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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)

ISSUANCE OF US\$335,000,000 4.5% BONDS DUE 2018

Reference is made to the announcement of the Company dated 3 September 2013 in respect of the Proposed Bonds Issue. The Board is pleased to announce that on 9 September 2013, the Company, the Joint Bookrunners and the Joint Lead Managers entered into the Subscription Agreement in connection with the Bonds in the aggregate principal amount of US\$335,000,000.

The Proposed Bonds Issue will only be offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act. Payments of principal and interest in respect of the Bonds will have the benefit of an irrevocable standby letter of credit issued by the LC Bank.

The Company intends to use all the net proceeds to repay a portion of the Bridge Loan Facilities. To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, the Company intends to deposit the net proceeds into short-term demand deposits with authorized financial institutions.

The Company will seek a listing of the Bonds on the Stock Exchange. A confirmation of the eligibility for the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Company, its subsidiaries or the Bonds.

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

SUBSCRIPTION AGREEMENT

Date: 9 September 2013

Parties:

- (1) the Company as the issuer; and
- (2) the Joint Bookrunners and Joint Lead Managers.

The Bonds have not been, and will not be, registered under the Securities Act. The Bonds are being offered only outside the United States in reliance on Regulation S under the Securities Act. None of the Bonds will be offered to the public in Hong Kong.

PRINCIPAL TERMS AND CONDITIONS

Bonds offered

Subject to closing conditions, the Company will issue the Bonds in the aggregate principal amount of US\$335,000,000. The Bonds will mature on 16 June 2018, unless earlier redeemed, or purchased and cancelled in accordance with the Terms and Conditions and the Trust Deed. At maturity, the Bonds are payable at 100% of the principal amount thereof.

Offer Price

The offer price of the Bonds will be 99.748% of the principal amount of the Bonds.

Interest

The Bonds bear interest from and including 16 September 2013 at the rate of 4.5% per annum, payable semi-annually in arrear on 16 June and 16 December in each year (each, an “**Interest Payment Date**”) starting on the Interest Payment Date falling on 16 December 2013. The amount of interest payable on the first interest Payment Date falling on 16 December 2013 shall be US\$2,250.00 in respect of each Bond US\$200,000 denomination and US\$11.25 in respect of each US\$1,000 principal amount of the Bonds.

Pre-funding

No later than eight Business Days before the due date of payment (other than the Make Whole Amount), the Company shall pre-fund such payment into a reserve account and deliver to the Trustee and the Principal Paying Agent certain required confirmations in accordance with the Terms and Conditions.

Ranking of the Bonds

The Bonds will constitute direct, general and unconditional obligations of the Company which (i) rank pari passu without any preference among themselves and (ii) will at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company.

Events of Default

The events of default under the Bonds include, among other things, failure in payment of principal or of interest on any of the Bonds; a breach by the Company of its other obligations under the Bonds or the Trust Deed; acceleration of, or a payment default in respect of, certain indebtedness of the Company or any of their subsidiaries that exceeds US\$20,000,000 or its equivalent; the Standby Letter of Credit is not enforceable; acceleration of, or a payment default in respect of, certain of the LC Bank's external indebtedness that exceeds US\$25,000,000 or its equivalent; and the insolvency or winding-up of the LC Bank, the Company, or any material subsidiary of the Company or the LC Bank.

If an event of default under the Bonds occurs, then the Trustee may, subject to applicable provisions under the Terms and Conditions, give written notice to the Company declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.

Covenants

In accordance with the Terms and Conditions, the Company will undertake that, among other things, so long as any Bonds remain outstanding, save with the approval of the holders of the Bonds:

- (1) it will use best endeavors to maintain a rating on the Bonds by a Rating Agency;
- (2) it will, as soon as practicable after their date of publication and in any event not more than 120 days after the end of each financial year, send to the Trustee two copies of the audited annual financial statements in the English language as included in the annual report of the Company (audited by an internationally recognised firm of independent accountants); and

- (3) it will, as soon as practicable after their date of publication and in any event not more than 90 days after the end of the second financial quarter of the Company, send to the Trustee two copies of the unaudited semi-annual financial statements in the English language as included in the interim report of the Company (which will be prepared on a basis consistent with the unaudited financial statements of the Company).

Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 16 June 2018.

In accordance with the Terms and Conditions, the Bonds may be redeemed in any of the following circumstances:

- (1) the Bonds may be redeemed at the option of the Company in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the Bondholders, at their principal amount, together with interest accrued to the date fixed for redemption, at the time in the event of certain changes affecting taxes of the Cayman Islands, the PRC or other jurisdiction in which the Company is a tax resident as set out in the Terms and Conditions;
- (2) the Bonds may be redeemed by the Company in whole, but not in part, at any time upon giving not less than 15 nor more than 45 days' notice, at a redemption price equal to their Make Whole Amount together with interest accrued to the date fixed for redemption, at the time as set out in the Terms and Conditions; and
- (3) at any time following the occurrence of a change of control as set out in the Terms and Conditions, the holder of any Bonds will have the right, at such holder's option, to require the Company to redeem all, but not only some, of that holder's Bonds at 100% of their principal amount together with accrued interest, 14 days after the later of 30 days following a change of control and 30 days following a notice of redemption is deposited at the specified office of any Paying Agent as set out in the Terms and Conditions.

STANDBY LETTER OF CREDIT

The Bonds will have the benefit of an irrevocable Standby Letter of Credit denominated in US\$ issued by the LC Bank in favour of the Trustee, on behalf of the holders of the Bonds. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of the holders of the Bonds upon the presentation of a demand sent by or on behalf of the Trustee in the event that (i) the Company has failed to comply with the pre-funding requirements under the Terms and Conditions; (ii) if an event of default occurs; or (iii) the Company has failed to pay the fees and expenses in connection with the Bonds or the Trust Deed when due and such failure continues for a period of seven days from the date of the Trustee delivering such a demand therefor to the Company.

Each drawing on the Standby Letter of Credit will be payable in United States dollars to or to the order of the Trustee at the time and to the account specified in the demand presented to the LC Bank. United States dollar amount received by the Trustee in respect of a demand will be deposited into the Reserve Account.

Every payment made under the Standby Letter of Credit in respect of any amount payable under the Terms and Conditions or in connection with the Bonds or the Trust Deed shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Company in respect of such amount payable under the Terms and Conditions or in connection with the Bonds or the Trust Deed.

LISTING AND RATING

The Company will seek a listing of the Bonds on the Stock Exchange. A confirmation of the eligibility for the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Company, its subsidiaries or the Bonds.

The Bonds are expected to be rated “A1” by Moody’s. The rating represents the opinion of the rating agency and its assessment of the ability of the Company and the LC Bank to perform their respective obligations under the Bonds and the Standby Letter of Credit and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawn at any time. Such rating should be evaluated independently of any other rating of the other securities of the Company, the LC Bank or of the Company or the LC Bank.

GENERAL

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	an agency agreement to be entered into between the Company, The Bank of New York Mellon (Luxembourg) S.A. as registrar and the transfer agents named therein, The Bank of New York Mellon, London Branch as principal paying agent, the paying agents named therein, The Bank of New York Mellon, Hong Kong Branch as the account bank
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“Bank of China”	Bank of China Limited
“Bonds”	the US\$ denominated credit enhanced bonds proposed to be issued by the Company
“Bridge Loan Facilities”	the initial facilities consisting of US\$50.0 million and HK\$930.0 million and a greenshoe facility of up to US\$200.0 million granted to the Company by certain lenders pursuant to a loan agreement dated 16 August 2012 among the Company, certain guarantors and Credit Suisse AG, Singapore Branch, acting as the facility agent, which was amended and supplemented by a supplemental agreement dated 11 December 2012
“Business Day”	means a day, other than a Saturday or a Sunday or a public holiday, on which banks are open for business in Beijing, Hong Kong, Macau, London and New York
“Company”	China Zhengtong Auto Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Credit Suisse”	Credit Suisse Securities (Europe) Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“J.P. Morgan”	J.P. Morgan Securities plc
“Joint Bookrunners” or “Joint Lead Managers”	J.P. Morgan, Bank of China and Credit Suisse, the joint bookrunners and joint lead managers in respect of the offer and sale of the Bonds
“LC Bank”	Bank of China Limited, Macau Branch
“Make Whole Amount”	in respect of each Bond at the relevant date fixed for redemption, (i) the principal amount of such Bond or, if this is higher (ii) the amount equal to the sum of the present value of the principal amount of such Bond, together with the present values of the interest payable in the relevant Interest Periods from the relevant redemption date to the Maturity Date, in each case as discounted as set out in the Terms and Conditions

“Moody’s”	Moody’s Investors Service, Inc.
“Paying Agent”	any paying agent that is named in the Agency Agreement, including the Principal Paying Agent and any successor or additional paying agent appointed from time to time in connection with the Bonds
“Principal Paying Agent”	The Bank of New York Mellon, London Branch and any successor principal paying agent appointed from time to time in connection with the Bonds
“Proposed Bonds Issue”	the proposed issue of the Bonds as described in this announcement
“Rating Agency”	Moody’s Investors Service, Inc. or Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc., or Fitch Ratings Services.
“Securities Act”	the United States Securities Act of 1933, as amended
“Sole Global Coordinator”	J.P. Morgan, the sole global coordinator in respect of the offer and sale of the Bonds
“Standby Letter of Credit”	an irrevocable standby letter of credit denominated in U.S. dollars and issued by the LC Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement entered into among the Company, the Joint Bookrunners and the Joint Lead Managers dated 9 September 2013
“Terms and Conditions”	the terms and conditions of the Bonds, which are in the form set out in Schedule 3 to the Trust Deed
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee in relation to the Bonds as amended or supplemented from time to time
“Trustee”	The Bank of New York Mellon, London Branch

“United States”

the United States of America

“US\$”

United States dollars, the lawful currency of the United States

For and on behalf of the Board of Directors
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, 10 September 2013

As at the date of this announcement, the Board comprises Mr. WANG Muqing (Chairman) as a non-executive Director; Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, 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.