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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)

CONNECTED TRANSACTION:

**GENERAL CONTRACTOR AGREEMENT ON 4S STORES AND
COMMERCIAL PROJECTS**

INTRODUCTION

On 12 March 2018, Wuhan ZhengTong (a wholly-owned subsidiary of the Company) and Guangze Real Estate Development entered into the General Contractor Agreement, pursuant to which Wuhan ZhengTong engages Guangze Real Estate Development to undertake the development, establishment, re-establishment and expansion of 4S stores and relevant commercial projects owned by the Group.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios (other than the profits ratio), as defined under the Listing Rules, for the transactions under the General Contractor Agreement are more than 0.1% but less than 5%, the General Contractor Agreement and the transactions thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 12 March 2018, Wuhan ZhengTong and Guangze Real Estate Development entered into the General Contractor Agreement, pursuant to which Wuhan ZhengTong engages Guangze Real Estate Development to undertake the development, establishment, re-establishment and expansion of 4S stores and relevant commercial projects owned by the Group.

THE GENERAL CONTRACTOR AGREEMENT

The principal terms of the General Contractor Agreement are set out below.

Date: 12 March 2018

Parties: (1) Wuhan ZhengTong
(2) Guangze Real Estate Development

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Guangze Real Estate Development is wholly-owned by the family member of Mr. Wang Muqing, the controlling Shareholder. Accordingly, Guangze Real Estate Development is the Company's connected person.

Term of Agreement: one year from the date of the Agreement

Subject Matter

Wuhan ZhengTong, as the investment holding company of various specific 4s stores and commercial property development projects, has the right of decision-making, supervision, suggestion and the right-to-know regarding the investment during the development of the project and regarding the major issues of the construction of the project.

Guangze Real Estate Development shall set up the project management team, exercise the management right of the project's daily development and construction on behalf of Wuhan ZhengTong, with the following scope of duties:

- 1) handling the specific approval and permit procedures required for the development and construction of the project with the cooperation of Wuhan ZhengTong;
- 2) choosing and engaging various planners and designers of different stages based on the types of project and the actual situation, controlling design progress and quality of the results of the design;
- 3) formulating a reasonable project cost management objectives and implement effective cost management throughout the development and construction of the project;

- 4) selecting constructors, suppliers of materials and equipment and supervisors and conducting co-ordinated management, managing comprehensively the quality, schedule, safety production and civilized construction of the construction phase of the project;
- 5) organizing various types of intermediate acceptance, completion acceptance, completing the completion acceptance record, organizing the implementation of collective delivery of the project;
- 6) being responsible for the management of the quality warranty within the agreed period; and
- 7) archiving important archives of the whole process of the development and construction of the project and transferring in time the archives according to the requirements of relevant archives management.

Consideration

The General Contractor Agreement is a lump sum contract, with a total contract price of not exceeding RMB700 million yuan, which was determined after arm's length negotiations between Parties taking into account, among other factors, the project scale, investment amount, scope of design and technical standard.

The contract consideration shall be utilized by Guangze Real Estate Development as the general contractor for all the fees (excluding land cost) paid to the government and the market administration department, pre-investigation and design fees, supervision fees, consultant fees for hiring professional service companies, approval and construction application fees, construction and installation fees, ancillary facilities fees, the cost to be paid of completion acceptance, equipment costs necessary for the opening of 4S stores and all other relevant fees.

Payment of Consideration

The payment of consideration will be arranged by Wuhan ZhengTong to Guangze Real Estate Development by instalments in accordance with the progress of the respective development and construction projects.

INFORMATION OF THE COMPANY AND WUHAN ZHENG TONG

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, auto finance businesses and supply chain business. Wuhan ZhengTong is the Company's subsidiary and its principal business is investment holding.

INFORMATION OF GUANGZE REAL ESTATE DEVELOPMENT

The principal business of Guangze Real Estate Development is property development and property management.

REASONS FOR AND BENEFITS OF THE GENERAL CONTRACTOR AGREEMENT

The Board is of the view that Guangze Real Estate Development possesses adequate commercial experience in the development and construction project of 4S stores, with corresponding real estate development and management capabilities.

The directors believe that the Group engaged Guangze Real Estate Development to undertake the development, establishment, re-establishment and expansion of 4S stores and relevant commercial projects in order to further reduce the cost and risk of the development and construction of such 4S stores and projects, as well as speed up the project construction to achieve our network expansion goals. The Directors (including the independent non-executive Directors) believe that the terms of the General Contractor Agreement and the transactions thereunder are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

As Mr. Wang Muqing a controlling Shareholder has material interests in the transactions contemplated under the General Contractor Agreement and has abstained from voting on the Board resolutions approving the General Contractor Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Guangze Real Estate Development is wholly-owned by the family member of Mr. Wang Muqing, controlling Shareholder. Accordingly, Guangze Real Estate Development is the Company's connected person.

As the relevant percentage ratios (other than the profits ratio), as defined under the Listing Rules, for the transactions under the Subcontract Agreement are more than 0.1% but less than 5%, the Subcontract Agreement and the transactions thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China ZhengTong Auto Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Contractor Agreement”	the general contractor agreement dated 12 March 2018 entered into between Wuhan ZhengTong and Guangze Real Estate Development
“Group”	the Company and its subsidiaries
“Guangze Real Estate Development”	Beijing Guangze Real Estate Development Co., Ltd., (北京廣澤房地產開發有限公司), a company established in accordance with the laws of the PRC with limited liability and a connected person of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	Wuhan ZhengTong and Guangze Real Estate Development Company, as parties to the General Contractor Agreement
“percentage ratios”	has the meaning ascribed to it in the Listing Rules
“PRC” or “China”	the People’s Republic of China but excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s) of the Company from time to time
“subsidiary(ies)”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Wuhan ZhengTong”

Wuhan Zhengtong United Industrial Investment Group Co., Ltd. (武漢正通實業聯合投資集團有限公司), a company established in accordance with the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company

“%”

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, 12 March 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.