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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 2024 WORKS ENTRUSTMENT AGREEMENT**

On 16 April 2024, the Company and Shandong Xindeco entered into the 2024 Works Entrustment Agreement, pursuant to which Shandong Xindeco will provide and install smart technology and light current systems for upgrading and retrofitting certain facilities of the Group at a total consideration not exceeding RMB9,000,000.

Shandong Xindeco is an indirect non-wholly owned subsidiary of ITG Holding, a substantial shareholder of the Company. Shandong Xindeco is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Works Entrustment Agreement constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the transactions contemplated under the 2024 Works Entrustment Agreement when aggregated with the 2023 Works Entrustment Agreement is more than 0.1% but less than 5%, the transactions contemplated under the 2024 Works Entrustment Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **2024 WORKS ENTRUSTMENT AGREEMENT**

The major terms of the 2024 Works Entrustment Agreement are set out below:

- Date : 16 April 2024
- Parties : (i) The Company  
(ii) Shandong Xindeco
- Subject Matter : Pursuant to the 2024 Works Entrustment Agreement, Shandong Xindeco will provide and install smart technology and light current systems for upgrading and retrofitting certain facilities of the Group for the year ending 31 December 2024.
- Consideration : The total consideration under the 2024 Works Entrustment Agreement shall not exceed RMB9,000,000. The parties agreed for payments to be made in accordance with the progress of the works. Based on the work progress plan to be agreed by the parties, the Group will make payments to Shandong Xindeco at different stages of the progress of the works.

The consideration was determined upon arm's length negotiations between the parties with reference to the estimated amount of labor costs, materials expenses and equipment expenses involved on a fixed unit price basis.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 WORKS ENTRUSTMENT AGREEMENT**

As stated in the announcements of the Company dated 20 September 2022, 20 January 2023 and 12 September 2023, the Group is in the process of upgrading and retrofitting certain of its facilities, which requires the installation of smart technology and light current systems. The Group has plans to further upgrade and retrofit its facilities and carry out other smart and light current projects during the year ending 31 December 2024. Shandong Xindeco has a wealth of experience and expertise in this area and is able to provide proficient technical support and construction design services. In addition, Shandong Xindeco has established a good working relationship with the Group through the previous transactions with the Group.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) believe that the terms of the 2024 Works Entrustment Agreement are on normal commercial terms in the ordinary and usual course of business of the Group and fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The Company is principally engaged in 4S dealership business, automobile supply chain business and financial services business in the PRC.

ITG Holding, the substantial shareholder of the Company as at the date of this announcement, is a Fortune Global 500 Company with operations in commodity trading, circulation automobile trading, logistics business, commodity retail business and other businesses. ITG Holding is a state-owned enterprise directly controlled by State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government.

Shandong Xindeco is principally engaged in the provision of smart municipal, smart traffic, smart city management, smart warehousing and other smart city solutions, as well as solutions design, equipment procurement, and construction management and maintenance. Shandong Xindeco is owned (i) as to 80% by Xiamen Xindeco Information Technology Group Co., Ltd.\* (廈門信達信息科技集團有限公司), which in turn is wholly owned by Xiamen Xindeco, a company listed on the Shenzhen Stock Exchange which is principally engaged in automobile dealership, supply chain and information technology businesses and a subsidiary of ITG Holding; (ii) as to 10% by Xiamen Xinchuangda Enterprise Management Partnership (Limited Partnership)\* (廈門信創達企業管理合夥企業(有限合夥)) whose general partner is Mr. Xiao Mengguo (肖孟國); (iii) as to 5% by Mr. Xiao Mengguo (肖孟國); and (iv) as to 5% by Mr. Xing Chao (邢超). As of the date of this announcement, neither of Mr. Xiao Mengguo (肖孟國) nor Mr. Xing Chao (邢超) is a connected person of the Company under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

Shandong Xindeco is an indirect non-wholly owned subsidiary of ITG Holding, a substantial shareholder of the Company. Shandong Xindeco is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Works Entrustment Agreement constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the transactions contemplated under the 2024 Works Entrustment Agreement when aggregated with the 2023 Works Entrustment Agreement is more than 0.1% but less than 5%, the transactions contemplated under the 2024 Works Entrustment Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the executive Director, Mr. WANG Mingcheng and the then executive Director, Mr. LI Zhihuang, hold directorships in Xiamen Xindeco, and Mr. HUANG Junfeng, an executive Director, served as the deputy general manager of Xiamen Xindeco, they abstained from voting on the relevant Board resolutions passed at the relevant time so as to avoid the perception of a conflict of interest.

Save as disclosed above, none of the other then Directors has any material interest in the 2024 Works Entrustment Agreement and accordingly none of them was required to abstain from voting on the relevant Board resolutions.

## **DEFINITIONS**

“2023 Works Entrustment Agreement”	the agreement dated 20 January 2023 entered into between the Company and Shandong Xindeco in relation to the provision and installation of smart technology and light current systems for certain 4S dealership stores of the Group by Shandong Xindeco for the year ended 31 December 2023 (as amended and supplemented by the 2023 Supplemental Agreement)
“2023 Supplemental Agreement”	Supplemental Agreement entered into between the Company and Shandong Xindeco on 12 September 2023 to amend and supplement certain terms of the 2023 Works Entrustment Agreement, including the amendment of the cap of consideration payable by the Company from RMB7,000,000 to RMB15,000,000
“2024 Works Entrustment Agreement”	the agreement dated 16 April 2024 entered into between the Company and Shandong Xindeco in relation to the provision and installation of smart technology and light current systems for upgrading and retrofitting certain facilities of the Group by Shandong Xindeco for the year ending 31 December 2024
“Board”	the board of Directors
“Company”	China ZhengTong Auto Services Holdings Limited (stock code:1728), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 9 July 2010, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ITG Holding”	Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司), a state-owned enterprise directly controlled by State-owned Assets Supervision and Administration Commission of Xiamen Municipal People’s Government, and a substantial shareholder of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (for the purposes of this announcement excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Xindeco”	Shandong Xindeco IOT Application Technology Co., Ltd.* (山東信達物聯應用技術有限公司), a company established in the PRC and a subsidiary of Xiamen Xindeco
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Xiamen Xindeco”	Xiamen Xindeco Co., Ltd.* (廈門信達股份有限公司), a joint stock company with limited liability established in the PRC with its shares listed on the Shenzhen Stock Exchange (Stock Code: 000701.SZ)
“%”	per cent

By order of the Board  
**China ZhengTong Auto Services Holdings Limited**  
**HUANG Junfeng**  
*Chairman*

Hong Kong, 16 April 2024

*As at the date of this announcement, the Board comprises Mr. HUANG Junfeng (Chairman), Mr. ZENG Tingyi, Mr. WANG Mingcheng and Mr. CHEN Hong as executive Directors; and Dr. WONG Tin Yau Kelvin, Ms. YU Jianrong and Mr. SONG Tao as independent non-executive Directors.*