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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

- Turnover increased by approximately 2.4% to approximately RMB14,010 million over the same period last year
- Gross profit increased by approximately 8.7% to approximately RMB1,299 million over the same period last year
- Profit for the period increased by approximately 35.0% to approximately RMB474 million over the same period last year
- Basic earnings per share increased by approximately 40.0% to RMB21.0 cents per share over the same period last year

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 “We”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2013 – unaudited**(Expressed in RMB'000)*

		Six months ended 30 June	
	<i>Note</i>	2013	2012
Turnover	5	14,010,012	13,682,712
Cost of sales		(12,710,636)	(12,487,682)
Gross profit		1,299,376	1,195,030
Other revenue	6	139,125	92,507
Other net income	6	18,969	38,302
Selling and distribution expenses		(315,642)	(304,265)
Administrative expenses		(280,029)	(335,606)
Profit from operations		861,799	685,968
Finance costs	7(a)	(208,025)	(200,373)
Share of profit of a joint venture		7,894	9,681
Profit before taxation	7	661,668	495,276
Income tax	8	(188,057)	(144,465)
Profit for the period		473,611	350,811
Attributable to:			
Shareholders of the Company		465,164	330,221
Non-controlling interests		8,447	20,590
Profit for the period		473,611	350,811
Earnings per share	9		
– Basic (RMB cents)		21.0	15.0
– Diluted (RMB cents)		21.0	15.0

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013 – unaudited

(Expressed in RMB'000)

	Six months ended 30 June	
<i>Note</i>	2013	2012
Profit for the period	473,611	350,811
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	<u>(2,547)</u>	<u>(1,231)</u>
Other comprehensive income for the period	<u>(2,547)</u>	<u>(1,231)</u>
Total comprehensive income for the period	<u>471,064</u>	<u>349,580</u>
Attributable to:		
Shareholders of the Company	462,617	328,990
Non-controlling interests	<u>8,447</u>	<u>20,590</u>
Total comprehensive income for the period	<u>471,064</u>	<u>349,580</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013 – unaudited

(Expressed in RMB'000)

	<i>Note</i>	At 30 June 2013	At 31 December 2012
Non-current assets			
Property, plant and equipment		1,852,632	1,645,646
Lease prepayments		295,510	299,604
Intangible assets	11	4,022,364	4,073,169
Goodwill		1,926,551	1,926,551
Interest in a joint venture		148,931	141,037
Interest in an associate		3,200	–
Deferred tax assets		25,684	20,240
		<u>8,274,872</u>	<u>8,106,247</u>
Current assets			
Inventories	12	2,996,154	3,269,552
Trade and other receivables	13	4,119,429	3,065,321
Pledged bank deposits	14	793,297	1,294,212
Time deposits		–	4,100
Cash and cash equivalents	15	1,218,892	1,202,800
		<u>9,127,772</u>	<u>8,835,985</u>
Current liabilities			
Loans and borrowings	16	5,127,525	3,694,077
Trade and other payables	17	3,556,573	3,909,473
Income tax payables		517,764	394,964
		<u>9,201,862</u>	<u>7,998,514</u>
Net current (liabilities)/assets		<u>(74,090)</u>	<u>837,471</u>
Total assets less current liabilities		<u>8,200,782</u>	<u>8,943,718</u>
Non-current liabilities			
Loans and borrowings	16	–	1,204,874
Deferred tax liabilities		927,192	938,257
		<u>927,192</u>	<u>2,143,131</u>
NET ASSETS		<u>7,273,590</u>	<u>6,800,587</u>
Share capital		188,774	188,666
Reserves		6,984,520	6,520,072
Equity attributable to shareholders of the Company		<u>7,173,294</u>	<u>6,708,738</u>
Non-controlling interests		<u>100,296</u>	<u>91,849</u>
TOTAL EQUITY		<u>7,273,590</u>	<u>6,800,587</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

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, Cap 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 Company and its subsidiaries (collectively, the “Group”) are principally engaged in 4S dealership business, motor-related logistics business and lubricant oil trading business in the People’s Republic of China (the “PRC”).

2 BASIS OF PREPARATION

The Company has a financial year end date of 31 December. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 3.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2012 which were issued on 28 March 2013. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the Company’s auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those statutory financial statements in their report dated 28 March 2013.

3 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. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

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 interim financial report 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.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2012 annual financial statements, with the exception of changes in estimates that are required in determining the amortisation of intangible assets.

5 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 rendered to customers.

The amount of each significant category of turnover recognised during the period is as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Sales of passenger motor vehicles	12,448,978	12,377,760
Sales of motor spare parts	229,000	177,650
Provision of maintenance services	1,138,004	874,824
Provision of logistics services	88,429	84,400
Sales of lubricant oil	105,601	168,078
	<u>14,010,012</u>	<u>13,682,712</u>

6 OTHER REVENUE AND NET INCOME

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
<i>Other revenue:</i>		
Commission income	129,970	83,028
Interest income from bank deposits	7,442	9,158
Others	1,713	321
	<u>139,125</u>	<u>92,507</u>
<i>Other net income:</i>		
Net gain on disposal of property, plant and equipment	14,033	29,695
Others	4,936	8,607
	<u>18,969</u>	<u>38,302</u>

7 PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
	<i>Note</i>	2013	2012
		RMB'000	RMB'000
(a) Finance costs:			
Interest on loans and borrowings wholly repayable			
within 5 years		204,127	172,430
Other finance costs	<i>(i)</i>	14,544	31,871
Less: interest capitalised		(10,646)	(3,928)
		208,025	200,373
(b) Staff costs:			
Salaries, wages and other benefits		234,987	214,925
Contributions to defined contribution retirement plans	<i>(ii)</i>	15,321	13,706
Equity settled share-based transactions		(203)	717
		250,105	229,348

- (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.

		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
(c) Other items:			
Cost of inventories		12,579,326	12,373,215
Depreciation		93,599	74,416
Amortisation of lease prepayments		4,094	3,164
Amortisation of intangible assets		50,805	99,414
Operating lease charges		93,909	70,981
Net foreign exchange gain		(35,094)	(1,189)

8 INCOME TAX

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax:		
Provision for PRC income tax for the period	204,566	160,902
Deferred tax:		
Origination of temporary differences	(16,509)	(16,437)
	<u>188,057</u>	<u>144,465</u>

- (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 Group's subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the period. 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%.

According to the PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC enterprises.

The Group's subsidiaries in the PRC are directly or indirectly held by the Group's intermediate holding companies, Rising Wave Development Limited ("Rising Wave") and Wealth Fame Holdings Limited ("Wealth Fame"), both of which are Hong Kong tax residents. Since the Group can control the quantity and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2013 was based on the profit attributable to shareholders of the Company for the six months of RMB465,164,000 (30 June 2012: RMB330,221,000) and the weighted average number of ordinary shares of 2,209,858,622 (30 June 2012: 2,206,823,282) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to shareholders of the Company of RMB465,164,000 (30 June 2012: RMB330,221,000) and the weighted average number of ordinary shares of 2,214,284,796 (30 June 2012: 2,207,951,754) 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)

	Six months ended 30 June	
	2013	2012
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares	2,209,858,622	2,206,823,282
Effect of deemed issue of shares under the pre-IPO employee share option scheme	4,426,174	1,128,472
	<u>2,214,284,796</u>	<u>2,207,951,754</u>

10 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 dealership 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		Logistics and lubricant oil businesses		Total	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
For six months ended 30 June						
Turnover from external customers	13,815,982	13,430,234	194,030	252,478	14,010,012	13,682,712
Inter-segment turnover	<u>–</u>	<u>–</u>	<u>3,058</u>	<u>307</u>	<u>3,058</u>	<u>307</u>
Reportable segment turnover	<u>13,815,982</u>	<u>13,430,234</u>	<u>197,088</u>	<u>252,785</u>	<u>14,013,070</u>	<u>13,683,019</u>
Reportable segment profit	<u>707,832</u>	<u>538,981</u>	<u>18,467</u>	<u>38,556</u>	<u>726,299</u>	<u>577,537</u>
Depreciation and amortisation for the period	144,833	174,111	3,665	2,883	148,498	176,994
Reportable segment assets as at 30 June 2013/ 31 December 2012	9,830,951	9,951,346	1,579,621	1,505,431	11,410,572	11,456,777
Additions to non-current segment assets during the period	399,129	508,198	15,195	5,655	414,324	513,853
Reportable segment liabilities as at 30 June 2013/ 31 December 2012	(7,961,982)	(8,748,434)	(1,019,261)	(952,507)	(8,981,243)	(9,700,941)
Interest in a joint venture/an associate as at 30 June 2013/ 31 December 2012	<u>–</u>	<u>–</u>	<u>152,131</u>	<u>141,037</u>	<u>152,131</u>	<u>141,037</u>

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Turnover:		
Reportable segment turnover	14,013,070	13,683,019
Elimination of inter-segment turnover	(3,058)	(307)
Consolidated turnover	<u>14,010,012</u>	<u>13,682,712</u>
Profit before taxation:		
Reportable segment profit	726,299	577,537
Unallocated head office expenses	(14,700)	(12,697)
Other revenue	139,125	92,507
Other net income	18,969	38,302
Finance costs	(208,025)	(200,373)
Consolidated profit before taxation	<u>661,668</u>	<u>495,276</u>
	At 30 June	At 31 December
	2013	2012
	RMB'000	RMB'000
Assets:		
Reportable segment assets	11,410,572	11,456,777
Intangible assets	4,022,364	4,073,169
Goodwill	1,926,551	1,926,551
Deferred tax assets	25,684	20,240
Unallocated head office assets	318,049	358,916
Elimination of inter-segment receivables	(300,576)	(893,421)
Consolidated total assets	<u>17,402,644</u>	<u>16,942,232</u>
Liabilities:		
Reportable segment liabilities	(8,981,243)	(9,700,941)
Income tax payables	(517,764)	(394,964)
Deferred tax liabilities	(927,192)	(938,257)
Unallocated head office liabilities	(3,431)	(904)
Elimination of inter-segment payables	300,576	893,421
Consolidated total liabilities	<u>(10,129,054)</u>	<u>(10,141,645)</u>

(c) **Geographic information**

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

11 INTANGIBLE ASSETS

	Car dealerships <i>RMB'000</i>	Favourable lease contracts <i>RMB'000</i>	Trademark <i>RMB'000</i>	Club debenture <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At 1 January 2013 and at 30 June 2013	3,888,752	36,904	362,732	363	4,288,751
Accumulated amortisation:					
At 1 January 2013	(209,884)	(5,698)	–	–	(215,582)
Charge for the period	(48,609)	(2,196)	–	–	(50,805)
At 30 June 2013	(258,493)	(7,894)	–	–	(266,387)
Net book Value:					
At 30 June 2013	3,630,259	29,010	362,732	363	4,022,364
At 31 December 2012	3,678,868	31,206	362,732	363	4,073,169

Note: During the current period, the Group made a re-assessment of the estimated useful life of car dealerships which was changed from 20 years to 40 years. The change in accounting estimate has been accounted for prospectively during the period, with an impact of decrease in amortisation expenses of RMB48,609,000 for the period ended 30 June 2013.

12 INVENTORIES

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Motor vehicles	2,712,730	3,001,337
Motor spare parts	273,034	259,146
Others	10,390	9,069
	<u>2,996,154</u>	<u>3,269,552</u>

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade receivables	1,115,582	370,946
Bills receivable	8,438	4,725
	<u>1,124,020</u>	<u>375,671</u>
Prepayments	484,391	738,931
Other receivables and deposits	2,501,990	1,950,719
	<u>4,110,401</u>	<u>3,065,321</u>
Receivables due from third parties	4,110,401	3,065,321
Receivables due from related parties	9,028	–
Trade and other receivables	<u>4,119,429</u>	<u>3,065,321</u>

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 high level management's approval, for which management has a credit policy in place and the exposures 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:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 3 months	1,060,051	350,193
More than 3 months but within 1 year	62,587	25,283
Over 1 year	1,382	195
	<u>1,124,020</u>	<u>375,671</u>

The Group grants credit to its customers of the major segments as below:

Reportable segments	Credit terms in general
4S dealership business	Cash on delivery to 180 days
Logistics and lubricant oil business	30 to 90 days

14 PLEDGED BANK DEPOSITS

Guarantee deposits in respect of:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Bank loans	73,593	119,574
Bills payable	719,704	1,174,638
	<u>793,297</u>	<u>1,294,212</u>

The pledged bank deposits will be released upon the settlement of relevant bank loans and bills payable.

15 CASH AND CASH EQUIVALENTS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Cash at banks and on hand	1,218,892	1,202,800
Cash and cash equivalents in condensed consolidated cash flow statements	<u>1,218,892</u>	<u>1,202,800</u>

16 LOANS AND BORROWINGS

The analysis of the carrying amount of loans and borrowings is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current		
Unsecured bank loans	1,845,700	1,615,000
Unsecured borrowings from other financial institutions	320,000	500,000
	<u>2,165,700</u>	2,115,000
Secured bank loans	607,994	460,636
Secured borrowings from other financial institutions	97,196	63,200
	<u>2,870,890</u>	2,638,836
Secured long-term bank loans repayable within 1 year	<u>2,256,635</u>	1,055,241
Sub-total	<u>5,127,525</u>	<u>3,694,077</u>
Non-current		
Secured bank loans	–	1,204,874
Sub-total	<u>–</u>	<u>1,204,874</u>
	<u>5,127,525</u>	<u>4,898,951</u>

17 TRADE AND OTHER PAYABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade payables	378,393	275,411
Bills payable	2,422,075	2,854,197
	2,800,468	3,129,608
Receipts in advance	355,862	407,111
Other payables and accruals	400,243	372,754
Trade and other payables	3,556,573	3,909,473

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:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 3 months	2,647,311	2,966,821
Over 3 months but within 6 months	150,456	162,040
Over 6 months but within 12 months	2,701	747
	2,800,468	3,129,608

18 CONTINGENT LIABILITIES

At 30 June 2013 and 31 December 2012, the Group did not have any significant contingent liabilities.

MARKET REVIEW

In the first half of 2013, the Chinese economy in every respect developed in a balanced manner with progress made through stability. According to the statistics issued by the National Bureau of Statistics of China, the gross domestic products (GDP) of China in the first half of 2013 recorded a period-on-period growth rate of approximately 7.6%. Development of the Chinese passenger automobile market in the first half of 2013 remained steady as in the first half of 2012 with 10.782 million automobiles sold in China, representing an increase of 12.3% over the same period of 2012. While growth in sales of luxury and ultra-luxury branded automobiles in China slowed down, the Group managed to grow at a higher rate for its luxury branded automobiles, namely BMW/MINI, Audi, Jaguar/Land Rover and Volvo, ahead of the average seen in the Chinese passenger automobile market. In the first half of 2013, half-year sales volume of Audi branded automobiles in China smashed through 200,000 for the first time to approximately 228,000, up by 17.7%. BMW sold approximately 272,000 automobiles in Asian markets, up by 14.4% over the same period last year. Sales volume of Jaguar and Land Rover branded automobiles in China grew steadily to 42,155, a growth of 16.0% over the same period last year. Total sales volume of Volvo branded automobiles in China grew to 28,702, an increase of 34.3% over the same period last year, breaking another half-year sales record. China continued to be the fastest-growing market for Volvo branded automobiles in the world. In general, growth in sales volume of luxury branded automobiles tended to slow down at a moderate level, and our growth in sales volume of luxury branded automobiles was much higher than the average growth rate of luxury branded automobiles market in China.

Comparatively, after-sales services in respect of automobiles consumption have grown rapidly. At the end of 2012, automobile ownership in China was 120,890,000, representing a year-on-year increase of 14.3%, and increasing number of automobile ownership has stimulated a huge demand for after-sales services, promoting a rapid growth in the after-sales services in respect of automobiles consumption and leaving it a room for further rapid development.

BUSINESS REVIEW

Healthy growth in sales volume of luxury and ultra-luxury branded new automobiles

Our sales volume of luxury and ultra-luxury branded automobiles continued to grow in a healthy manner in the first half of 2013 on the back of a higher growth rate for its luxury branded automobiles, namely BMW/MINI, Audi, Jaguar/Land Rover and Volvo. In the first half of 2013, our sales volume of automobiles totaled 36,347, in which luxury branded automobiles accounted for 25,156, representing a period-on-period growth of 13.3%. However, as competition became increasingly intense, our revenue from sales of luxury and ultra-luxury branded automobiles in the first half of 2013 was approximately RMB11,080 million, representing a modest period-on-period growth of approximately 1.7%. Revenue from sales of luxury and ultra-luxury branded automobiles accounted for approximately 89.0% (1H2012: approximately 88.0%) of our total revenue from sales of new automobiles.

Balanced Expansion of Nationwide Network and Well-diversified Brand Portfolio

In the first half of 2013, the Group set up one Cadillac 4S store in Dongguan, expanding the number of our dealership outlets to 87 as at 30 June 2013, consisting of 71 dealership stores for luxury and ultra luxury branded automobiles, and 16 dealership stores for mid-high end branded automobiles. As of the date of this announcement, the Group further set up a Mercedes-Benz repair and maintenance centre in Shenzhen and it is the largest Mercedes-Benz repair and maintenance centre in Southern China. Our nationwide network provides us with a strong presence in both the large, established automobile markets of the affluent or coastal regions, such as Beijing, Shanghai and Guangdong, and the rapidly developing inland regions of China, such as Hubei, Hunan, Henan, Shanxi, Jiangxi and Inner Mongolia. In the affluent or coastal regions, we strive to establish regional leadership through 4S dealership stores for multiple branded automobiles to reach a wide base of customers. In the rapidly developing and underserved regions, we benefit from being the first mover in the regions to serve the unmet market demand, such as Inner Mongolia, Shanxi, Hunan, Hubei and Jiangxi.

We sell and market a wide variety of automobile brands, targeting the ultra-luxury, luxury and middle market segments, with a particular focus on the best-selling luxury brands in the PRC such as BMW/MINI, Audi, Mercedes-Benz, Land Rover/Jaguar, Porsche and Volvo. A comprehensive brand portfolio can best attract a first-time purchaser who may want to compare different luxury brands and models, and retain existing customers who may consider an upgrade or purchase a second car. Our well-diversified brand portfolio allows us to be less reliant on any single brand and achieve more stable growth.

Unlocking Growth Potential of After-sales Services

As ownership and penetration rate of luxury and ultra-luxury branded automobiles in China were increasing, the Group has maintained rapid growth in our after-sales services with consistent increase in the gross margin. Meanwhile, our after-sales services have becoming one of our core businesses, unlocking its growth potential in performance.

Turnover of our after-sales services business increased by approximately 29.9% to approximately RMB1,367 million in the first half of 2013 from approximately RMB1,052 million in the same period last year. Gross profit of our after-sales services increased by 34.4% to approximately RMB637 million from approximately RMB474 million in the first half of 2012. The gross profit margin of our after-sales services grew to 46.6% from 45.0% in the first half of 2012. Since the listing of the Group, revenue and gross profit of our after-sales services business have grown rapidly with increasing share of our total revenue and total gross profit. In the first half of 2013, revenue and gross profit attributable to after-sales services increased to 9.8% and 49.0% from 7.7% and 39.7% in the same period of 2012 respectively. Uplift in profitability of our after-sales services was attributable to (1) an innovative and comprehensive model of our after-sales services employed for designing different after-sales services as requested by our customers, such as diversification of accessories for automobiles, expansion of services of automobile decoration as well as emergency repair services via 24-hour call center, in a bid to provide our customers complete after-sales services; and (2) our adherence to operational notion of “customer comes first” by further strengthening management of our after-sales services and enhancing the quality and efficiency of our after-sales services, providing our customers highest quality and express after-sales services so as to maximize

our customers' satisfaction and cultivate their loyalty. As the Group endeavored to improve and expand after-sales services, and promptly enhance its service quality, the Group expected to see further growth in revenue, gross profit and gross profit margin. In present, after-sale services business is one of our crucial components, bringing us a steady profit and revenue.

Seizing opportunities to develop automobile agency services business

While China's automobile market has been getting mature, our automobile agency services business has grown rapidly. In the first half of 2013, our commission income from automobile agency services, including pre-owned automobile, automobile financing and insurance agency businesses, increased to approximately RMB130 million from approximately RMB83 million in the first half of 2012, representing a period-on-period growth of 56.6%. Our insurance agency business flourishingly grew due to the appropriate operating strategy adopted by the Company. In respect of pre-owned automobile business, the demand for automobile upgrade and replacement has pushed ahead our pre-owned automobile exchange business, providing us huge resources of pre-owned automobiles. We have set up an assessment system and nationwide trading platform for pre-owned automobiles with an aim to support the development of pre-owned automobiles business in all aspects. In respect of our automobile financing business, it has developed rapidly as various financial institutions have provided low-interest loans, and mortgage penetration of certain dealership stores for luxury branded automobile was up to the level of the mature markets in developed countries. We intend to seize this business opportunity to further grow our automobile financing loan agency services. In respect of our insurance agency business, it has been expanding with the increasing number of our customers. We will consolidate all our existing insurance business by establishing a nationwide professional insurance agency, providing our customers more customized and professional insurance products through close cooperation with external insurance companies, and also generating the Company a higher insurance commission. Furthermore, we have enhanced the quality of our services and diversified our services in respect of licensing, annual examination, insurance claim for automobile accident loss and car leasing, providing our customers a total value-chain service platform.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2013, the Group generated a turnover of approximately RMB14,010 million, representing an increase of approximately 2.4% as compared to the turnover of approximately RMB13,683 million in the first half of 2012. The increase in turnover was mainly due to higher growth of the revenue of our after-sales services.

Sources of turnover	For the six months ended 30 June		2012	
	2013		2012	
	Turnover (RMB'000)	Contribution (%)	Turnover (RMB'000)	Contribution (%)
Sales of new automobiles	12,448,978	88.9	12,377,760	90.5
After-sales services	1,367,004	9.8	1,052,474	7.7
Logistics and lubricant oil	194,030	1.3	252,478	1.8
Total	14,010,012	100.0	13,682,712	100.0

Revenue of the Group was derived from the sales of new automobiles, the provision of after-sales services and other business, in particular the after-sales services generating greater proportion of total revenue of the Group. In the first half of 2013, revenue from the sales of new automobiles amounted to approximately RMB12,449 million, representing an increase of approximately 0.6% as compared to approximately RMB12,378 million in the first half of 2012, and accounted for approximately 88.9% of the total revenue in the first half of 2013. Revenue from the provision of after-sales services was approximately RMB1,367 million, representing a growth of approximately 29.9% as compared to approximately RMB1,052 million in the first half of 2012, growth in revenue of after-sales services was principally due to increasing number of customers and peak period for automobile repair services, new 4S outlets entering into their mature stage also contributed the rapid growth in number of customers of after-sales services. In the first half of 2012, revenues from the sales of new automobiles and the provision of after-sales services accounted for 90.5% and 7.7% of our total revenue respectively, whereas revenues from the sales of new automobiles and the provision of after-sales services in the first half of 2013 accounted for 88.9% and 9.8% of our total revenue respectively, representing an increase of 2.1% in respect of the revenue from the provision of after-sales services.

In the first half of 2013, turnover from luxury and ultra-luxury branded automobiles increased by approximately 1.7% to RMB11,080 million from approximately RMB10,897 million in the first half of 2012, accounting for 89.0% of revenue from the sales of new automobiles.

Cost of sales

For the six months ended 30 June 2013, our cost of sales rose approximately 1.8%, which was in line with the increase in sales revenue, to approximately RMB12,711 million as compared to approximately RMB12,488 million in the same period of 2012. In the first half of 2013, the cost of sales for new automobiles increased by approximately 1.0% to RMB11,811 million as compared to approximately RMB11,698 million in the first half of 2012. The increase in cost of sales was partly attributable to the increase in cost of the provision of after-sales services by approximately 26.3%, which was in line with the increase in turnover from the after-sales services, to RMB730 million from approximately RMB578 million in the first half of 2012.

Gross profit

For the six months ended 30 June 2013, our gross profit increased by approximately 8.7% to approximately RMB1,299 million from approximately RMB1,195 million in the first half of 2012. Gross profit margin increased by 0.6% to 9.3% from 8.7% in the first half of 2012.

The Group's gross profit was principally generated from sales of new automobiles and after-sales services. In the first half of 2013, gross profit of sales of new automobiles was approximately RMB638 million, a decrease of 6.2% as compared to the same period in 2012; gross profit margin of sales of new automobiles decreased by 0.4% to 5.1% from 5.5% in the first half of 2012. In particular, gross profit of sales of luxury and ultra-luxury branded automobiles decreased by 6.2% to approximately RMB616 million. Gross profit margin of sales of luxury and ultra-luxury branded automobiles dropped to 5.6% from 6.0% in the first half of 2012. The decline in the gross profit and the gross profit margin of sales of new automobiles was mainly due to increasingly intense market competition.

Sources of gross profit	For the six months ended 30 June			
	2013		2012	
	Gross profit (RMB'000)	Contribution (%)	Gross profit (RMB'000)	Contribution (%)
Sales of new automobiles	637,691	49.1	680,243	56.9
After-sales services	637,048	49.0	473,610	39.7
Logistics and lubricant oil	24,637	1.9	41,177	3.4
Total	<u>1,299,376</u>	<u>100.0</u>	<u>1,195,030</u>	<u>100.0</u>

In the first half of 2013, the increasingly intense market competition, though, slowed down the growth of our sales of new automobiles, a more rapid growth in after-sales services was maintained and became a highlight in our results for the six months ended 30 June 2013. In the first half of 2013, gross profit of our after-sales services was approximately RMB637 million, an increase of 34.4%; gross profit margin of after-sales services increased by 1.6% to 46.6% from 45.0% in the first half of 2012. The increase in the gross profit and the gross profit margin of our after-sales services was attributable to the enhancement of operating efficiency of our after-sales services as well as the improvement of business structure of our after-sales services.

Selling and distribution expenses

Our selling and distribution expenses for the six months ended 30 June 2013 increased by approximately 3.9% to approximately RMB316 million from approximately RMB304 million in the first half of 2012. Such increase was primarily due to the expansion of our dealership network.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2013 dropped by approximately 16.7% to approximately RMB280 million from approximately RMB336 million in the first half of 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 six months ended 30 June 2013, the Group's profit from operations increased by approximately 25.7% to approximately RMB862 million from approximately RMB686 million in the first half of 2012. The operating profit margin was approximately 6.2%, an increase of approximately 1.2% over 5.0% in the first half of 2012.

Income tax expenses

For the six months ended 30 June 2013, the Group's income tax expenses amounted to approximately RMB188 million and the effective tax rate was approximately 28.4%.

Profit for the period

For the six months ended 30 June 2013, the Group's profit for the period increased by approximately 35.0% to approximately RMB474 million from approximately RMB351 million in the first half of 2012. During the period, net profit margin was up by approximately 0.8% to 3.4% from 2.6% in the first half of 2012.

Interim dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2013.

Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities or guarantees save as those assets pledged to the bank.

Current assets and current liabilities

As at 30 June 2013, the Group's current assets amounted to approximately RMB9,128 million, representing an increase of RMB292 million as compared to current assets of approximately RMB8,836 million as at 31 December 2012.

As at 30 June 2013, the Group's current liabilities amounted to approximately RMB9,202 million, representing an increase of approximately RMB1,203 million as compared to approximately RMB7,999 million as at 31 December 2012. Such increase was mainly due to overseas borrowings under long-term liabilities of approximately RMB1,205 million being reclassified to loans due within one year.

Cash flow

As at 30 June 2013, the Group has cash and cash equivalents amounting to approximately RMB1,219 million, representing an increase of approximately RMB16 million over approximately RMB1,203 million as at 31 December 2012. The Group's transactions and monetary assets are principally conducted in RMB. In the first half of 2013, the Group's working capital or liquidity did not face any material difficulties or material impacts as a result of the movement in exchange rate.

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 ordinary recurring expenses and to establish new dealership stores or to acquire 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 six months ended 30 June 2013, the Group had net cash inflow of approximately RMB305 million generated from its operating activities (six months ended 30 June 2012: net cash outflow of approximately RMB541 million).

Capital expenditure and investment

For the six months ended 30 June 2013, the Group's capital expenditure and investment was approximately RMB414 million.

Inventory analysis

The Group's inventories included vehicles, which primarily consisted of new automobiles kept in its dealership stores and warehouses as well as automobiles in transit of which the titles and risks had been transferred to the Group.

The Group's inventories also included 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 also monitors the inventories within its whole dealership network and, subject to the consent of automobile manufacturers, may also transfer automobiles from one dealership store to another to rebalance inventory levels. The Group utilizes its information technology systems to manage its inventory.

The inventories of the Group decreased from approximately RMB3,270 million as at 31 December 2012 to approximately RMB2,996 million as at 30 June 2013, which was primarily attributable to the Group's optimization of inventory management, enhancement of capital utilization efficiency and sales productivity.

The following table sets forth the average inventory turnover days of the Group for the half-year periods indicated:

	For the six months ended 30 June	
	2013	2012
Average inventory turnover days	<u>44.4</u>	<u>54.6</u>

Exchange risks

The Group conducts its business primarily in Renminbi and the majority of its monetary assets and liabilities are denominated in Renminbi. Accordingly, the Directors consider that the Group is not exposed to any material foreign exchange risks. The Group does not use any financial instruments for hedging purposes.

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 30 June 2013, the Group's cash and bank deposits were approximately RMB2,012 million (including: restricted bank deposits of approximately RMB793 million and cash and cash equivalents), representing a decrease of approximately RMB489 million, from approximately RMB2,501 million as at 31 December 2012. As at 30 June 2013, total borrowings of the Group (including bank loans, other borrowings and bills payable) amounted to approximately RMB7,550 million (31 December 2012: approximately RMB7,753 million). Gearing ratio of the Group as at 30 June 2013 was 43.4% (31 December 2012: 45.8%). Gearing ratio was calculated as total borrowings divided by total assets.

Outstanding borrowings of the Group will become due within one year.

Pledged assets of the Group

The Group has pledged its corporate assets as the security for loans and borrowings as well as bank financings to be used as working capital for daily operations. As at 30 June 2013, the pledged assets of the Group amounted to approximately RMB2,264 million (31 December 2012: approximately RMB2,628 million).

Investments held in foreign currency and hedging

For the six months ended 30 June 2013, the Group did not hold any investments denominated in foreign currencies. Furthermore, the Group's working capital or liquidity did not face any material difficulties or material impacts as a result of the movement in exchange rate. Currently, the Group does not employ any financial instruments for hedging purposes.

Employees and remuneration policies

As at 30 June 2013, the Group had a total of 7,362 employees in China (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.

Outlook and Strategies

In the first half of 2013, growth in luxury branded automobile market tended to slow down, but the growth of the Group's luxury branded automobiles, such as BMW/MINI, Audi, Jaguar/Land Rover and Volvo, was much higher than the average growth of luxury branded automobile market. As such, it is expected that our sales volume of luxury branded automobiles will maintain steady and even achieve a moderate growth. The Group will make use of the nationwide dealership network and diversified branding to obtain synergies and scale effects in order to maintain our advantage in luxury and ultra-luxury automobile market. Meanwhile, given China's automobile market getting mature and automobile ownership increasing, we expect previous landscape of the Chinese automobile market will be changing, and automobile after-sales services as well as automobile agency services will become more and more important in the Chinese automobile market. Indeed, the Group has seen the potential of the after-sales services and the agency services for development a few years ago and conducted a planning for restructure in advance, identifying the development of after-sales services and agency services as our strategic highlights for future development. Given the changing landscape of the Chinese automobile market, we will capitalize on the broad customer base that accumulated for year focusing on the expansion of after-sales services performance and automobile agency services to enhance the quality of our services, building up a strong brand of our services by adhering the notion of "customer comes first".

The Company has refinancing plans which may be implemented by way of loans, bonds or other instruments. We will continue to monitor the market conditions and take appropriate actions as and when required.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2013 have been reviewed by the audit committee of the Company ("Audit Committee"), which comprises all independent non-executive directors, namely Dr. Wong Tin Yau, Kelvin (Chairman of the Audit Committee), Mr. Zhang Yansheng and Mr. Tan Xiangyong.

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 six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Company had complied with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, except for the deviations from code provisions A.2.1 and A.6.7 mentioned below:

The Company has not yet appointed the Chairman of the Board and Mr. Wang Kunpeng, the Chief Executive Officer, usually chairs the meetings of the Board. In performing his role as chairman of the meetings, Mr. Wang Kunpeng provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practices.

Due to other commitments, Mr. Wang Muqing, the non-executive director and Mr. Tan Xiangyong, an independent non-executive director, did not attend the 2013 annual general meeting of the Company.

To achieve high standards of corporate governance, on 28 August 2013, Mr. Wang Muqing, the non-executive director, was appointed as the Chairman of the Board of the Company to achieve a balance of power by establishing a clear delineation of rights and duties for the management of the Board and the Company's day-to-day operations.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a securities dealing code ("Securities Dealing Code") regarding securities transactions of the directors with standards no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they had complied with the Securities Dealing Code and the Model Code throughout the six months ended 30 June 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.zhengtongauto.com>) and the interim report for the six months ended 30 June 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 Directors of
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

WANG Kunpeng

Chief Executive Officer and Executive Director

28 August 2013

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 Zubo, Mr. CHEN Tao and Mr. SHAO Yong Jun as Executive Directors; and Dr. WONG Tin Yau, Kelvin, Mr. TAN Xiangyong and Mr. ZHANG Yansheng as Independent Non-executive Directors.