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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)

VOLUNTARY ANNOUNCEMENT: RESTRUCTURING OF SUBSIDIARIES OF THE COMPANY CONTROLLED THROUGH CONTRACTUAL ARRANGEMENTS (EXEMPTED CONNECTED TRANSACTIONS)

The Board is pleased to announce that the Group is in the process of restructuring some of its operating subsidiaries in the PRC, which are controlled through Contractual Arrangements.

THE RESTRUCTURING

Prior to the Restructuring, the equity interests in the PRC Operating Entities were held by Hubei Shengze, a PRC company in which Mr. Wang (a director and one of the controlling shareholders) has about 70.4% equity interest.

Under the exclusive option agreements which form part of the Contractual Arrangements, in respect of each PRC Operating Entity, Rising Wave has been granted the Options (by the equity-holders of the relevant PRC Operating Entity, other than any independent third party(ies) which hold(s) minority interests therein) to acquire, directly or through one or more nominees, any part of the equity interest in the PRC Operating Entities at nil consideration or the minimum amount as permitted under the applicable PRC laws.

From March 2012 to the date of this announcement, Rising Wave started to exercise the Options to acquire the equity interests in the PRC Operating Entities through its nominee, the Holding Subsidiary at the minimum amount as permitted under the applicable PRC laws. During the Relevant Period, the Transfers of the equity interests in all the PRC Operating Entities (except one) to the Holding Subsidiary and the registrations with the relevant PRC authorities were completed.

Hubei Shengze has also separately undertaken to the Group that it shall bear the tax liabilities (if any) arising from or in connection with the above transfers. The Directors confirm that the Group has not incurred (nor will it incur) any material cost in connection with the Restructuring.

Upon completion of the Restructuring, the PRC Operating Entities will no longer be controlled by the Group through Contractual Arrangements, but through equity-ownership of the Group over the PRC Operating Entities.

LISTING RULES IMPLICATIONS

Mr. Wang Muqing is a controlling shareholder and a director of the Company. He has about 70.4% equity interest in Hubei Shengze. Accordingly, Hubei Shengze is an associate of Mr. Wang and, accordingly, a connected person of the Company (as defined under the Listing Rules).

The Transfer Agreements are made by the Group with Hubei Shengze, and hence constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Each of the applicable percentage ratios (other than the profit ratio) in respect of the Transfers taken as a whole is less than 0.1%. Accordingly, the Transfers constitute a connected transaction exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.32(2) of the Listing Rules.

The board (the "**Board**") of directors (the "**Directors**") of China ZhengTong Auto Services Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that the Group is in the process of restructuring (the "**Restructuring**") some of its operating subsidiaries in the PRC, which are controlled through Contractual Arrangements. Please refer to the Company's prospectus ("**Prospectus**") dated 29 November 2010 for the definition of the term of "Contractual Arrangements" and the detailed arrangements mentioned in such prospectus.

BACKGROUND

The Group is principally engaged in automobile dealership business (i.e. automobile dealerships) in the PRC. As disclosed in the Prospectus, under the 2007 Edition of the Catalogue of Industries for Guiding Foreign Investment ("2007 Foreign Investment Catalogue",《外商投資產業指導目錄(2007年修訂)》), automobile dealership falls under category VI(2) of restricted foreign investment industry. An automobile dealership group with more than 30 dealership stores selling different brands and models of automobiles supplied by multiple automobile manufacturers in the PRC is required to have a domestic (i.e. PRC) investment of no less than 51% (the "**30 Dealerships Limitation**").

At the time of the issue of the Prospectus in late 2010, the Group operated 22 automobile dealership stores (the "**Original Dealership Stores**"). It was then expected to operate additional dealership stores so that the Group might operate more than 30 dealership stores in the passing of time. As advised by the PRC legal advisers to the Company as to PRC law in connection with the Global Offering (as defined in the Prospectus), if the Group through its equity-held wholly foreign-owned enterprise (i.e. the Wuhan Jietong (as defined in the Prospectus), a foreign company for the purposes of the 2007 Foreign Investment Catalogue) had obtained control of the Original Dealership Stores by acquiring a majority of the equity interest in the Original Dealership Stores, the Group would have become subject to the 30 Dealerships Limitation.

In light of such factors and in order to provide greater flexibility to the Group for its future growth, the Original Dealership Stores have become controlled by the Company (through its equity-held subsidiaries) under the Contractual Arrangements, instead of becoming equity-held subsidiaries of the Company. The financial results of the Original Dealership Stores have been consolidated as subsidiaries of the Company under the prevailing accounting principles. Since the listing of the Company's shares on the Stock Exchange, the Group has operated and controlled 7 more dealership stores through Contractual Arrangement. These new dealership stores together with the Original Dealership Stores are referred to as the "**PRC Operating Entities**" below in this announcement.

REASONS FOR THE RESTRUCTURING

Amendments to the Catalogue of Industries for Guiding Foreign Investment

On 24 December 2011, the 2011 Edition of the Catalogue of Industries for Guiding Foreign Investment ("2011 Foreign Investment Catalogue") was promulgated. The 2011 Foreign Investment Catalogue has become effective on 30 January 2012, and it supersedes the 2007 Foreign Investment Catalogue.

Under the 2011 Foreign Investment Catalogue, the 30 Dealerships Limitation is no longer provided.

As indicated in the Prospectus (under the section of "Risk factors – Risks relating to our corporate structure"), there are certain risks in the adoption of the Contractual Arrangements (including uncertainties as to operational control, regulatory interference and possible additional taxes). After the 2011 Foreign Investment Catalogue becoming effective, the 30 Dealerships Limitation ceases to have effect. The management of the Group therefore considered it appropriate to implement the Restructuring (as mentioned below), pursuant to which the equity interest in the PRC Operating Entities (other than those minority interests held by independent third parties) will become equity-owned by the Company's equity-held subsidiary(ies). Such Restructuring could eliminate the risks in relation to the Contractual Arrangements.

THE RESTRUCTURING

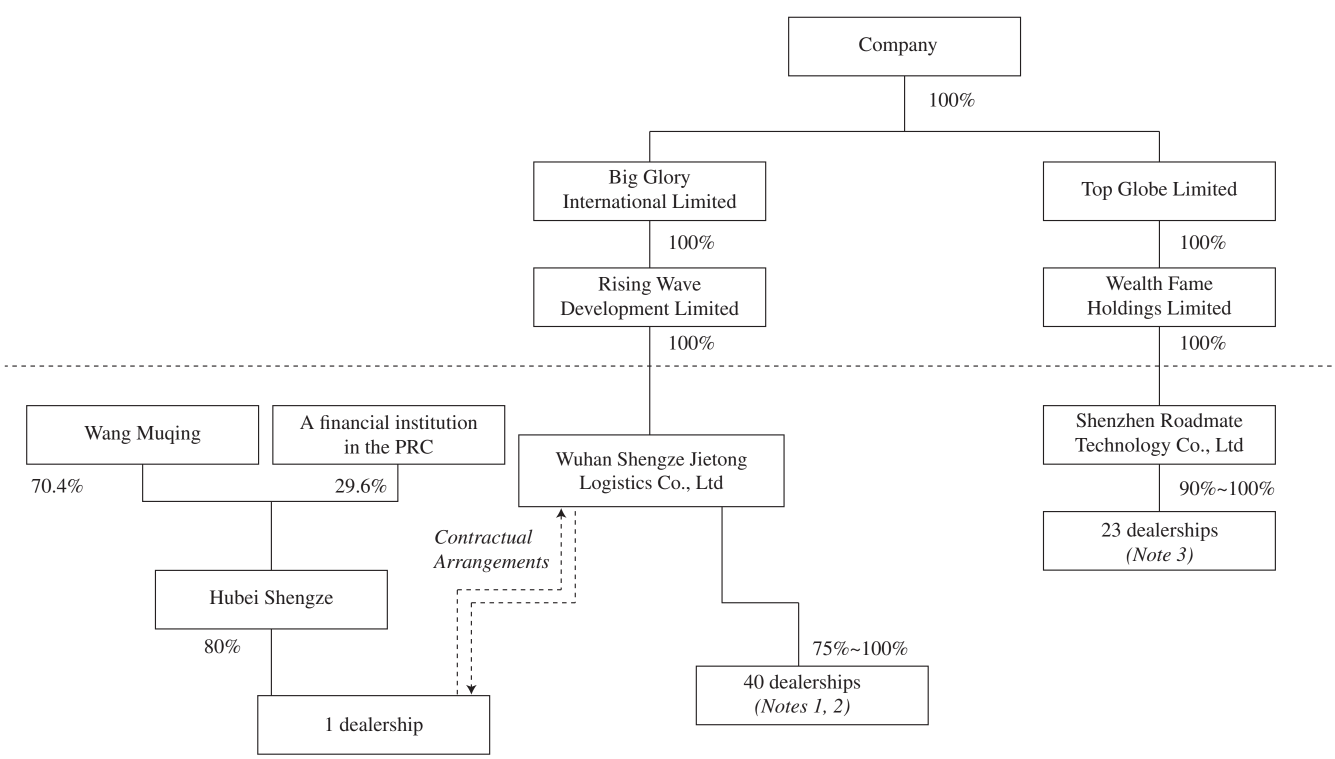
Prior to the Restructuring, the equity interests in the PRC Operating Entities were held by Hubei Shengze Industry Co., Ltd. ("**Hubei Shengze**"), a PRC company in which Mr. Wang Muqing ("**Mr. Wang**") (a director and one of the controlling shareholders) has about 70.4% equity interest.

Under the exclusive option agreements which form part of the Contractual Arrangements, in respect of each PRC Operating Entity, Rising Wave Development Limited ("**Rising Wave**", incorporated in Hong Kong and an equity-held member of the Group) has been granted options (the "**Options**") (by the equity-holders of the relevant PRC Operating Entity, other than any independent third party(ies) which hold(s) minority interests therein) to acquire, directly or through one or more nominees, any part of the equity interest in the PRC Operating Entities at nil consideration or the minimum amount as permitted under the applicable PRC laws.

From March 2012 to the date of this announcement (the "**Relevant Period**"), Rising Wave started to exercise the Options to acquire the equity interests in the PRC Operating Entities through its nominee, an indirect wholly-equity-owned PRC subsidiary of the Company (the "**Holding Subsidiary**") at the minimum amount as permitted under the applicable PRC laws. During the Relevant Period, the transfers (the "**Transfers**") of the equity interests in all the PRC Operating Entities (except one) to the Holding Subsidiary and the registrations with the relevant PRC authorities were completed.

Hubei Shengze has also separately undertaken to the Group that it shall bear the tax liabilities (if any) arising from or in connection with the above transfers. The Directors confirm that the Group has not incurred (nor will it incur) any material cost in connection with the Restructuring.

The below chart depicts a simplified structure of the Group as of the date of the announcement for the purpose of illustrating the effect of the Restructuring.



Notes:

1. 28 out of the 40 dealerships were controlled by the Group through Contractual Arrangements and their equity interests have been transferred to the Group during the Restructuring.

2. Among the 40 dealerships, 37 dealerships are held by wholly-owned subsidiaries of the Company, and 3 dealerships are held by non-wholly owned subsidiaries (in which the Company has attributable interest ranging from 75% to 80%).

3. Among the 23 dealerships, 22 dealerships are held by wholly-owned subsidiaries of the Company, and 1 dealership is held by non-wholly owned subsidiaries (in which the Company has 90% attributable interest).

EFFECTS OF THE RESTRUCTURING

Upon completion of the Restructuring, the PRC Operating Entities will no longer be controlled by the Group through Contractual Arrangements, but through equity-ownership of the Group over the PRC Operating Entities.

Before implementation of the Restructuring, the PRC Operating Entities were treated as subsidiaries of the Company under the Contractual Arrangements. Their financial results have been consolidated into that of the Group. Following implementation of the Restructuring, they remain as subsidiaries of the Company through equity-ownership (with the same proportion of attributable equity interest in the PRC Operating Entities under the Restructuring). Accordingly, there are no material accounting or financial implications on the Group as a result of the implementation of the Restructuring.

LISTING RULES IMPLICATIONS

Mr. Wang Muqing is a controlling shareholder and a director of the Company. He has about 70.4% equity interest in Hubei Shengze. Accordingly, Hubei Shengze is an associate of Mr. Wang and, accordingly, a connected person of the Company (as defined under the Listing Rules).

The Transfer Agreements are made by the Group with Hubei Shengze, and hence constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Each of the applicable percentage ratios (other than the profit ratio) in respect of the Transfers taken as a whole is less than 0.1%. Accordingly, the Transfers constitute a connected transaction exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.32(2) of the Listing Rules.

This announcement is a voluntary announcement. At the Board meeting held for considering and approving the Transfer Agreements and the transactions contemplated thereby, Mr. Wang was abstained from voting on the board resolutions in such connection.

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
Chief Executive Officer and Executive Director

17 September 2012

As at the date of this announcement, the Board comprises Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, Mr. SHAO Yong Jun 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.