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正通

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 2013

For the year ended 31 December 2013:

- Turnover increased by approximately 7.9% to approximately RMB29,840 million
- Gross profit increased by approximately 5.5% to approximately RMB2,588 million
- Profit attributable to shareholders increased by approximately 38.6% to approximately RMB837 million
- Basic earnings per share increased by approximately 38.3% to RMB37.9 cents per share
- Recommended payment of a final dividend of HK$0.10 per share for the first time

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" or "we" or "us") held on 31 March 2014, the Board is pleased to announce the Group's annual consolidated results for the year ended 31 December 2013 (the "Year under Review").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013 (Expressed in RMB'000)

	Note	**For the year ended 31 December 2013**	2012
Turnover	*3*	**29,840,269**	27,649,440
Cost of sales		**(27,251,912)**	(25,197,557)
Gross profit		**2,588,357**	2,451,883
Other revenue	*4*	**323,078**	223,747
Other net income	*4*	**41,799**	45,741
Selling and distribution expenses		**(697,787)**	(693,528)
Administrative expenses		**(581,447)**	(728,221)
Profit from operations		**1,674,000**	1,299,622
Finance costs	*5(a)*	**(489,335)**	(403,946)
Share of profit of a joint venture		**21,665**	19,435
Profit before taxation	*5*	**1,206,330**	915,111
Income tax	*6(a)*	**(352,132)**	(281,520)
Profit for the year		**854,198**	633,591
Attributable to:			
Shareholders of the Company		**837,390**	604,467
Non-controlling interests		**16,808**	29,124
Profit for the year		**854,198**	633,591
Earnings per share	*8*		
Basic (RMB cent)		**37.9**	27.4
Diluted (RMB cent)		**37.8**	27.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013 (Expressed in RMB'000)

	Note	At 31 December **2013**	2012
Non-current assets			
Property, plant and equipment		**2,283,436**	1,645,646
Lease prepayments		**416,381**	299,604
Intangible assets		**3,974,260**	4,073,169
Goodwill		**1,926,551**	1,926,551
Interest in a joint venture		**162,702**	141,037
Interest in an associate		**3,200**	–
Deferred tax assets		**36,270**	20,240
		8,802,800	8,106,247
Current assets			
Inventories	*10*	**2,528,302**	3,269,552
Trade and other receivables	*11*	**4,770,851**	3,065,321
Pledged bank deposits		**1,527,283**	1,294,212
Time deposits		**18,291**	4,100
Cash and cash equivalents		**1,468,264**	1,202,800
		10,312,991	8,835,985
Current liabilities			
Loans and borrowings		**2,941,676**	3,694,077
Trade and other payables	*12*	**4,628,256**	3,909,473
Income tax payables	*6(c)*	**635,535**	394,964
		8,205,467	7,998,514
Net current assets		**2,107,524**	837,471
Total assets less current liabilities		**10,910,324**	8,943,718
Non-current liabilities			
Loans and borrowings		**333,489**	1,204,874
Bonds payable		**2,019,845**	–
Deferred tax liabilities		**918,903**	938,257
		3,272,237	2,143,131
NET ASSETS		**7,638,087**	6,800,587
Equity			
Share capital		**188,776**	188,666
Reserves		**7,354,486**	6,520,072
Equity attributable to shareholders of the Company		**7,543,262**	6,708,738
Non-controlling interests		**94,825**	91,849
TOTAL EQUITY		**7,638,087**	6,800,587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Law, Chapter 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").

(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 individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("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. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Group and the Group's interest in a joint venture and an associate.

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

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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, Presentation of financial statements – *Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009–2011 Cycle*
- Amendments to HKFRS 7, *Disclosures – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009–2011 Cycle

This cycle of annual improvement contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and segment liabilities in note 10.

Amendments to HKFRS 7, Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3 TURNOVER

The Group is mainly engaged in sales of passenger motor vehicles, 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	
	2013	2012
	RMB'000	*RMB'000*
Sales of passenger motor vehicles	**26,594,625**	24,841,035
Sales of motor spare parts	**511,536**	394,995
Provision of maintenance services	**2,271,294**	1,922,177
Provision of logistics services	**199,407**	191,180
Sales of lubricant oil	**263,407**	300,053
	29,840,269	27,649,440

4 OTHER REVENUE AND NET INCOME

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Other revenue:		
Commission income	**298,918**	203,543
Interest income from bank deposits	**15,742**	16,376
Others	**8,418**	3,828
	323,078	223,747
Other net income:		
Net gain on disposal of property, plant and equipment	**30,516**	32,400
Others	**11,283**	13,341
	41,799	45,741

5 PROFIT BEFORE TAXATION

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

		Note	For the year ended 31 December 2013 RMB'000	2012 RMB'000
(a)	**Finance costs:**			
	Interest on loans and borrowings and bonds payable wholly repayable within five years		**475,819**	366,897
	Other finance costs	*(i)*	**37,716**	46,673
	Less: interest capitalised*		**(24,200)**	(9,624)
			489,335	403,946

* The borrowing costs have been capitalised at a rate of 4.50–8.25% per annum (2012: 5.88–8.50%).

		Note	2013 RMB'000	2012 RMB'000
(b)	**Staff costs:**			
	Salaries, wages and other benefits		**521,519**	490,108
	Contributions to defined contribution retirement plans	*(ii)*	**32,176**	31,238
	Equity settled share-based payment expenses		**328**	2,660
			554,023	524,006

(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 governments 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 2013 RMB'000	2012 RMB'000
(c)	**Other items:**		
	Cost of inventories	**26,947,997**	24,933,004
	Depreciation	**191,523**	156,204
	Amortisation of lease prepayments	**8,255**	7,928
	Amortisation of intangible assets	**98,909**	198,828
	Operating lease charges	**180,424**	156,243
	Net foreign exchange (gain)/loss	**(67,996)**	21,366

6 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Current tax:		
Provision for income tax for the year	**387,516**	327,034
Deferred tax:		
Origination of temporary differences	**(35,384)**	(45,514)
	352,132	281,520

(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) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25%.

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

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**1,206,330**	915,111
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	**301,582**	228,778
Non-deductible expenses	**55,978**	56,416
Non-taxable income on:		
– Share of profits recognised under the equity method	**(5,416)**	(4,859)
Others	**(12)**	1,185
Income tax	**352,132**	281,520

(c) Income tax payables in the consolidated statement of financial position represent:

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Balance at beginning of the year	**394,964**	305,935
Provision for current income tax for the year	**387,516**	327,034
Payment during the year	**(146,945)**	(238,005)
Balance at the end of the year	**635,535**	394,964

7. DIVIDEND

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.10 (RMB0.08) per ordinary share	**173,754**	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 was based on the profit attributable to shareholders of the Company for the year of RMB837,390,000 (2012: RMB604,467,000) and the weighted average number of shares in issue during the year ended 31 December 2013 of 2,209,953,213 (2012: 2,207,726,637), calculated as follows:

Weighted average number of ordinary shares

	For the year ended 31 December	
	2013	2012
Issued ordinary shares at 1 January	**2,208,685,240**	2,200,000,000
Effect of share options exercised	**1,267,973**	7,726,637
Weighted average number of ordinary shares at 31 December	**2,209,953,213**	2,207,726,637

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2013 is based on the profit attributable to shareholders of the Company of RMB837,390,000 (2012: RMB604,467,000) and the weighted average number of ordinary shares of 2,214,242,257 (2012: 2,214,602,045) in issue after adjusting for the effect of all dilutive potential ordinary shares under the Company's pre-IPO employee share option scheme, calculated as follows:

Weighted average number of shares (diluted)

	For the year ended 31 December	
	2013	2012
Weighted average number of ordinary shares for the year ended 31 December	**2,209,953,213**	2,207,726,637
Effect of deemed issue of shares under the pre-IPO employee share option scheme	**4,289,044**	6,875,408
Weighted average number of ordinary shares at 31 December	**2,214,242,257**	2,214,602,045

9 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 intangible assets, goodwill, deferred tax assets and unallocated head office assets. Segment liabilities include all current and non-current liabilities with the exception of income tax payables, deferred tax liabilities and unallocated head office liabilities.

- 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**	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover from external customers	**29,377,455**	27,158,207	**462,814**	491,233	**29,840,269**	27,649,440
Inter-segment turnover	**–**	–	**12,065**	7,537	**12,065**	7,537
Reportable segment turnover	**29,377,455**	27,158,207	**474,879**	498,770	**29,852,334**	27,656,977
Reportable segment profit	**1,263,203**	1,032,139	**86,900**	84,684	**1,350,103**	1,116,823
Depreciation and amortisation for the year	**290,939**	354,825	**7,748**	8,135	**298,687**	362,960
Reportable segment assets	**10,937,396**	9,951,346	**1,799,654**	1,505,431	**12,737,050**	11,456,777
Additions to non-current segment assets during the year	**1,179,258**	1,111,047	**18,383**	10,123	**1,197,641**	1,121,170
Reportable segment liabilities	**(8,489,265)**	(8,748,434)	**(1,234,735)**	(952,507)	**(9,724,000)**	(9,700,941)
Investment in a joint venture and an associate	**–**	–	**165,902**	141,037	**165,902**	141,037

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

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Turnover:		
Reportable segment turnover	**29,852,334**	27,656,977
Elimination of inter-segment turnover	**(12,065)**	(7,537)
Consolidated turnover	**29,840,269**	27,649,440
Profit before taxation:		
Reportable segment profit	**1,350,103**	1,116,823
Unallocated head office expenses	**(19,315)**	(67,254)
Other revenue	**323,078**	223,747
Other net income	**41,799**	45,741
Finance costs	**(489,335)**	(403,946)
Consolidated profit before taxation	**1,206,330**	915,111

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
Assets:		
Reportable segment assets	**12,737,050**	11,456,777
Intangible assets	**3,974,260**	4,073,169
Goodwill	**1,926,551**	1,926,551
Deferred tax assets	**36,270**	20,240
Unallocated head office assets	**245,102**	358,916
Elimination of inter-segment payables/(receivables)	**196,558**	(893,421)
Consolidated total assets	**19,115,791**	16,942,232
Liabilities:		
Reportable segment liabilities	**(9,724,000)**	(9,700,941)
Income tax payables	**(635,535)**	(394,964)
Deferred tax liabilities	**(918,903)**	(938,257)
Unallocated head office liabilities	**(2,708)**	(904)
Elimination of inter-segment (payables)/receivables	**(196,558)**	893,421
Consolidated total liabilities	**(11,477,704)**	(10,141,645)

(c) Geographic information

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

10 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	The Group At 31 December	
	2013	2012
	RMB'000	*RMB'000*
Motor vehicles	**2,174,365**	3,001,337
Automobile spare parts	**342,287**	259,146
Others	**11,650**	9,069
	2,528,302	3,269,552

As at 31 December 2013 and 2012, there were no inventories carried at net realisable value.

11 TRADE AND OTHER RECEIVABLES

	The Group At 31 December		The Company At 31 December	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**1,473,954**	370,946	**–**	–
Bills receivable	**4,649**	4,725	**–**	–
	1,478,603	375,671	**–**	–
Prepayments	**764,758**	738,931	**7,840**	7,840
Other receivables and deposits	**2,517,410**	1,950,719	**22,867**	16,123
Amount due from third parties	**4,760,771**	3,065,321	**30,707**	23,963
Amount due from subsidiaries	**–**	–	**–**	138,676
Amount due from related parties	**10,080**	–	**–**	–
Trade and other receivables	**4,770,851**	3,065,321	**30,707**	162,639

All of the trade and other receivables are expected to be recovered within one year.

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to management's approval, for which management has a credit policy in place and the exposure to the credit risks are monitored on an ongoing basis.

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

	The Group At 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**1,387,360**	350,193
More than 3 months but within 1 year	**90,933**	25,283
Over 1 year	**310**	195
	1,478,603	375,671

12 TRADE AND OTHER PAYABLES

	The Group At 31 December		The Company At 31 December	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**403,020**	275,411	**–**	–
Bills payable	**3,254,590**	2,854,197	**–**	–
	3,657,610	3,129,608	**–**	–
Receipts in advance	**412,502**	407,111	**–**	–
Other payables and accruals	**558,144**	372,754	**1,872**	33
Amount due to third parties	**4,628,256**	3,909,473	**1,872**	33
Amount due to subsidiaries	**–**	–	**–**	13,273
Trade and other payables	**4,628,256**	3,909,473	**1,872**	13,306

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

As of the end of reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	The Group At 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**3,359,358**	2,966,821
Over 3 months but within 6 months	**295,748**	162,040
Over 6 months but within 12 months	**2,504**	747
	3,657,610	3,129,608

13 CONTINGENT LIABILITIES

Financial guarantees issued

As at 31 December 2013, the Company has issued guarantees to certain banks in respect of banking facilities granted to certain subsidiaries which remain in force so long as the subsidiaries have drawn down under the banking facilities.

As at 31 December 2013, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at 31 December 2013 under the guarantees by the Company is the aggregate amount of the facilities drawn down by the subsidiaries of RMB1,350,800,000 (2012: RMB1,040,030,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2013, the global economy was improving and China's economy continued to grow steadily. According to the statistics released by the National Bureau of Statistics of China, the gross domestic products (GDP) of China in 2013 recorded a year-on-year growth rate of approximately 7.7%, same as that of 2012 but higher than the official target of 7.5%. According the China Association of Automobile Manufacturers, the sales volume of passenger automobiles in China grew by 15.7% to approximately 17,930,000 in 2013. As benefited from increased number of entry-level luxury automobiles launched in the market, growing demand for automobile upgrade and replacement as well as increase in penetration rate of automobile financing, the performance of luxury and ultra-luxury branded automobiles remained above the market average in 2013. In particular, the sales volume of Audi branded automobiles in China reached 488,488 (2012: 402,888), representing a growth of approximately 21.2%. The sales volume of BMW and MINI branded automobiles in China reached 390,713 (2012: 326,444), representing a year-on-year growth of approximately 19.7%. The sales volume of Jaguar and Land Rover branded automobiles in China reached 95,237 (2012: 73,347), representing a year-on-year growth of approximately 30%. The sales volume of Volvo branded automobiles in China reached 61,146 (2012: 41,989), representing a year-on-year growth of approximately 45.6%. However, gross profit margin of luxury and ultra-luxury branded automobiles have been dragged down by increasingly intensive competition in the market as well as a vast number of entry-level models of automobile at lower price launched by car makers in 2013.

Meanwhile, the rising penetration rate of automobiles has promoted a rapid growth in automobile after-markets business, i.e. after-sales services business focusing on repair and maintenance as well as derivative services business including sales of accessories for automobiles, pre-owned automobiles, automobile insurance agency and automobile financing. The profitability of automobile after-markets business has been in excess of that of sales of new automobiles, becoming a new growth driver of the automobile market in China. In general, the China's automobile market has shown signs of recovery, sales volume of luxury and ultra-luxury branded automobile have got back on the right track for rapid growth, and the automobile after-markets business, including after-sales services and derivative services business, has entered into its stage of remarkable development.

BUSINESS REVIEW

In 2013, by focusing on luxury and ultra-luxury branded automobiles, our performance has grown steadily. For the year ended 31 December 2013, our turnover was approximately RMB29,840 million, representing a year-on-year growth of 7.9%; gross profit was RMB2,588 million, a growth of 5.5%. Profit attributable to shareholders of the Company was RMB837 million, a growth of 38.6%. Earnings per share was RMB37.9 cents, representing a growth of 38.3%. In terms of sales volume, we sold 80,069 automobiles in total for the year ended 31 December 2013, representing a growth of 13.6%, in which 54,394 automobiles sold were luxury and ultra-luxury branded automobiles, up by 18.8%.

Well balanced Expansion of Sales Network

Well balanced nationwide network has been the Group's important strategic advantage. Depending on such strategic advantage, we can realize scale effects and synergies to the largest extent. In addition to stimulating growth in sales volume of new automobiles, the Group has endeavored to promote the development of the high-margin after-sales services business and derivative services business, which provides us tremendous competitive advantage in the highly scattered Chinese automobile dealership market. During the year under review, we set up 6 new dealership stores for luxury and ultra-luxury branded automobiles, including 1 BMW 5S dealership store in Chengdu, 2 Cadillac 4S dealership stores in Dongguan and Zhanjiang, 1 Acura 4S dealership store in Nanchang, 1 BMW authorized maintenance and repair services center in Wuhan and 1 Benz authorized maintenance and repair services center in Shenzhen. As at 31 December 2013, the Group had 92 dealership outlets in operation, including 75 5S/4S dealership stores, 15 city showrooms and 2 authorized maintenance and repair services centers, out of which 76 dealership outlets were engaged in sales or services of luxury and ultra-luxury branded automobiles.

We will endeavor to expand our sales network in order to consolidate and boost our large scale of sales volume and distribution channel. As at the date of this announcement, in addition to our 3 new dealership stores opened in the beginning of 2014, the Group has 28 authorized dealership outlets to be opened which are located in first tier cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, and regions with potential for rapid development, such as Inner Mongolia, Shandong, Hebei, Henan, Zhejiang, Hubei, Hunan, Jiangxi and Guangdong, brands involved include BMW, MINI, Audi, Jaguar and Land Rover, Volvo, Porsche and Benz. The following table sets forth the details our dealership outlets as at 31 December 2013:

	Opened dealership outlets	Authorized dealership outlets to be opened	Total
Luxury and ultra-luxury branded 5S/4S store	59	24	83
Mid-to-high end branded 4S store	16	0	16
Showroom for luxury branded automobile in urban area	15	3	18
Authorized maintenance and repair services center for luxury brands	2	3	5
Pre-owned automobile center	0	1	1
Total	92	31	123

Optimization of Strategic Advantages of Brand Portfolio and Geographical Coverage

With our on-going strategic expansion over years, the brands under our operations have covered those regions where having the highest demand for luxury and ultra-luxury branded automobiles and highest market shares of luxury and ultra-luxury branded automobiles. Our dealership network has expanded to the economically developed regions or regions with the most high potential for development. The brands under our dealership include luxury and ultra-luxury brands like Lamborghini, Porsche, BMW/MINI, Audi, Jaguar and Land Rover, Benz, Volvo as well as certain high-to-mid end brands, in which the Group has successfully become core dealer of BMW/MINI, Audi, Jaguar and Land Rover and Volvo. During the period under review, we became a strategic partner with Audi and Volvo, gaining more dealership authorizations and best-selling automobile resources from Audi and Volvo. Audi has the highest market share in luxury branded automobile market in China and Volvo is one of the fastest growing luxury branded automobile in China. As at the date of this announcement, our dealership network covers 14 provinces and 31 cities across the nation, including first tier cities in coastal regions, such as Beijing, Shanghai, Guangzhou and Shenzhen, as well as second and third tier cities with huge potential for development. In 2014, the Group will optimize its strategic advantages in brand portfolio and geographical coverage, consistently providing a driving force for the development of sales of new automobiles, after-sales services and derivative services.

After-sales Services with Improved Quality and Innovative Business Model

With the on-going expansion of our scale of operation, the Group has established a wide loyal customer base of after-sales services, supporting the after-sales services to consistently achieve satisfactory results and bringing the Group steady revenue and considerable profit. For the year ended 31 December 2013, the Group's after-sales services business contributed turnover of approximately RMB2,783 million, up by approximately 20.1% from the turnover of approximately RMB2,317 million over the same period last year. Gross profit generated from the after-sales services increased from approximately RMB1,044 million in 2012 to approximately RMB1,262 million, representing a growth of 20.9%. Gross profit margin of the after-sales services increased to 45.3% from 45.1% in 2012. The contribution of its revenue increased from 8.4% in 2012 to 9.3% in 2013. The contribution of its gross profit increased from 42.6% in 2012 to 48.8% in 2013. As our core business, profitability of the after-sales services will be in excess of that from the sales of new automobiles, significantly improving our profitability and stability.

The Group has placed a great emphasis on its after-sales services focusing on improvement of service quality, design of innovative after-sales model and establishment of reputation of our after-sales services. It is our key development strategy to tap huge economic potential of our after-sales services business. We have adhered to our operational notion of "customer comes first", and quality and innovation are the key elements of our after-sales services. Our after-sales services are provided not only in our existing 4S dealership stores, but also in the authorized repair centre for luxury and ultra-luxury branded automobile customers set up by the Group, which provide the consumers express and convenient after-sales services in a professional manner. In 2013, we have set up a Benz authorized repair center and a BMW repair centers. Not only could the establishment of luxury branded automobiles authorized repair centers accelerate the expansion of geographical coverage of our after-sales services, but also effectively reduce the operation cost of after-sales services, improve the repair efficiency, shorten the waiting time of services, attract the customers, allows the Group to grasp opportunities ahead of the peers in expanding our share in the after-sales services market with huge potential for development.

Rapid Development of Derivative Services Business by Leveraging Economies of Scale

With further increases in automobile penetration rate in China, the derivative services business will become our third greatest source of profit following sales of new automobiles and after-sales services. In 2013, our derivative services business made astonishing progress, with commission income of RMB299 million recorded, representing an increase of 46.6% as compared with RMB204 million in 2012, becoming our fastest growing business sector.

Our large-scale operations and a wide range of distribution channels have further accelerated the development of the derivative services business. In respect of sales of accessories for automobiles, our large-scale operation as well as collective procurement model that allow us to procure high quality products at low price have significantly reduced costs of purchase and enhanced customers' satisfaction, promoting rapid and consistent growth in our automobile accessories business. In respect of pre-owned automobiles business, our pre-owned automobile business gained recognition of customers by providing them excellent experience through our professional pre-owned automobile assessment system as well as our smooth online trading platform, contributing a relatively substantial increase in trading volume of pre-owned automobiles as compared with last year. For insurance business, our large-scale operations and the nationwide dealership network have established a wide customer base for insurance business. Approved by the China Insurance Regulatory Commission, the Group established a nationwide insurance agency company in September 2013, DingZe Insurance Agency Company Limited* (鼎澤保險代理有限公司)(DingZe Insuarnce), to full take the advantages of such wide customer base. In order to commerce automobile insurance business across the country as soon as possible, the Group has set up branches of DingZe Insurance in major cities in China in a timely manner. DingZe Insurance will provide comprehensive and tailor-made automobile insurance services to the customers of our insurance business. Establishment of professional insurance agency company is advantageous for our commencement of automobile insurance business. It allows us not only to obtain more revenue share from the insurance company through leveraging economies of scale, but also to strengthen communication with customers through access of detailed customer information so as to enhance the rate of insurance renewal. For automobile financing business, the automobile financing business in China's automobile market grew rapidly in 2013, and financing penetration rate of luxury and ultra-luxury branded automobiles increased significantly in general. Also, the increasing number of young buyers of luxury and ultra-luxury branded automobiles has escalated the acceptance of automobile financing rapidly. We will seize opportunities of automobile financing and achieve rapid growth of automobile financing business by ways of cooperating with well-known financial institutions, taking the advantages of large sales scale and nationwide distribution channels, diversifying our financial products and expanding our scope of financial services.

The strategic layout of the Group's nationwide sales network and tremendous sales of automobile built up over the years will provide considerable advantage and on-going driving force for rapid development of our derivative services business, we will fully take such strategic advantage, turning the derivative services business to become our major driver for on-going development.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2013, the Group generated turnover of approximately RMB29,840 million, representing an increase of approximately 7.9% over the turnover of approximately RMB27,649 million in 2012. The increase in turnover was mainly due to the year-on-year increase in turnover of dealership stores opened last year as well as increase in number of dealership stores during the year under review. For the year ended 31 December 2013, sales revenue from luxury and ultra-luxury branded new automobiles increased to RMB23,494 million, representing a growth of approximately 7.6% over RMB21,834 million in 2012, the sales revenue attributable to total sales of new automobiles increased to 88.3% from 87.9% in 2012; revenue from after-sales services of luxury and ultra-luxury branded automobiles was RMB2,334 million, representing a growth of approximately 22.8% as compared to RMB1,901 million in 2012, and accounted for 83.9% of the total revenue of after-sales services business. The following table sets forth a breakdown of our turnover and relevant information for the periods indicated.

	For the year ended 31 December		
Sources of turnover	**Turnover 2013**	Turnover 2012	Change
	(RMB'000)	*(RMB'000)*	*(%)*
Sales of new automobiles			
Luxury and ultra-luxury brands	**23,493,902**	**21,833,857**	**7.6**
High-to-mid market brands	**3,100,723**	**3,007,178**	**3.1**
Sub-total	**26,594,625**	**24,841,035**	**7.1**
After-sales services			
Luxury and ultra-luxury brands	**2,333,533**	**1,901,360**	**22.8**
High-to-mid market brands	**449,297**	**415,812**	**8.1**
Sub-total	**2,782,830**	**2,317,172**	**20.1**
Logistics services and lubricant oil trading	**462,814**	**491,233**	**(5.8)**
Total	**29,840,269**	**27,649,440**	**7.9**

Cost of Sales

For the year ended 31 December 2013, cost of sales of the Group amounted to approximately RMB27,252 million, representing an increase by 8.2% from RMB25,198 million in 2012. Such increase was substantially in line with the increase in turnover.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2013, the Group's gross profit was approximately RMB2,588 million, representing an increase of approximately 5.5% over approximately RMB2,452 million in 2012. The gross profit for the sales of new automobiles in 2013 decreased by 5.5% to approximately RMB1,263 million from approximately RMB1,336 million in 2012; the gross profit for the after-sales services in 2013 increased by 20.9% to approximately RMB1,262 million from approximately RMB1,044 million in 2012, accounting for 48.8% of our total gross profit as compared with 42.6% in 2012. The gross profit for the sales of luxury and ultra-luxury branded automobiles decreased from approximately RMB1,300 million in 2012 to approximately RMB1,225 million. The gross profit for the provision of after-sales services of luxury and ultra-luxury branded automobiles was approximately RMB1,062 million, representing a growth of approximately 23.3% as compared to RMB861 million in 2012.

For the year ended 31 December 2013, the consolidated gross profit margin of the Group was approximately 8.7%, representing a decrease of approximately 0.2 percentage point as compared with approximately 8.9% for 2012. The gross profit margin for the sales of new automobiles was 4.7% (2012: 5.4%), among which, the gross profit margin for the sales of luxury and ultra-luxury branded new automobiles was 5.2% (2012: 6.0%) due to increasing competition in luxury and ultra-luxury automobile market in China as well as reduction in average selling price of luxury and ultra-luxury automobiles caused by a vast number of entry-level luxury automobiles launched by car makers in 2013. The gross profit margin for after-sales services was 45.3% (2012: 45.1%). The increase in the gross profit margin for the after-sales services business was due to the improvement in the operating efficiency and quality of the Group's after-sales services as well as increase in reputation of our after-sales services, with further room for growth expected.

Selling and Distribution Expenses

For the year ended 31 December 2013, the Group's selling and distribution expenses amounted to approximately RMB698 million, representing a slight increase of approximately 0.6% over approximately RMB694 million for 2012. Slight increase was due to synergy effects being utilized fully by the Group for integrating sales resources of a single brand name in the same region, cutting down the selling and distribution expenses.

Administrative Expenses

For the year ended 31 December 2013, the Group's administrative expenses amounted to approximately RMB581 million, representing a decrease of approximately 20.2% over approximately RMB728 million for 2012. Such decrease was primarily due to the Group's re-assessment of the estimated useful life of car dealerships in the current period by our management. Such move was based on the outlook of the Chinese automobile market and the increasing number of automobile ownership with reference to general practice of automobile dealership industry.

Profit From Operations

For the year ended 31 December 2013, the Group's profit from operations amounted to approximately RMB1,674 million, representing an increase of approximately 28.8% as compared with approximately RMB1,300 million for 2012. The operating profit margin was approximately 5.6%, an increase of approximately 0.9 percentage point over 4.7% in 2012.

Income Tax Expenses

For the year ended 31 December 2013, the Group's income tax expenses amounted to approximately RMB352 million and the effective tax rate was approximately 29.2%.

Profit for the Year

For the year ended 31 December 2013, the Group's profit for the year was approximately RMB854 million, representing an increase of approximately 34.7% over approximately RMB634 million for 2012. During the year, net profit margin was 2.9%, up approximately 0.6 percentage point from 2.3% in 2012.

Contingent Liabilities

As at 31 December 2013, the Group had no material contingent liabilities or guarantees save as those assets pledged to banks for loans and borrowings.

Current Assets and Current Liabilities

As at 31 December 2013, the Group's current assets amounted to approximately RMB10,313 million, representing an increase of RMB1,477 million as compared to current assets of approximately RMB8,836 million as at 31 December 2012. Such increase was primarily attributable to increase in trade receivables due to temporary extension of our receivable turnover of installment payment by customer as at the end of 2013. As at 31 December 2013, the Group's current liabilities amounted to approximately RMB8,205 million, representing an increase of approximately RMB206 million as compared to current liabilities of approximately RMB7,999 million as at 31 December 2012. Such increase was due to the increase in notes payables for automobile purchase. As at 31 December 2013, our net current assets amounted to RMB2,108 million, representing a significant improvement as compared with our net assets of RMB837 million as at 31 December 2012.

Cash flow

As at 31 December 2013, the Group has cash and cash equivalents amounting to approximately RMB1,468 million, representing an increase of approximately RMB265 million over approximately RMB1,203 million as at 31 December 2012. The Group's transactions and monetary assets are principally conducted in RMB. The Group's primary uses of cash are to pay for purchases of new automobiles, spare parts and automobile accessories and automobile lubricant oil, to repay the Group's loans, borrowings and other indebtedness, to fund the Group's working capital and normal recurring expenses and to establish new dealership stores or other businesses. The Group finances its liquidity requirements through a combination of cash flows generated from the operating activities, bank loans and other financings. For the year ended 31 December 2013, the Group had net cash inflow of RMB1,271 million in its operating activities, representing a significant increase as compared with RMB822 million for the year ended 31 December 2012. Such increase was mainly attributable to increase in cash inflow due to improvement of our profitability as well as decrease in inventory balance at the end of the period derived from our enhanced inventory management.

Capital expenditure and investment

For the year ended 31 December 2013, the Group's capital expenditure and investment was approximately RMB1,198 million (2012: approximately RMB1,271 million). Our capital expenditure includes primarily property, equipment, land use rights and construction costs of new dealership outlets.

Inventory

The Group's inventories included vehicles and automobile spare parts. Generally, each of the Group's dealership stores individually manages the quotas and orders for new automobiles, automobile spare parts and other inventories. In addition, the Group utilizes its information technology systems to manage its inventory, and also monitors the inventories within its whole dealership network and may transfer automobiles from one dealership store to another to rebalance inventory levels. The inventories of the Group was approximately RMB2,528 million as at 31 December 2013, decreased by approximately RMB742 million when compared with RMB3,270 million as at 31 December 2012. Such decrease was due to the adjustment on our inventory strategy for adapting to changing market situations. The following table sets forth our average inventory turnover days for the years indicated:

	For the year ended 31 December (days)	
	2013	2012
Average inventory turnover days	**38.8**	**47.2**

Liquidity and capital resources

Working capital and capital expenditures of the Group were primarily funded through cash generated from internal operation and borrowings provided by principal banks. As at 31 December 2013, the Group's cash and bank deposits were approximately RMB3,014 million (including: restricted bank deposits of approximately RMB1,546 million and cash and cash equivalents), representing an increase of approximately RMB513 million, from approximately RMB2,501 million as at 31 December 2012. As at 31 December 2013, loans and borrowings and bonds payable of the Group amounted to approximately RMB5,295 million (31 December 2012: RMB4,899 million). As at 31 December 2013, net gearing ratio of the Group was 29.9% (31 December 2012: 35.3%). Net gearing ratio was calculated as loans and borrowings and bonds payable less cash and bank deposits divided by owner's equity.

Pledged Assets of the Group

The Group has pledged its group assets as the security for loans and borrowings as well as bank financings to be used as working capital for daily operations. As at 31 December 2013, the pledged assets of the Group amounted to approximately RMB2,795 million (31 December 2012: approximately RMB2,628 million).

Risks of Foreign Exchange Fluctuation

The Group conducts its business primarily in Renminbi. Certain bank deposits, bank loans and credit enhanced bonds were denominated in foreign currencies. However, the Group's operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate. Nevertheless, the Group will closely monitor currency fluctuations and will consider hedging these exposures should the need arise.

OUTLOOK AND STRATEGIES

Looking ahead 2014, macro-economy in China will continue to steadily improve, and we are confident that long-term development of automobile industry will be achieved, particularly luxury and ultra-luxury automobile industry. We anticipate a reasonable growth in sales volume of luxury branded automobile in China, and after-sales services and derivative services business included in automobile after-markets business will enter into a stage of rapid development. The development of the automobile after-markets business has a close relation with the dealer's accumulative sales volume and distribution channels. To take opportunities for development of the automobile after-markets business, we are committed to expand the automobile after-markets business and complete our strategic transformation of business operation by capitalizing on our large-scale operations, and channel advantages from our nationwide dealership network, providing our shareholders, staff members and the society higher value, with an aim to become the top comprehensive automobile services supplier in the world.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had a total of 7,903 employees in Mainland China and Hong Kong (31 December 2012: 7,258 employees). The Group offers competitive remuneration packages and welfare benefits, including pension, work-related compensation benefits, maternity insurance, medical and unemployment benefit plans. The Group also provides good working environment and diversified training program. The Company has adopted share option schemes and a restricted share award scheme for granting shares to eligible employees as incentives or rewards for their contribution to the Group.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2013 have been reviewed by the audit committee of the Company (the "Audit Committee"), which comprises three independent non – executive directors, namely Dr. Wong Tin Yau, Kelvin (Chairman of the Audit Committee), Mr. Zhao Chunjun and Mr. Chang Xiuze.

FINAL DIVIDEND

After the listing of the Group on the Stock Exchange of Hong Kong Limited, the Group has achieved rapid growth by establishment of new 4S dealership stores and acquisition of the Top Globe and its subsidiaries (the "SCAS group"). Coupling with the portfolio of luxury and ultra-luxury branded automobiles and balanced geographical coverage in economically developed regions and those regions with economically rapid growth in China, the growth in performance of the Group is expected to sustain steadily. In addition, the issuance of five years US dollar bonds in 2013 further optimized the debt structure of the Group, resulting in sufficient operating cash flow and maintaining good growth trend. Therefore, for the first time, the Board resolved to propose to the shareholders of the Company on the forthcoming annual general meeting on 28 May 2014 (the "AGM") for the distribution of a final dividend of HK$0.10 per share for the year ended 31 December 2013 payable to the shareholders of the Company whose names are listed in the register of the Company on 6 June 2014. The proposal for the distribution of the final dividend is subject to the consideration and approval of the shareholders at the AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014 (both days inclusive) and from Wednesday, 4 June 2014 to Friday, 6 June 2014 (both days inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration before 4:30 p.m. on Friday, 23 May 2014. In order to qualify for the proposed final dividend (subject to the approval by shareholders at the forthcoming AGM), unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Tuesday, 3 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended December 31, 2013.

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 year ended 31 December 2013.

CORPORATE GOVERNANCE

The Board believes that maintaining good corporate governance is crucial to increase investors' confidence and safeguard shareholders' interests. Throughout the year ended 31 December 2013, the Company had adopted and complied with all of the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules, except for the deviation from code provisions A.2.1 and A.6.7 as follows:

Pursuant to the Corporate Governance Code provision A.2.1, the roles of Chairman and Chief Executive should separate and should not be performed by the same individual. The Company had not appointed the Chairman of the Board during the period from 1 January 2013 to 27 August 2013, and Mr. Wang Kunpeng, the Chief Executive Officer, usually chairs meetings of the Board. Mr. Wang Muqing, the non-executive Director of the Company, has been appointed as the Chairman of the Board to clearly separate the responsibilities of the management of the Board from the management of the daily business to ensure the balance of power and authority, which have been effective since 28 August 2013.

Pursuant to the Corporate Governance Code provision A.6.7, independent non-executive Directors and non-executive Directors should attend general meetings of the Company. However, Mr. Wang Muqing, the non-executive Director and Mr. Tan Xiangyong, the independent non-executive Director, due to other commitments, were unable to attend the 2013 annual general meeting of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the websites 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 2013 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.

For and on behalf of the Board of
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, 31 March 2014

As at the date of this announcement, the Board comprises Mr. Wang Muqing (Chairman) as Non-executive Director; Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, Mr. CHEN Tao and Mr. SHAO Yong Jun as Executive Directors; and Dr. WONG Tin Yau, Kelvin, Mr. ZHAO Chunjun and Mr. CHANG Xiuze as Independent Non-executive Directors.