

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States of America or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Company's shares mentioned in this announcement have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States of America except pursuant to registration or an exemption from the registration requirements of the United States Securities Act of 1933, as amended. No public offer of the Company's shares will be made by the Company or the Placing Agent in the United States of America.*

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company nor is it circulated to invite any such offer or invitation.*



## **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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**PLACING AGENT TO THE PLACING**

# **Morgan Stanley**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 11 January 2018, the Company and its Controlling Shareholder, Joy Capital, entered into the Placing Agreement with the Placing Agent, an Independent Third Party, pursuant to which the Company appointed the Placing Agent as its agent to use its best efforts to procure Placees to subscribe in aggregate a total of 226,000,000 Placing Shares at the Placing Price of HK\$7.70 per Placing Share. It is expected that all the Placing Shares will be placed to not less than six Placees, all of which are Independent Third Parties, to subscribe 226,000,000 Placing Shares at the Placing Price.

The Placing Shares represent approximately 9.98% of the issued share capital of the Company as at the date of this announcement and approximately 9.07% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming no further change in the shareholding structure of the Company from the date of this announcement up to the Completion.

Assuming that all the Placing Shares are fully placed, the maximum gross proceeds from the Placing will be HK\$1,740,200,000. It is expected that the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent) will amount to HK\$1,727,148,500. The Company intends to apply the proceeds from the Placing for the development of its automobile finance business.

The Placing Shares will be allotted and issued under the General Mandate. The Placing is conditional upon, among others, the Stock Exchange granting the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

**WARNING: Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 11 January 2018 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 12 January 2018.

## **THE PLACING AGREEMENT**

### **Date**

11 January 2018

## **Parties**

Issuer: The Company

Controlling Shareholder: Joy Capital

Placing Agent: Morgan Stanley

To the best of the Directors' knowledge, having made all reasonable enquiries, the Placing Agent does not hold any issued share capital of the Company as at the date of this announcement and is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **The Placing**

Pursuant to the Placing Agreement, the Company appointed the Placing Agent as its agent to use its best efforts to procure Placees who are Independent Third Parties to subscribe up to 226,000,000 Placing Shares at a price of HK\$7.70 per Placing Share. It is expected that all the Placing Shares will be placed to not less than six Placees, all of which are Independent Third Parties, to subscribe 226,000,000 Placing Shares at the Placing Price. The 226,000,000 Placing Shares represent (i) approximately 9.98% of the existing issued share capital of the Company of 2,265,539,420 Shares as at the date of this announcement; and (ii) approximately 9.07% of the issued share capital of the Company of 2,491,539,420 Shares as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$22,600,000.

## **Placing Price**

The Placing Price of HK\$7.70 per Placing Share represents:

- (i) a discount of approximately 12% to the closing price of HK\$8.75 per Share as quoted on the HKSE on 10 January 2018, being the Last Trading Day; and
- (ii) a discount of approximately 7.23% to the average of the closing prices of approximately HK\$8.30 per Share as quoted on the HKSE for the last five trading days up to and including 10 January 2018, being the Last Trading Day.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among others, the market price of the Shares. The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be HK\$1,727,148,500 (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$7.64.

## **Ranking of the Placing Shares**

The Placing Shares, when fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue or to be issued by the Company on or prior to the Completion, including the right to receive all dividends and distributions which may be declared, made or paid on or after the Completion Date and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

## **Conditions Precedent**

Completion of the Placing shall be conditional upon the following:

- (1) the approval from the HKSE for the listing of, and permission to deal in, the Placing Shares; and
- (2) the Placing Agent having received a copy of a US legal opinion from the Placing Agent's US legal counsel in form and substance satisfactory to the Placing Agent.

## **Lock-up Undertaking**

During the Lock-up Period, neither the Company nor any person acting on its behalf shall (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose of, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent.

During the Lock-up Period, the Controlling Shareholder shall not, and shall procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) transfer, dispose of, offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein owned or held, beneficially or otherwise, by the Controlling Shareholder or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent.

## **General Mandate**

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Board at the annual general meeting of the Company held on 18 May 2017. Under the General Mandate, the Directors can allot, issue and deal with Shares, not exceeding the aggregate of 20% of the entire issued share capital of the Company in issue on the date of passing of the relevant resolution at such annual general meeting, which amounted to 442,040,088 Shares.

As at the date of this announcement, 50,000,000 Shares have been allotted and issued on 28 December 2017 under the General Mandate granted to the Board at the annual general meeting of the Company held on 18 May 2017. The remaining balance of the General Mandate as at date of this announcement is 392,040,088 Shares and is therefore sufficient for the issue and allotment of the Placing Shares. The Placing Shares will be allotted and issued under the General Mandate and no Shareholders' approval is required.

## Completion

Completion of the Placing shall take place on the Completion Date, or such other date as agreed to in writing between the Company and the Placing Agent.

## APPLICATION FOR LISTING

The Company shall apply to the HKSE for the granting of the listing of, and permission to deal in, the Placing Shares.

## EQUITY FUND RAISING ACTIVITY IN THE LAST 12 MONTHS

On 28 December 2017, 50,000,000 new Shares were allotted and issued at the price of HK\$7.60 per Share, raising net proceeds of approximately HK\$377 million (after deducting the placing commission payable to the placing agent and other expenses incurred). As at the date of this announcement, the Company had not utilized any portion of the net proceeds.

Save as aforesaid, the Company has not carried out other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the Completion is as follows (assuming there will not be any change in the issued share capital of the Company from the date of the Placing Agreement to the Completion Date save for the allotment and issue of the Placing Shares):

Shareholders/Shares	As at date of this announcement		Immediately after Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Joy Capital ( <i>Note</i> )	1,381,516,820	60.98	1,381,516,820	55.45
Placing Shares	0	0	226,000,000	9.07
Other Public Shareholders	884,022,600	39.02	884,022,600	35.48
Total	<u>2,265,539,420</u>	<u>100.00</u>	<u>2,491,539,420</u>	<u>100.00</u>

*Note:* These Shares are directly held by Joy Capital.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

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 businesses and supply chain business.

The Board considers that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The gross proceeds of the Placing will amount to HK\$1,740,200,000. After deducting the relevant expenses, the estimated net proceeds from the issue of the Placing Shares amount to HK\$1,727,148,500. The net price for each Placing Share is estimated to be approximately HK\$7.64. The Company intends to use the proceeds for the development of automobile finance business.

**WARNING: Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 11 January 2018 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 12 January 2018.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“Business Day”	a day other than Saturday, Sunday and public holiday on which banks are open for general business in Hong Kong and on which the HKSE is open for business of dealing in securities
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall not include Hong Kong Special Administrative Region, Macau Special Administrative Region of the PRC and Taiwan
“Company”	China ZhengTong Auto Services Holdings Limited
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement

“Completion Date”	the date on which the completion of the Placing shall take place, which shall be 19 January 2018 or such other date as agreed to in writing between the Company and the Placing Agent
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	Joy Capital Holdings Limited, the controlling shareholder (as defined under the Listing Rules) of the Company
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company held on 18 May 2017 to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“HKSE” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Company as far as the Directors are aware after having made all reasonable enquiries
“Joy Capital”	Joy Capital Holdings Limited, a company incorporated in the British Virgin Islands, the Controlling Shareholder of the Company
“Last Trading Day”	10 January 2018, being the last trading day before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Period”	the period from the date of the Placing Agreement up to 90 days after the Completion Date
“Morgan Stanley”	Morgan Stanley & Co. International plc, the Placing Agent



“Placee(s)”	party(ies) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares to the Placees pursuant to the Placing Agreement
“Placing Agent”	Morgan Stanley & Co. International plc
“Placing Agreement”	the placing agreement dated 11 January 2018 entered into between the Company, the Controlling Shareholder and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$7.70 per Placing Share
“Placing Shares”	226,000,000 new Shares to be allotted and issued under the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“we”, “us” or “our”	Our Company or our Group (as the context may require)
“%”	Per cent

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, 11 January 2018

*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.*