated to be approximately RMB39,798 billion, an increase of approximately 10.3% or 1.1% over the last year in terms of comparable price. The consumer price index ("CPI") for 2010 was up by approximately 3.3% over 2009. The automobile sector set another record. According to the figures released by the China Association of Automobile Manufacturers, the number of automobiles manufactured and sold in China for 2010 both exceeded 18 million. This not only rendered China the largest automobile producer but also outperformed US's highest record of over 17 million automobiles in annual. In spite of cancellation of the stimulus measures on automobile subsidy for rural areas, replacement of old automobiles and preferential tax treatment for new purchase introduced at the end of 2010, strong growth in the automobile sector in China is expected in the first quarter of 2011. Based on the estimates of the China Association of Automobile Manufacturers, a total of 1,894,400 automobiles were sold in January 2011, representing an increase of approximately 13.7% over previous quarter and an increase of approximately 13.8% over the same period last year. The performance of the automobile industry in China remained satisfactory in general.

With the fast growing economy and emerging affluent households and middle class in China, market demand for premium branded automobiles remains strong. According to the statistics announced by the China Passenger Car Association, a total of 670,000 high-end automobiles were sold in China for 2010, representing an increase of approximately 69% over the same period last year. Such growth is far beyond the average growth rate in the market.

BUSINESS REVIEW

As a premium branded automobile dealership group, the Group fully capitalised on the tremendous potential in the passenger automobile market in China. During the year, the Group adopted its strategies consistently to specialise in selling premium branded automobiles through the expansion of 4S dealership network by establishing new dealership stores and placed its strategic focus on the popular premium branded automobiles in China such as BMW, MINI and Audi. Meanwhile, the Group endeavoured to enhance the operating efficiency of its automobile dealership business and achieved satisfactory results both in regional expansion and brand building.

Strategic network distribution

The Group has established dealership stores in 14 cities, covering all of the largest, established automobile markets of the affluent regions of China, such as Beijing, Shanghai, Guangzhou, Zhuhai, Dongguan and Shantou as well as the rapidly developing regions such as Baotou, Nanchang, Chenzhou, Yichang, Hohhot, Changsha, Wuhan and Shiyan. The Group's strategy for dealership network distribution is to achieve balanced development in the established market with growth potentials.

As at 31 December 2010, the Group had a total of 24 dealership stores. During the year, the Group set up seven new 4S dealership stores by means of new establishment and merger and acquisition, including two new BMW dealership stores in Baotou and Beijing, a Porsche dealership store in Dongguan, a BMW dealership store in Guangzhou and an Audi dealership store in Shanghai which commenced operations at the end of 2010.

Focused on premium brand dealership

The Group has been focusing on the expansion of its premium brands 4S dealership stores whilst endeavouring to optimise the dealership store network for middle market brands. To capture the opportunities from the growth of premium and ultra premium branded automobiles in China, the Group has placed its strategic focus on the most popular premium automobile brands in China such as BMW, MINI and Audi. Moreover, the Group is the second largest and the only BMW dealer in China which covers 6 provinces and 14 cities: Beijing, Guangzhou, Hubei, Hunan, Jiangxi and Inner Mongolia. The Group operates a total of 10 BMW dealership stores. During the year, the Group established its first ultra premium brand dealership store, a Porsche 4S dealership store located in Dongguan, which further optimized the dealership brand portfolio.

During the year, turnover generated from automobile brands namely BMW, MINI and Audi accounted for approximately 65.3% of the turnover from the sales of new automobiles of the Group. The importance that the Group attached to the dealerships of premium and ultra premium automobile brands facilitated the continuous growth of revenue and profitability from the sales of new automobiles. The percentage of new car sales revenue from premium and ultra premium branded automobiles increased from approximately 52.5% in 2009 to approximately 68.5% in 2010.

Number of 4S dealership stores by category

	Year ended 31 December 2010 **2010**	2009
Ultra premium brands 4S dealership stores	**1**	–
Premium brands 4S dealership stores	**13**	8
Middle market brands 4S dealership stores	**10**	9
Total	**24**	17

Customer-oriented after-sales services

The Group maintains a long-term relationship with its customers by offering a comprehensive range of automobile solutions and adopting a customer-oriented approach in its business operation. The Group provides a variety of after-sales services to its customers which consist of maintenance services, repairs under manufacturer's warranty, other repair services and sales of spare parts and accessories. The maintenance and repair services are conducted by the Group's automotive engineers and technicians who are trained in maintaining and repairing the specific brands of automobiles retailed by the Group.

The quality of maintenance and repair services is also a factor considered by automobile manufacturers in determining whether to enter into new dealership authorization agreements with the Group or renew the Group's existing dealership authorization agreements. As part of the Group's maintenance and repair services, the Group's dealership stores may also assist automobile manufacturers to coordinate recalls of automobiles. The 4S dealership stores of the Group also sell spare parts and accessories sourced from automobile manufacturers or suppliers that are independent third parties.

To further strengthen its relationships with automobile manufacturers and complement its automobile dealership business, the Group established its logistics services business in 2002. Leveraging the existing network of its automobile dealership stores and logistics services business, the Group also established its lubricant oil trading business in 2008 to capture the increasing market demand and enhance its after-sales services in 4S dealership stores.

IT management

The Group is committed to enhancing operating efficiency through scientific and stringent management to allow fast implementation of its strategic expansion plans. Through years of development, the Group has set up a management system which is scientific and stringent to cope with the operations of the Group in various key strategic markets with a view to enhance the operating efficiency of automobile dealership stores and build a firm foundation for the speedy expansion of the Group in the future ahead.

Through real-time recording and analysis of various key performance indices ("KPI") including market data, sales, after-sales, customer services and working capital, the Group has strengthened its data processing procedures to facilitate the process of flexible delegation of authorities and efficient decision-making. Efficient operation can be achieved through refined KPI analysis and follow-up. The refined and comprehensive operational standards alongside with the capital and human resources strategies have provided the Group with the basis for replication of success cases in an efficient and effective manner.

Accolades and awards

As recognitions of the Group's superior services and excellent performance in the automobile dealership business, the Group was named one of the "Top 10 PRC Automobile Dealers of the Year" (2010中國汽車流通年度十佳經銷商集團) and awarded the "Automobile Industry Award of Excellence of the Year" (2010年度汽車流通行業發展卓越貢獻獎) in 2010.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2010, the Group generated turnover of approximately RMB8,034 million, representing an increase of approximately 61.3% over the turnover of RMB4,981 million in 2009. The increase in turnover was mainly due to the Group's focus on premium branded automobile dealership, which facilitated the strong growth in turnover of automobile dealership business. In addition, the Group adopted a number of strategies to enhance its operating efficiency and take advantage of market opportunities in a timely manner. Turnover grew rapidly as a result.

The Group generated revenue mainly from the sales of new automobiles, whereas the remaining from the provision of after-sales services. During the year, revenue from the sales of new automobiles amounted to approximately RMB7,009 million, representing an increase of approximately 64.1% over the year 2009, and accounted for approximately 87.2% of the total revenue for the year ended 31 December 2010; whereas revenue from the provision of after-sales services amounted to approximately RMB602 million, representing an increase of approximately 58.1% over the year 2009, and accounted for approximately 7.5% of the total revenue for the year ended 31 December 2010. The major customers of after-sales services were the customers who purchased new automobiles from our dealership stores. During the year, the increase in the sales volume of new automobiles of the Group resulted in the expansion of customer base for the after-sales services. In addition, the growth of sales volume of the Group's premium and ultra premium branded automobiles increased the percentage of high-end customers among the customer base of after-sales services. The Company also adjusted the sales strategies of automobile accessories to provide wider selection or higher-priced product offerings. These two factors resulted in the increase in revenue from the after-sales services of the Group.

For the year ended 31 December 2010, turnover from premium and ultra premium branded automobiles was approximately RMB4,802 million, representing a substantial increase of approximately 114.3% over the year 2009, and accounted for approximately 68.5% of the revenue from the sales of new automobiles. Such increase was primarily due to the timely adjustment of sales strategies, marketing and sales of higher-priced models of premium and ultra premium branded automobiles launched by automobile manufacturer, coupled with the overall growth of the premium and ultra premium branded automobile market in China and the expanding dealership business, especially the soaring sales recorded in the new dealership stores opened by the Group during the year.

Revenue from the sales of middle market brand automobiles amounted to RMB2,207 million, representing an increase of approximately 8.7% over the year 2009, and accounted for approximately 31.5% of the revenue from the sales of new automobiles. Such increase was primarily attributable to the overall growth of the automobile market in China and the growth in same store sales.

As at 31 December 2010, revenue from the Group's logistics services business and lubricant oil trading business amounted to approximately RMB423 million, representing an increase of 28.2% as compared with the same period in 2009, which was due to the overall growth of the automobile market in China.

Cost of sales

For the year ended 31 December 2010, cost of sales amounted to approximately RMB7,308 million, representing an increase of approximately 60.0% over the year 2009. Such increase was mainly due to the increase in the cost of sales for new automobiles. As a result of the increase in sales of new automobiles, the cost of sales for new automobiles rose by approximately 62.9% to approximately RMB6,633 million, as compared with approximately RMB4,072 million for the year 2009.

The cost of sales for premium branded automobiles was up by approximately 110.1% to approximately RMB4,480 million, as compared with approximately RMB2,132 million for the year 2009; whereas the cost of sales for middle market brand automobiles in the mid-end market grew by approximately 10.9% to approximately RMB2,153 million, as compared with approximately RMB1,941 million for the year 2009. The increase in the cost of sales for new automobiles was generally in line with the growth in the revenue generated from the sales of new automobiles.

The increase in cost of sales was also partially due to the increase in cost of sales for after-sales services from approximately RMB231 million to approximately RMB336 million, representing an increase of approximately 45.5%. Such increase was in line with the growth in the revenue generated from the provision of after-sales services. In addition, the cost of sales for logistics services business and lubricant oil trading business was also up by approximately 28.9% to approximately RMB339 million, as compared with approximately RMB263 million for the same period last year. Such increase was in line with the growth in revenue generated from the logistics services business and lubricant oil trading business.

Gross profit

For the year ended 31 December 2010, the Group's gross profit was approximately RMB726 million, representing an increase of approximately 75.2% over approximately RMB415 million for the year 2009. Such increase was due to the optimisation of business portfolio of the Group. Gross profit generated from dealership business rose by approximately 85.0% to approximately RMB642 million, as compared with approximately RMB347 million for the year 2009. Such increase was primarily as a result of the increase in gross profit generated from the sales of new automobiles. Gross profit generated from the sales of premium and ultra premium branded automobiles increased from approximately RMB109 million to approximately RMB322 million; whereas gross profit generated from the sales of branded automobiles in the mid-end market decreased from approximately RMB89 million to approximately RMB55 million. Moreover, gross profit generated from the provision of after-sales services increased from approximately RMB149 million to approximately RMB265 million.

For the year ended 31 December 2010, the gross profit margin was approximately 9.0%, representing an increase of approximately 0.7% as compared with approximately 8.3% for 2009. The increase in gross profit margin was predominantly due to the increase in the sales of premium and ultra premium branded automobiles and the adjustment of sales strategies of the Group, coupled with increase in the sales of higher gross profit margin and higher-priced models of premium branded automobiles.

As at 31 December 2010, the gross profit from the Group's logistics services business and lubricant oil trading business amounted to approximately RMB84 million, representing an increase of approximately 25.7% as compared to RMB67 million for the year 2009.

Selling and distribution expenses

For the year ended 31 December 2010, the Group's selling and distribution expenses amounted to approximately RMB192 million, representing an increase of approximately 38.8% over approximately RMB138 million for the year 2009. Such increase was primarily as a result of the increase in marketing expenses of the Group for the year; the increase in salaries and wages due to recruitment of new sales staff for the establishment of seven new dealership stores in 2010 and the increase in rental and general expenses relating to the dealership stores.

Administrative expenses

For the year ended 31 December 2010, the Group's administrative expenses amounted to approximately RMB176 million, representing an increase of approximately 113.2% over approximately RMB82 million for the year 2009. Such increase was primarily as a result of the increase in salaries and wages and staff benefits due to recruitment of new staff for the establishment of seven new dealership stores in 2010 and the increase in the cost of office. In addition, the increase in administrative expenses was also due to the growth of turnover where bank charges increased due to purchases through credit card.

Profit from operations

For the year ended 31 December 2010, the Group's profit from operations amounted to approximately RMB405 million, representing an increase of approximately 80.2%, as compared with approximately RMB225 million for the year 2009. The operating profit margin for 2010 is 5.0%, an increase of approximately 0.5% over the operating margin for 2009.

Income tax expenses

For the year ended 31 December 2010, the Group's income tax expenses amounted to approximately RMB91 million and the effective tax rate was approximately 23.2%.

Profit for the year

For the year ended 31 December 2010, the Group's profit was approximately RMB299 million, representing an increase of approximately 99.9% over approximately RMB150 million for the year 2009. Such increase was mainly due to the Group's improving operating efficiency as well as expanding and optimising of the dealership network. The ratio of net profit margin for the year was approximately 3.7%, representing an increase of approximately 0.7% over the net profit margin for 2009.

Final dividend

The Company did not recommend payment of final dividend for the financial year ended 31 December 2010.

Contingent liabilities

For the year ended 31 December 2010, the Group had no material contingent liabilities or guarantees save as those assets pledged to the bank.

Current assets and current liabilities

As at 31 December 2010, the Group's current assets amounted to approximately RMB6,010 million, representing an increase of RMB4,044 million as compared to current assets of approximately RMB1,966 million as at 31 December 2009. Such increase was primarily attributable to the net cash inflow of RMB3,016 million from the net proceeds of the initial listing of the Company on 10 December 2010 and the increase in inventory and receivables of RMB453 million and RMB270 million respectively as a result of the expansion of sales business of dealers and new 4S dealership stores.

As at 31 December 2010, the Group's current liabilities amounted to approximately RMB2,641 million, representing an increase of RMB598 million as compared to current liabilities of approximately RMB2,043 million as at 31 December 2009. Such increase was mainly due to the addition of bank loans and borrowings of RMB373 million and the increase in trade and other payables of RMB213 million as a result of the increase in sales revenue for the year.

Cash flow

For the year ended 31 December 2010, the Group had net cash outflow of RMB124 million in its operating activities, which was mainly due to the expansion of dealership business of the Group for the year by opening up seven dealership stores and the purchase of new automobiles by strategically purchasing additional premium branded automobiles in anticipation of strong demand in 2010.

Capital expenditure and investment

For the year ended 31 December 2010, the Group's capital expenditure was approximately RMB234 million.

Inventory analysis

The Group's inventories included vehicles, which primarily consisted of new automobiles kept in its dealership stores and warehouses as well as automobiles in transit of which the titles and risks had been transferred to the Group. The Group's inventories also included automobile spare parts. Generally, each of its dealership stores individually manages the quotas and orders for new automobiles, automobile spare parts and other inventory. In addition, the Group also monitors the inventories within its dealership network and, subject to the consent of automobile manufacturers, may also transfer automobiles from one dealership store to another to rebalance inventory levels. The Group utilises its information technology systems to manage its inventory.

As at 31 December 2010, the inventories of the Group increased by approximately 153.5% to RMB749 million as compared to RMB295 million as at 31 December 2009, which was primarily attributable to the inventory expansion to cope with the anticipated strong market demand and new purchases (especially premium branded automobiles) by new dealership stores in 2010 and the increase in inventories of automobile spare parts due to the anticipated growth of after-sales services business as the Group expanded its customer base.

The following table sets forth the average inventory turnover days of the Group for the periods indicated:

	Year ended 31 December	
	2010	2009
Average inventory turnover days	**26**	24

The average inventory turnover days slightly increased from 24 days in 2009 to 26 days in 2010, primarily because of the inventory expansion to cope with the anticipated strong market demand and new purchases (especially premium branded automobiles) by new dealership stores.

Exchange risks

The Group conducts its business primarily in Renminbi and the majority of its monetary assets and liabilities are denominated in Renminbi. Accordingly, the Directors consider that the Group is not exposed to any material foreign exchange risks. The Group does not use any financial instruments for hedging purposes.

Bank loans

As at 31 December 2010, the Group's bank loans amounted to approximately RMB721 million. The increase in bank loans for the year was due to the substantial growth of turnover in 2010 and new purchases (especially premium branded automobiles) by new dealership stores which increased the funds for inventory expansion.

Employees and remuneration policies

As at 31 December 2010, the Group had a total of 3,103 employees in China (2009: 2,521 employees).

The Group has always valued human resources development by offering competitive remuneration packages and various training programs to its employees. The Group's employees are highly educated. As at 31 December 2010, approximately 22.1% of its employees have university or associated university degrees. The Group typically recruits graduates from vocational schools, colleges and universities around China. The Group attends on-campus and off-campus career fairs. In addition, the Group also recruits employees through various other channels, including advertisements in local newspapers and postings on job recruitment websites.

The Group offers competitive remuneration packages and welfare benefits, including pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans. The Group's contributions are made based on specified percentages of the salaries of employees, up to a maximum amount specified by the respective local government authorities where the Group operates its businesses.

Future prospects

Looking into the future, with China becoming the world's largest automobile seller and the formulation of the National China's Twelfth Five-Year Plans for the automobile industry, we expect the automobile industry in China to continue its strong growth and experience a new phase of growth. According to estimates released by the CAAM, the sales volume of the automobile sector in China will exceed 25 million automobiles by 2015. The automobile sector is expected to maintain its strong growth momentum in sales and the Group is very optimistic about the future prospects.

Dealership of premium branded automobiles will continue to be our top priority in the course of our corporate development. Looking ahead, the Group will endeavour to further enhance its leading position in the existing premium and ultra premium automobile dealership market on the one hand, and on the other hand, will be committed to introducing other popular high-end brands through optimising the dealership portfolio of high-end brands and establishing more ultra premium branded automobile dealership stores selectively. The Group intends to expand its 4S dealership stores to 48 stores and 68 stores respectively in 2011 and 2012, and a majority of the dealership stores is planned to feature premium and ultra premium branded automobiles.

Moreover, the Group will also endeavour to expand and optimize the network distribution for automobile dealership and strengthen its leading position in the existing regions including the affluent first tier cities such as Beijing, Shanghai and Guangzhou and the high growth regions such as Hubei, Hunan, Jiangxi and Inner Mongolia on the basis of balanced development so as to enhance sales revenue through economies of scale. At the same time, the Group will expand into other attractive affluent regions, top tier cities or provincial capitals by means of acquisition and establishing new stores.

In addition, the Group will further reinforce the cooperation with automobile manufacturers to explore win-win opportunities and strive to become the automobile manufacturers' dealer of choice. Further, the Group intends to tap into the used automobiles sector to leverage on its customer base and capture the opportunities from the growing demand for used premium branded automobiles in China.

The Group will continue to enhance its operating efficiency and invest in information technology system to support the operating direction and speedy expansion of the Group. Meanwhile, the Group will keep attracting, training and retaining high caliber employees to contribute to the Groups' continuous growth and expansion.

Over the past few years, we have been able to seize the market opportunities and achieve speedy business growth under the leadership of its management. The management believes that the Group will become a leading premium branded 4S dealership group in China by differentiating and growing itself in the fast growing automobile market in China in an effort to maximise returns to shareholders.

SHARE CAPITAL

On 10 December 2010, the dealing of the shares of the Company on the Stock Exchange commenced and as at 31 December 2010, 2,000,000,000 shares of the Company at the nominal value of HK$0.1 each were issued.

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31 December 2010 have been reviewed by the audit committee of the Company, which comprises three non-executive directors, with independent non-executive directors in majority, namely Dr. Wong Tin Yau, Kelvin (Chairman of the Audit Committee), Mr. Zhang Yansheng and Mr. Chen Tao. Mr. Chen Tao was formerly a non-executive Director of the Company and was re-designated from non-executive Director to executive Director of the Company by the Board at then board meeting.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2010.

CORPORATE GOVERNANCE

As the Company was just listed on 10 December 2010, the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules did not apply to the Company before the date of Listing. The manner in which the principles and code provisions in the CG Code are applied and implemented by the Company will be further explained in the Corporate Governance Report which is incorporated in the Annual Report to be issued.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.zhengtongauto.com) and the annual report for the year ended 31 December 2010 of the Company containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

RE-DESIGNATION OF OFFICE FOR CHEN TAO

The Board is pleased to announce that with effect from the conclusion of the meeting of the Board held on 12 March 2011, Mr. Chen Tao ("Mr. Chen") was re-designed as executive Director of the Company from non-executive Director as Mr. Chen is familiar with the Group's business and is willing to have more involvement in the Group's management. Mr. Chen would be responsible for investors' relationship of the Company. Accordingly, Mr. Chen ceased to be a non-executive Director of the Company upon his appointment as executive Director.

Save as disclosed above and as far as the Directors are aware, Mr. Chen does not hold any other position in the Company or any of its subsidiaries nor did he hold any directorship in any listed public company in the last three years.

Save as disclosed above, Mr. Chen does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Listing Rules) of the Company.

As at the date of this announcement, Mr. Chen does not have any interest in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Chen entered into a service contract with the Company pursuant to which he agreed to act as executive Director for an initial term for three years with effect from 12 March 2011. Mr. Chen is subject to retirement at the first annual general meeting after his appointment and thereafter by rotation at least once in every three years in accordance with the Company's Bye-Laws. Mr. Chen is entitled to an annual salary of RMB900,000, which is determined with reference to his duties, responsibilities and the prevailing market conditions. In addition, Mr. Chen is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 10% of the audited combined or consolidated net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of the Company.

Save as disclosed in the announcement, the Board is not aware of any other matters in relation to the above-mentioned re-designation of director that need to be disclosed pursuant to any requirements of Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

As a result of Mr. Chen's re-designation as executive Director, he will, in accordance with Rule 3.21 of the Listing Rules, resign from membership of the Audit Committee upon the effective date of his appointment as executive Director. In order to fulfill Rule 3.21 of the Listing Rules, Mr. Tan Xiangyong ("Mr. Tan"), an independent non-executive Director of the Company, was appointed as a member of the Audit Committee with effect from the conclusion of the meeting of the Board held on 12 March 2011.

For and on behalf of the Board of Directors of
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
WANG Kunpeng
Executive Director

14 March 2011

As at the date of this announcement, the Board comprises Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, Mr. CAO Limin, Mr. LIU Dongli and Mr. CHEN Tao as Executive Directors; Mr. WANG Muqing as Non-Executive Director; and Dr. WONG Tin Yau, Kelvin, Mr. TAN Xiangyong and Mr. ZHANG Yansheng as Independent Non-Executive Directors.