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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)

FRAMEWORK AGREEMENT ON STRATEGIC OPERATION MANAGEMENT COOPERATION SCHEME (“SOMCS”) OF BMW TARGET VEHICLES DEALERSHIP OUTLETS AND RESUMPTION OF TRADING

This announcement is made by China ZhengTong Auto Services Holdings Limited pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FRAMEWORK AGREEMENT

The Board of the Company is pleased to announce that, on 2 August 2017, ZhengTong Auto, a wholly-owned subsidiary of the Company, and Ms. Li Wangxing (李旺興) and Mr. Lin Yihao (林億豪), natural persons, have entered into a framework agreement regarding the SOMCS of BMW vehicles dealership, vehicles repair and other related business in China (the “Framework Agreement”). The cooperation covers Shenzhen, Guangzhou, Foshan and Jieyang with a total of six BMW 4S dealership outlets, one MINI 4S dealership outlet, two BMW showrooms and one repair centre (the “Target Vehicles Dealership Outlets”). The Target Vehicles Dealership Outlets are wholly-owned by Counterparty, who is the ultimate controlling shareholder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Counterparty is the independent third party of the Company and its connected persons.

DUE DILIGENCE

The Group intends to conduct and complete due diligence within 45 days from the date of the Framework Agreement and the Counterparty has agreed to facilitate with best effort.

STRATEGIC COOPERATION

The Parties intend to carry out substantial cooperation with respect to BMW vehicles dealership network. The Company shall take initiatives to enhance the existing operation quality and profitability of the Target Vehicles Dealership Outlets in all aspects.

The length of the strategic cooperation is expected to be 10 years.

The terms of the strategic cooperation shall be determined through negotiation by the Parties to the Framework Agreement upon due diligence review on the Target Vehicles Dealership Outlets by the accountants appointed by the Company.

EXCLUSIVITY

The Counterparty has agreed that, without the prior approval of the Company, it shall not directly and indirectly engage in any form of negotiations or agreements with any potential investors in respect of any cooperation, investment, acquisition or disposal of the equity interests in or major assets of the strategic cooperation business associated with the Target Vehicles Dealership Outlets or other cooperation or joint venture or transaction in the same or similar manner which have conflict with the subject matters of the Framework Agreement with any other parties within five months (or a longer period as agreed by the Parties) since the date of the Framework Agreement.

BINDING EFFECT

Subject to the Framework Agreement in respect of confidentiality and exclusivity and the applicable legal and judiciary requirements, the Company shall enter into particular legal binding agreements with the Counterparty in respect of the strategic cooperation.

REASONS FOR AND BENEFITS OF THE STRATEGIC COOPERATION

The Group is a leading auto sales and services group of luxury conglomerates in China. Its principal businesses include the operation of automobile 4S stores, automobile finance related businesses and supply chain business.

The Counterparty is the ultimate controlling shareholder of its wholly-owned Target Vehicles Dealership Outlets which are companies or branches established in Shenzhen, Guangzhou, Foshan and Jieyang in accordance with the laws of the PRC with limited liabilities. As at the date of the Framework Agreement, the Target Vehicles Dealership Outlets were engaged in the sale of new vehicles and auto parts of BMW and/or MINI brands and/or the provision of related services, including after-sale services and showcase of vehicles.

The Board is of the view that the SOMCS shall further enhance the Group's market share and network on the BMW brand, escalate profitability on cooperated brand and our whole brand portfolio through leveraging on Group's auto extended and integrated value-added platforms, initiate an industrial standard for future management outsourcing by the Group, and optimize our capital deployment and capital structure for sustainable and healthy growth in the long run, which are in the interests of the Company and its Shareholders as a whole.

GENERAL

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares. Further announcement will be duly made in relation to the particulars of the strategic cooperation in accordance with the Listing Rules.

RESUMPTION OF TRADING

Trading in the shares on the Stock Exchange was suspended at the request of the Company with effect from 09:03 a.m. on 3 August 2017 pending the release of this announcement. The Company has applied for a resumption of trading in the shares with effect from 9:00 a.m. on 4 August 2017.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

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| “Board” | the board of Directors |
| “Company” | China ZhengTong Auto Services Holdings Limited |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Counterparty” | Ms. Li Wangxing (李旺興) and Mr. Lin Yihao (林億豪) |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “independent third party(ies)” | the third party(ies) independent from the Company and its connected persons (as defined in the Listing Rules) and not the connected person(s) of the Company |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Parties” | ZhengTong Auto and the Counterparty |

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| “PRC” or “China” | the People’s Republic of China but excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan |
| “Shareholder(s)” | the holder(s) of the Share(s) of the Company from time to time |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) |
| “ZhengTong Auto” | ZhengTong Automobile Services Co. Ltd., a company established in accordance with the laws of the PRC with limited liabilities and is a wholly-owned subsidiary of the Company |

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

Hong Kong, 4 August 2017

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