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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

For the year ended 31 December 2014:

- Turnover increased by approximately 3.6% to approximately RMB30,910 million
- Gross profit increased by approximately 5.3% to approximately RMB2,726 million
- Profit attributable to shareholders decreased by approximately 4.0% to approximately RMB804 million
- Basic earnings per share decreased by approximately 4.0% to RMB36.4 cents per share
- Recommended payment of a final dividend of HK$0.10 per share

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 "ZhengTong", together with its subsidiaries, the "Group" or "we" or "us") is pleased to announce the Group's annual consolidated results for the year ended 31 December 2014 (the "Year under Review").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014 (Expressed in RMB'000)

	Note	**For the year ended 31 December 2014**	2013
Turnover	*3*	**30,910,087**	29,840,269
Cost of sales		**(28,184,536)**	(27,251,912)
Gross profit		**2,725,551**	2,588,357
Other revenue	*4*	**450,403**	323,078
Other net income	*4*	**41,479**	41,799
Selling and distribution expenses		**(817,648)**	(697,787)
Administrative expenses		**(770,700)**	(581,447)
Profit from operations		**1,629,085**	1,674,000
Finance costs	*5(a)*	**(478,100)**	(489,335)
Share of profit of a joint venture		**24,070**	21,665
Profit before taxation	*5*	**1,175,055**	1,206,330
Income tax	*6(a)*	**(351,517)**	(352,132)
Profit for the year		**823,538**	854,198
Attributable to:			
Shareholders of the Company		**803,792**	837,390
Non-controlling interests		**19,746**	16,808
Profit for the year		**823,538**	854,198
Earnings per share	*7*		
Basic (RMB cent)		**36.4**	37.9
Diluted (RMB cent)		**36.3**	37.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014 (Expressed in RMB'000)

	Note	At 31 December 2014	2013
Non-current assets			
Property, plant and equipment		**2,756,242**	2,283,436
Lease prepayments		**1,084,915**	416,381
Intangible assets		**3,875,351**	3,974,260
Goodwill		**1,926,551**	1,926,551
Interest in a joint venture		**186,772**	162,702
Interest in an associate		**3,200**	3,200
Deferred tax assets		**67,180**	36,270
		9,900,211	8,802,800
Current assets			
Inventories	*9*	**4,346,017**	2,528,302
Trade and other receivables	*10*	**4,807,401**	4,770,851
Pledged bank deposits		**1,662,771**	1,527,283
Time deposits		**31,207**	18,291
Cash and cash equivalents		**1,435,083**	1,468,264
		12,282,479	10,312,991
Current liabilities			
Loans and borrowings		**4,347,831**	2,941,676
Trade and other payables	*11*	**5,826,051**	4,628,256
Income tax payables	*6(c)*	**776,580**	635,535
		10,950,462	8,205,467
Net current assets		**1,332,017**	2,107,524
Total assets less current liabilities		**11,232,228**	10,910,324
Non-current liabilities			
Loans and borrowings		**–**	333,489
Bonds payable		**2,031,803**	2,019,845
Deferred tax liabilities		**903,317**	918,903
		2,935,120	3,272,237
NET ASSETS		**8,297,108**	7,638,087
Equity			
Share capital		**188,776**	188,776
Reserves		**7,983,299**	7,354,486
Equity attributable to shareholders of the Company		**8,172,075**	7,543,262
Non-controlling interests		**125,033**	94,825
TOTAL EQUITY		**8,297,108**	7,638,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China ZhengTong Auto Services Holdings Limited (the "Company") was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Law 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").

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together refer to as the "Group") and the Group's interest in a joint venture and an associate.

These consolidated financial statements are presented in Renminbi ("RMB") which is the Group's presentation currency, rounded to the nearest thousand, except for earnings per share information. The measurement basis used in the preparation of the financial statement is the historical cost basis, except for otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities
- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting
- HK(IFRIC) 21, Levies

None of these developments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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 income rendered to customers.

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Sales of passenger motor vehicles	**27,130,117**	26,594,625
Sales of motor spare parts	**806,673**	511,536
Provision of maintenance services	**2,373,011**	2,271,294
Provision of logistics services	**297,380**	199,407
Sales of lubricant oil	**302,906**	263,407
	30,910,087	29,840,269

4 OTHER REVENUE AND NET INCOME

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Other revenue:		
Commission income	**421,798**	298,918
Interest income from bank deposits	**23,609**	15,742
Others	**4,996**	8,418
	450,403	323,078
Other net income:		
Net gain on disposal of property, plant and equipment	**25,606**	30,516
Others	**15,873**	11,283
	41,479	41,799

5 PROFIT BEFORE TAXATION

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

			For the year ended 31 December	
		Note	**2014**	2013
			RMB'000	*RMB'000*
(a)	**Finance costs:**			
	Interest on loans and borrowings and bonds payable wholly repayable within five years		**469,313**	475,819
	Other finance costs	*(i)*	**50,325**	37,716
	Less: interest capitalised*		**(41,538)**	(24,200)
			478,100	489,335

* The borrowing costs have been capitalised at a rate of 4.50–8.20% per annum (2013: 4.50–8.25%).

(b)	**Staff costs:**			
	Salaries, wages and other benefits		**617,417**	521,519
	Contributions to defined contribution retirement plans	*(ii)*	**42,638**	32,176
	Equity settled share-based payment expenses		**(319)**	328
			659,736	554,023

(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.

		For the year ended 31 December	
		2014	2013
		RMB'000	*RMB'000*
(c)	**Other items:**		
	Cost of inventories	**27,764,174**	26,947,997
	Depreciation	**230,278**	191,523
	Amortisation of lease prepayments	**15,840**	8,255
	Amortisation of intangible assets	**98,909**	98,909
	Operating lease charges	**231,860**	180,424
	Net foreign exchange loss/(gain)	**16,270**	(67,996)

6 INCOME TAX

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

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current tax:		
Provision for income tax for the year	**398,013**	387,516
Deferred tax:		
Origination of temporary differences	**(46,496)**	(35,384)
	351,517	352,132

(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 subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the year. 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% (2013: 25%).

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**1,175,055**	1,206,330
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	**293,764**	301,582
Non-deductible expenses	**50,021**	55,978
Non-taxable income on:		
– Share of profits recognised under the equity method	**(6,018)**	(5,416)
Others	**13,750**	(12)
Income tax	**351,517**	352,132

(c) Income tax payables in the consolidated statement of financial position represent:

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Balance at beginning of the year	**635,535**	394,964
Provision for current income tax for the year	**398,013**	387,516
Payment during the year	**(256,968)**	(146,945)
Balance at the end of the year	**776,580**	635,535

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 was based on the profit attributable to shareholders of the Company of RMB803,792,000 (2013: RMB837,390,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2014 of 2,210,050,440 (2013: 2,209,953,213), calculated as follows:

Weighted average number of ordinary shares

	For the year ended 31 December	
	2014	2013
	Number of Shares	*Number of Shares*
Issued ordinary shares at 1 January	**2,210,050,440**	2,208,685,240
Effect of share options exercised	**–**	1,267,973
Weighted average number of ordinary shares at 31 December	**2,210,050,440**	2,209,953,213

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2014 is based on the profit attributable to shareholders of the Company of RMB803,792,000 (2013: RMB837,390,000) and the weighted average number of ordinary shares of 2,213,593,443 (2013: 2,214,242,257) 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)

	For the year ended 31 December	
	2014	2013
Weighted average number of ordinary shares for the year ended 31 December	**2,210,050,440**	2,209,953,213
Effect of deemed issue of shares under the pre-IPO employee share option scheme	**3,543,003**	4,289,044
Weighted average number of ordinary shares at 31 December	**2,213,593,443**	2,214,242,257

8 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 dealerships 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 Year ended 31 December		**Logistics and lubricant oil businesses Year ended 31 December**		**Total Year ended 31 December**	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover from external customers	**30,309,801**	29,377,455	**600,286**	462,814	**30,910,087**	29,840,269
Inter-segment turnover	**–**	–	**246,291**	12,065	**246,291**	12,065
Reportable segment turnover	**30,309,801**	29,377,455	**846,577**	474,879	**31,156,378**	29,852,334
Reportable segment profit	**1,092,810**	1,263,203	**104,548**	86,900	**1,197,358**	1,350,103
Depreciation and amortisation for the year	**337,429**	290,939	**7,598**	7,748	**345,027**	298,687
Reportable segment assets	**14,175,365**	10,937,396	**2,707,641**	1,799,654	**16,883,006**	12,737,050
Additions to non-current segment assets during the year	**1,751,362**	1,179,258	**1,808**	18,383	**1,753,170**	1,197,641
Reportable segment liabilities	**(11,095,383)**	(8,489,265)	**(1,920,967)**	(1,234,735)	**(13,016,350)**	(9,724,000)
Investment in a joint venture and an associate	**–**	–	**189,972**	165,902	**189,972**	165,902

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

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Turnover:		
Reportable segment turnover	**31,156,378**	29,852,334
Elimination of inter-segment turnover	**(246,291)**	(12,065)
Consolidated turnover	**30,910,087**	29,840,269
Profit before taxation:		
Reportable segment profit	**1,197,358**	1,350,103
Unallocated head office expenses	**(36,085)**	(19,315)
Other revenue	**450,403**	323,078
Other net income	**41,479**	41,799
Finance costs	**(478,100)**	(489,335)
Consolidated profit before taxation	**1,175,055**	1,206,330

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Assets:		
Reportable segment assets	**16,883,006**	12,737,050
Intangible assets	**3,875,351**	3,974,260
Goodwill	**1,926,551**	1,926,551
Deferred tax assets	**67,180**	36,270
Unallocated head office assets	**244,369**	245,102
Elimination of inter-segment (receivables)/payables	**(813,767)**	196,558
Consolidated total assets	**22,182,690**	19,115,791
Liabilities:		
Reportable segment liabilities	**(13,016,350)**	(9,724,000)
Income tax payables	**(776,580)**	(635,535)
Deferred tax liabilities	**(903,317)**	(918,903)
Unallocated head office liabilities	**(3,102)**	(2,708)
Elimination of inter-segment receivables/(payables)	**813,767**	(196,558)
Consolidated total liabilities	**(13,885,582)**	(11,477,704)

(c) Geographic information

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

9 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	The Group At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Motor vehicles	**4,053,604**	2,174,365
Automobile spare parts	**277,753**	342,287
Others	**14,660**	11,650
	4,346,017	2,528,302

As at 31 December 2014 and 2013, there were no inventories carried at net realisable value.

10 TRADE AND OTHER RECEIVABLES

	The Group At 31 December		**The Company At 31 December**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**550,058**	1,473,954	**–**	–
Bills receivable	**4,995**	4,649	**–**	–
	555,053	1,478,603	**–**	–
Prepayments	**724,234**	764,758	**7,840**	7,840
Other receivables and deposits	**3,528,114**	2,517,410	**28,198**	22,867
Amount due from third parties	**4,807,401**	4,760,771	**36,038**	30,707
Amount due from related parties	**–**	10,080	**–**	–
Trade and other receivables	**4,807,401**	4,770,851	**36,038**	30,707

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

	The Group At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**521,724**	1,387,360
More than 3 months but within 1 year	**31,899**	90,933
Over 1 year	**1,430**	310
	555,053	1,478,603

11 TRADE AND OTHER PAYABLES

	The Group At 31 December		The Company At 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**589,311**	403,020	**–**	–
Bills payable	**4,346,639**	3,254,590	**–**	–
	4,935,950	3,657,610	**–**	–
Receipts in advance	**442,894**	412,502	**–**	–
Other payables and accruals	**447,207**	558,144	**1,892**	1,872
Trade and other payables	**5,826,051**	4,628,256	**1,892**	1,872

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:

	The Group At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**4,787,976**	3,359,358
Over 3 months but within 6 months	**146,156**	295,748
Over 6 months but within 12 months	**1,818**	2,504
	4,935,950	3,657,610

12 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2014	2013
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.10 (2013: HK$0.10 per ordinary share)	**174,351**	173,754

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous Financial year, approved and paid during the year, of HK$0.10 per share (2013: Nil)	**175,358**	–

(iii) Other dividends

During the year of 2014, certain subsidiaries of the Group declared and paid dividends of RMB19,038,000 (2013: RMB13,832,000) in cash to equity holders.

13 CONTINGENT LIABILITIES

Financial guarantees issued

As at 31 December 2014, the Company has issued guarantees to certain banks in respect of banking facilities granted to certain subsidiaries which remain in force so long as the subsidiaries have drawn down under the banking facilities.

As at 31 December 2014, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at 31 December 2014 under the guarantees by the Company is the aggregate amount of the facilities drawn down by the subsidiaries of RMB1,545,800,000 (2013: RMB1,350,800,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

As a result of structural adjustment under "new normal (新常態)" situation, China's economy maintained a steady growth in 2014. According to the statistics released by the National Bureau of Statistics of China, the gross domestic products (GDP) of China in 2014 recorded a year-on-year growth rate of approximately 7.4%, and the year-on-year nominal growth in China's total retail sales of social consumer goods was 12.0% (actual growth deducting price factors: 10.9%). The year-on-year nominal growth in China's per capita disposable income was 10.1% (actual growth deducting price factors: 8.0%). Progressive growth in national economy and steady growth in per capita disposable income of residents in China have been providing momentum for growth in spending on durable consumer goods, such as automobiles. According to the statistics released by the China Association of Automobile Manufacturers, the sales volume of passenger automobiles in China was approximately 19,700,000 in 2014, maintaining the top position in the world. The sales of new automobile in China have entered into a stage of steady growth after its explosive growth over the past decade, but the automotive after-market business is likely to begin its golden era.

Benefited from the increasing number of entry-level luxury branded automobiles launched in the market, growing demand for automobile upgrade and replacement as well as increase in penetration rate of automobile financing, the sales performance of luxury and ultra-luxury branded automobiles remained above the average growth of automobile retail market in 2014. According to the statistics released by the China Association of Automobile Manufacturers, among the major brands which the Group has dealership stores, the sales volume of Audi branded automobiles in China was 578,932 (2013: 491,989), representing a year-on-year growth of approximately 17%; the sales volume of BMW and MINI branded automobiles in China reached 455,979 (2013: 390,713), representing a year-on-year growth of approximately 17%; the sales volume of Benz branded automobiles in China was 281,588 (2013: 218,045), representing a year-on-year growth of approximately 29%; the sales volume of Jaguar and Land Rover branded automobiles in China was 122,010 (2013: 95,237), representing a year-on-year growth of approximately 28% and the sales volume of Volvo brand automobiles in China was 81,221 (2013: 61,146), representing a year-on-year growth of approximately 33%.

According to the statistics released by the National Bureau of Statistics of China, the automobile ownership in China reached 154 million as at the end of 2014, representing a year-on-year growth of 12.4%. With the increasing automobile ownership and expanding customer base, the after-sales services which focus on repair and maintenance services and sales of accessories as well as extended services which focus on automobile insurance agency, automobile financing and pre-owned automobiles have continued to develop vigorously. Due to the popularity of internet and mobile devices, companies are allowed to integrate and pursue a novel business model with lower cost and higher efficiency, and also provide customers with comprehensive customized automobile-related services.

In spite of the promising prospects of automobile market, coupling with increasingly intense market competition, the existing dealership business model is facing new challenges in the market. The cooperation relationship between automobile dealers and manufacturers tends to be more long-term oriented. Because of different operating strategies and business models adopted by dealers as well as the degrees of their economies of scale, polarization in profitability and sustainability among dealers will be more obvious.

BUSINESS REVIEW

In addition to persistent focus on the sales of luxury and ultra-luxury branded automobiles, the Group devoted a great effort to develop the traditional after-sales services and the emerging extended services in 2014. For the year ended 31 December 2014, the Group's turnover was approximately RMB30,910 million, representing a year-on-year growth of approximately 3.6%, gross profit was approximately RMB2,726 million, representing a year-on-year growth of approximately 5.3%. Profit attributable to shareholders of the Company was approximately RMB804 million. Earnings per share was approximately RMB36.4 cents.

Applying of Considerate Sales Strategy in Perplexing Market Environment

In 2014, the Group continued prioritized network expansion by unlocking the potential of same store sales and consolidating regional competitive strengths. As a result, sales volume of new automobiles of the Group is 87,892, representing an increase of approximately 9.8% over the same period last year, among which 59,613 were contributed by the sales of luxury and ultra-luxury branded automobiles, representing an increase of approximately 9.6% over the same period last year. The Group's revenue contributed by the sales of new automobiles in 2014 was approximately RMB27,130 million, representing a year-on-year growth of approximately 2.0%.

In the first half of 2014, a balance between supply and demand in the market was maintained, and the gross profit of sales of new automobiles was relatively stable. In the second half of 2014, market demand turned weaker caused by miscellaneous of macro-economic factors as well as specific factors in the industry, putting more pressure on the gross profit of sales of new automobiles. The Company strived to seek fine balance between business expansion and profitability of the sales of new automobiles by implementing discreet operational strategy, closely monitoring industrial trends and adjusting marketing plan in due course. The Company is confident in sales volume growth of luxury branded automobiles in China as well as the enormous potential of automobile after-market business, and believes that external factors are favorable to maintaining and even raising gross profit of sales of new automobiles.

In addition, the Company has strived for providing customers with comprehensive one-stop integrated services with an aim to positively encourage growth in high value-added businesses, such as the after-sales services and the extended services, through integrating marketing models of products and services.

Providing Customized After-sales Services Focusing on Customers' Experience

At present, the Group has established a concrete base of quality customers, which allows the Group to generate a steady source of revenue and profit from its after-sales services. In 2014, the Group generated revenue from the after-sales services of approximately RMB3,180 million, representing a year-on-year growth of approximately 14.3%; and gross profit generated from the after-sales services was approximately RMB1,507 million, representing a year-on-year growth of approximately 19.4%. The Group's gross profit margin of after-sales services increased to 47.4% in 2014 from 45.4% in 2013. In 2014, the after-sales services of the Group have contributed more gross profit than the sales of new automobiles for the first time, and together with the extended services are expected to provide the Group with more stable source of profit and persistent strong growth momentum.

The Group, as always, adheres to our operational notion of "customer comes first", placing a great emphasis on providing customized, effective and innovative services with an aim to exploit huge economic benefits from the after-sales services. In 2014, the Group further invested in area that enhances customer experience, including formulating specific service procedures, strengthening interaction with customers through mobile terminal applications and cultivating spending habits of customers, so as to provide the Group's customers with more professional and convenient after-sales services, and effectively enhance customers' satisfaction and loyalty.

Meanwhile, the Group has proactively managed the cost control of spare parts for after-sales services, centrally regulated the types of spare parts, purchase costs and inventory turnover, fully capitalized its economies of scale with inventory resources internally shared, and thus was able to reduce inventory costs in general effectively as well as enhance operational efficiency and gross profit.

Rapid Development of Extended Services by Leveraging Economies of Scale

The Group has committed to develop the extended services, and thus has effectively built up a diversified services platform of dealership by prospective deployment. At present, the extended services mainly include insurance agency, automobile financing, trading of pre-owned automobiles and e-commence platform, which are high value-added businesses in addition to the traditional sales of automobiles and the after-sales services. In 2014, the commission income from the Group's extended services was approximately RMB422 million, representing a year-on-year growth of approximately 41.1%.

For insurance agency business, DingZe Insurance Agency Company the Limited* (鼎澤保險代理有限公司) ("DingZe Insurance"), a company incorporated in 2013, has established strategic cooperation with a number of national insurance institutions, actively growing the numbers of new insurance policies and policy renewals and participating into the development of a variety of insurance products that addresses the demand of our customers, aimed at providing the Group's customers with comprehensive and distinguished insurance agency services. While the insurance agency business has increased the Group's commission income, it has indirectly further contributed to the growth of the Group's other core businesses.

For automobile financing business, coupling with the rapid development of automobile financing industry in China in 2014 and quick increase in penetration rate of luxury and ultra-luxury branded automobile financing, the Company has received approval to establish Shanghai Dongzheng Automative Finance Co., Ltd. (上海東正汽車金融有限公司) ("AFC") in March 2015, and it becomes the first domestic automobile dealership group to secure a financial business licence. To capture market opportunities, the Group will devote more efforts on retail loans, wholesale loan and financial leasing for new and pre-owned automobiles by fully capitalizing on the economies of scale and the advantages of sales channels as well as developing a variety of financial products which could address the demands of our customers in order to form our distinguished product mix and link a full value chain, providing the Group's customers with comprehensive and distinguished services and products of automobile financing.

Pre-owned automobiles market in China is currently at its initial stage of development, offering an excellent prospect for growth. The Group has endeavored to establish its platform of pre-owned automobiles with its own features to facilitate the growth in high value-added pre-owned automobile business by actively utilizing its existing customer base and combining the integrated strengths of the Group's after-sales services. The Group will keenly consolidate the strength of automobile financing business and insurance business, providing the Group's customers with a more comprehensive one-stop solution, and thus establishing our distinguished competitive strengths of pre-owned automobiles business.

For e-commerce platform, the Group established its e-commerce website, www.zhengtongauto.net, on 11 November 2014. The website is principally for marketing and sales of online after-sales services along the whole value chain throughout customer life cycle, covering sales of accessories, after-sales accessories, maintenance packages, insurance and pre-owned automobiles. The Group expects to build the website up as one of the most professional automobile e-commerce platform for automobile aftermarket in China.

Moderate Expansion and Sustaining Optimization of Balanced National Dealership Network of Luxury Branded Automobiles

In 2014, automobile industry was perplexing but there was huge room for service network of luxury and ultra-luxury branded automobiles to develop. The Group continued to closely monitor luxury and ultra-luxury brands of automobile in China, consolidate regional strengths and moderately expand brands mix, and also continued to optimize the structure of its existing dealership network, including forms of dealership store and regional distribution, further improving its balanced national dealership network.

During the year under review, we set up 13 new dealership stores for luxury and ultra-luxury branded automobiles, covering all leading brands in China, such as BMW/MINI, Audi, Jaguar and Land Rover, Volvo, Cadillac, Fujian Benz. In addition to traditional 4S stores and urban showrooms, the newly established stores included 2 repair service centers.

As at the date of this announcement, two 4S stores for luxury branded automobiles and one 3S store for luxury branded automobiles commenced operation, and 3 showrooms and repair service centers for luxury and ultra-luxury branded automobiles were closed down at the beginning of 2015 to further optimize distribution network and thus escalate profitability of the Group. In addition, there were 28 dealership stores under development or to be developed which were authorized to the Group by major luxury brands of automobiles, such as BMW, Audi, Jaguar and Land Rover as well as Volvo. The authorized new projects located in first tier cities, such as Beijing, Shanghai, Guangzhou, Shenzhen and Chongqing, and regions with potential for rapid development, such as Shandong, Hebei, Henan, Hubei, Hunan and Guangdong. With the further expansion of scale and the advantage of sales channels, the quality of the Group's network will be further enhanced.

The following table sets forth the details of our dealership stores as at 31 December 2014:

	Dealership stores in operation	**Authorized dealership stores to be opened**	**Total**
Luxury and ultra-luxury branded 5S/4S/3S store	66	22	88
Mid-to-high end branded 4S store	16	0	16
Showroom for luxury branded automobile in urban area	19	0	19
Authorized maintenance and repair services center for luxury brands	4	1	5
Luxury branded store in transition	0	3	3
Pre-owned automobile center	0	2	2
Total	105	28	133

In accordance with the development strategy of the Group focusing on luxury and ultra-luxury brands and balanced network layout, the scale of dealership stores and the geographic coverage of the Group have been further expanded. As at the date of this announcement, our dealership network had 105 dealership stores in operation covering 16 provinces and 43 cities across the country, acting for 21 automobile brands, and 85% of the stores were for luxury branded automobiles. By establishing strategic cooperation with leading manufacturers of luxury and ultra-luxury branded automobiles in China and optimizing existing network and brands mix, the network quality, the quantity and quality of newly authorized stores of the Group have been guaranteed. The 28 authorized stores under development and to be developed, all of which were for luxury and ultra-luxury branded automobiles, will further strengthen the Group's regional advantages, allow the Group to enter into a number of new cities with huge development potential, to create synergy with the existing operational network. In 2015, the Group will continue to focus on the development of major luxury brands, the expansion of operation scale and on-going optimization of internal network, keeping up momentum for the Group's overall operation and the extended services business.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2014, the Group generated turnover of approximately RMB30,910 million, representing an increase of approximately 3.6% over the turnover of approximately RMB29,840 million in 2013. The increase in turnover was mainly due to the year-on-year increase in turnover of dealership stores opened last year as well as an increase in number of dealership stores during the year under review. For the year ended 31 December 2014, sales revenue from luxury and ultra-luxury branded new automobiles increased to RMB23,618 million, representing a growth of approximately 0.5% over RMB23,494 million in 2013, the sales revenue attributable to total sales of new automobiles decreased to 87.1% from 88.3% in 2013; revenue from after-sales services of luxury and ultra-luxury branded automobiles was RMB2,727 million, representing a growth of approximately 16.8% as compared to RMB2,334 million in 2013, and accounted for 85.8% of the total revenue of after-sales services business. The following table sets forth a breakdown of our turnover and relevant information for the periods indicated.

	2014 Turnover ***(RMB'000)***	2013 Turnover *(RMB'000)*
Sales of new automobiles		
Luxury and ultra-luxury brands	**23,618,480**	23,493,902
High-to-mid market brands	**3,511,637**	3,100,723
Sub-total	**27,130,117**	26,594,625
After-sales services		
Luxury and ultra-luxury brands	**2,727,411**	2,333,533
High-to-mid market brands	**452,273**	449,297
Subtotal	**3,179,684**	2,782,830
Logistics services and lubricant oil trading	**600,286**	462,814
Total	**30,910,087**	29,840,269

Cost of sales

For the year ended 31 December 2014, cost of sales of the Group amounted to approximately RMB28,185 million, representing an increase of 3.4% from RMB27,252 million in 2013. Such increase was substantially in line with the increase in turnover.

Gross profit and gross profit margin

For the year ended 31 December 2014, the Group's gross profit was approximately RMB2,726 million, representing an increase of approximately 5.3% over approximately RMB2,588 million in 2013. The gross profit for the sales of new automobiles in 2014 decreased by 9.8% to approximately RMB1,139 million from approximately RMB1,263 million in 2013; the gross profit for the after-sales services in 2014 increased by 19.4% to approximately RMB1,507 million from approximately RMB1,262 million in 2013, accounting for 55.3% of our total gross profit as compared with 48.8% in 2013. The gross profit for the sales of luxury and ultra-luxury branded automobiles decreased from approximately RMB1,225 million in 2013 to approximately RMB1,086 million. The gross profit of the provision of after-sales services of luxury and ultra-luxury branded automobiles was approximately RMB1,227 million, representing a growth of approximately 15.5% as compared to RMB1,062 million in 2013.

For the year ended 31 December 2014, the consolidated gross profit margin of the Group was approximately 8.8%, representing an increase of approximately 0.1 percentage point as compared with approximately 8.7% in 2013. The gross profit margin for the sales of new automobiles was 4.2% (2013: 4.7%), among which, the gross profit margin for the sales of luxury and ultra-luxury branded new automobiles was 4.6% (2013: 5.2%). The decline was due to increasing competition in luxury and ultra-luxury automobile market in China in 2014. The gross profit margin for after-sales services was 47.4% (2013: 45.3%). The increase in the gross profit margin for the after-sales services business was due to the continual improvement in the operating efficiency and quality of the Group's after-sales services as well as an increase in reputation of our after-sales services, with further room for growth expected.

Selling and distribution expenses

For the year ended 31 December 2014, the Group's selling and distribution expenses increased by approximately 17.2% to approximately RMB818 million from approximately RMB698 million in 2013. Such increase was primarily due to the increase in salaries and wages as well as leasing charges as a result of an increase in number of dealership stores in 2014.

Administrative expenses

For the year ended 31 December 2014, the Group's administrative expenses amounted to approximately RMB771 million, representing an increase of approximately 32.7% over approximately RMB581 million in 2013. Such increase was primarily due to an increase in number of dealership stores during the period under review and an exchange loss incurred from the depreciation of Renminbi at the beginning the year.

Profit from operations

For the year ended 31 December 2014, the Group's profit from operations amounted to approximately RMB1,629 million, representing a decrease of approximately 2.7% as compared with approximately RMB1,674 million in 2013. The operating profit margin was approximately 5.3%, a decrease of approximately 0.3 percentage point over 5.6% in 2013.

Income tax expenses

For the year ended 31 December 2014, the Group's income tax expenses amounted to approximately RMB352 million and the effective tax rate was approximately 29.9%.

Profit for the year

For the year ended 31 December 2014, the Group's profit for the year was approximately RMB824 million, representing a decrease of approximately 3.5% over approximately RMB854 million in 2013. During the year, net profit margin was 2.7%, down approximately 0.2 percentage point from 2.9% in 2013.

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities or guarantees save as those assets pledged to banks for loans and borrowings.

Current assets and current liabilities

As at 31 December 2014, the Group's current assets amounted to approximately RMB12,282 million, representing an increase of RMB1,969 million as compared to current assets of approximately RMB10,313 million as at 31 December 2013. Such increase was primarily attributable to a moderate increase in inventory at the end of 2014 for the sales arrangement in the beginning of 2015 as well as an increase in number of new dealership stores in 2014. As at 31 December 2014, the Group's current liabilities amounted to approximately RMB10,950 million, representing an increase of approximately RMB2,745 million as compared to current liabilities of approximately RMB8,205 million as at 31 December 2013. Such increase was due to the expansion of the Group's business scale. As at 31 December 2014, our net current assets amounted to RMB1,332 million, representing a decrease as compared with our net assets of RMB2,108 million as at 31 December 2013.

Cash flow

As at 31 December 2014, the Group has cash and cash equivalents amounting to approximately RMB1,435 million, representing a decrease of approximately RMB33 million over approximately RMB1,468 million as at 31 December 2013. The Group's transactions and monetary assets are principally conducted in RMB. 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 normal recurring expenses and to establish new 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 year ended 31 December 2014, the Group had net cash inflow of RMB874 million in its operating activities, representing a decrease as compared with RMB1,271 million for the year ended 31 December 2013. Such decrease was mainly attributable to moderate increase in inventory at the end of 2014 for the sales arrangement in the beginning of 2015 as well as increase in number of new dealership stores in 2014.

Capital expenditure and investment

For the year ended 31 December 2014, the Group's capital expenditure and investment was approximately RMB1,753 million (2013: approximately RMB1,198 million). Our capital expenditure includes primarily property, equipment, land use rights and construction costs of new dealership outlets.

Inventory

The Group's inventories included vehicles and 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 utilizes its information technology systems to manage its inventory, and also monitors the inventories within its whole dealership network and may transfer automobiles from one dealership store to another to rebalance inventory levels. The inventories of the Group was approximately RMB4,346 million as at 31 December 2014, increased by approximately RMB1,818 million when compared with RMB2,528 million as at 31 December 2013. Such Increase was due to moderate increase in inventory at the end of 2014 for the sales arrangement in the beginning of 2015 as well as increase in number of new dealership stores in 2014. The following table sets forth our average inventory turnover days for the years indicated:

	For the year ended 31 December *(days)*	
	2014	2013
Average inventory turnover days	**44.5**	38.8

Risks of foreign exchange fluctuation

The Group conducts its business primarily in Renminbi. Certain bank deposits, bank loans and credit enhanced bonds were denominated in foreign currencies. However, the Group's operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate. Nevertheless, the Group will closely monitor currency fluctuations and will consider hedging these exposures should the need arise.

Liquidity, financial resources and capital structure

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 31 December 2014, the Group's cash and bank deposits were approximately RMB3,129 million (including: restricted bank deposits of approximately RMB1,694 million and cash and cash equivalents), representing an increase of approximately RMB115 million, from approximately RMB3,014 million as at 31 December 2013. As at 31 December 2014, loans and borrowings and bonds payable of the Group amounted to approximately RMB6,380 million (31 December 2013: RMB5,295 million). As at 31 December 2014, save as interest bearing bank loans and other borrowings of approximately RMB5,062 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings bore interest at floating rates. As at 31

December 2014, net gearing ratio of the Group was 39.2% (31 December 2013: 29.9%). Net gearing ratio was calculated as loans and borrowings and bonds payable less cash and bank deposits divided by owner's equity.

Pledged assets of the group

The Group has pledged its group assets as the security for loans and borrowings as well as bank financings to be used as working capital for daily operations. As at 31 December 2014, the pledged assets of the Group amounted to approximately RMB4,364 million (31 December 2013: approximately RMB2,795 million).

Investments held in foreign currency and hedging

For the year ended 31 December 2014, 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 31 December 2014, the Group had a total of 8,977 employees in Mainland China and Hong Kong (31 December 2013: 7,903 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

Looking forward, macro-economy in China will continue to grow steadily and the Company is confident that long term development of automobile industry will be achieved, particularly in the luxury and ultra-luxury automobile industry. We anticipate a higher growth in sales volume of luxury branded automobiles in China, and after-markets services business and extended services business will boom. Since our listing, we have built up a solid base of quality customers and progressively improved after-sales services regime as well as the individual extended business platforms, such as insurance, financing and pre-owned automobiles. Facing the tremendous opportunities for developing automobiles after-sales services and the extended services, the Group will maximize its management strength and economies of scale which it has enjoyed, further optimize its national dealership network, provide the customers with customized, distinguished and comprehensive services, endeavour to excel in its after-sales services and the extended services, and complete the Group's strategic transform. As a result, the Group would raise higher value for the shareholders of the Company, staff members and the society and build up a leading integrated automobile services platform in China.

Events after the Reporting Period

(1) The Company, through its wholly-owned subsidiary, has entered into a series of contracts with, among others, Shantou Hongxiang Materials Co., Ltd. (汕頭市宏祥物資有限公司) ("Shantou Hongxiang"), serving the purpose of providing the Group with effective control over Shantou Hongxiang but not through direct shareholding, and to effectively transfer the economic benefits and remove the risks associated therewith of Shantou Hongxiang (the "Hongxiang Contractual Arrangements"). In February 2015, the Group completed the acquisition of the entire equity interest in Shantou Hongxiang and unwound the Hongxiang Contractual Arrangements, and Shantou Hongxiang became the direct wholly-owned subsidiary of the Group.

Reference is made to the announcement of the Company dated 17 September 2012 ("the 2012 Announcement") and the prospectus of the Company dated 29 November 2010 ("the Prospectus") in relation to, among others, the restructuring of some of the Company's PRC Operating Entities (as defined in the 2012 Announcement and the Prospectus), which were controlled through contractual arrangements. The Group has been restructuring its operating subsidiaries in the PRC, which were controlled through contractual arrangements by unwinding such contractual arrangements. Shantou Hongxiang is the last PRC operating entity controlled by the Group through this kind of contractual arrangements. Upon completion of the acquisition of Shantou Hongxiang, the Group's PRC Operating Entities is no longer controlled by the Group through contractual arrangements, but through equity-ownership of the Group over the PRC Operating Entities. As such, our Directors are of the view that unwinding such contractual arrangements will minimize the risks of controlling operating subsidiaries of the Company in the PRC through the contractual arrangements and protect the interests of the Company and its shareholders as a whole.

(2) In March 2015, Shanghai Dongzheng Automotive Finance Co., Ltd. (上海東正汽車金融有限責任公司) (the "AFC"), which was initiated and established by the Company, officially received the "Approval for the Commencement of Operation of Shanghai Dongzheng Automobile Financing Company Limited" by the China Banking Regulatory Commission (the "CBRC"), Shanghai Bureau ("Shanghai CBRC")" (《上海銀監局關於上海東正汽車金融有限責任公司開業的批覆》) from the Shanghai CBRC, as well as the "Financial Business Permit of the People's Republic of China" (《金融許可證》) issued by the CBRC. In the same month, AFC completed the procedures of industrial and commercial registration with a business license issued. AFC's registered capital of RMB500 million was contributed by the Company of RMB475 million and Dong Feng Motor Corporation ("PRC shareholder") of RMB25 million, respectively, representing 95% and 5% of equity interests in AFC respectively. AFC intends to commence automobile financing related business approved by CBRC in accordance with relevant laws, administrative and other regulations. The board of AFC is the highest authority of AFC, responsible for making decision on all significant matters as well as general supervision and control of AFC. The board of AFC comprises three directors, one of whom is appointed by PRC shareholder and the other two of whom were appointed by the Company. Chairman of the board of AFC is elected by the board of AFC. All possible transfers of equity interests would be agreed by the Company

and the PRC shareholder pursuant to the "Administrative Measures for Automobile Financing Companies" issued by CBRC and the agreement for the establishment of AFC (the "Agreement"). The Agreement has been negotiated by the Company and the PRC shareholder on an arm's length basis. The board of the Company believes that the Agreement has been entered into in the ordinary and usual course of business and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole. The establishment of AFC is in line with the development strategy of the Company in sales of luxury branded automobiles and providing relevant after-market services, will further diversify the businesses of the Company and boost its growth potential. The Group expects that the automobile financing business will form a new niche for its profit growth.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2014 have been reviewed by the audit committee of the Company (the "Audit Committee") and audited by the independent auditor of the Company, KPMG. The Audit Committee comprises three independent non – executive directors, namely, Dr. Wong Tin Yau, Kelvin (Chairman of the Audit Committee), Mr. Zhao Chunjun and Mr. Chang Xiuze.

PROPOSED FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company on the forthcoming annual general meeting to be held on 22 May 2015 (the "2015 AGM") for the distribution of a final dividend of HK$0.10 per share for the year ended 31 December 2014 payable to the shareholders of the Company whose names are listed in the register of members of the Company on 3 June 2015. The proposal for the distribution of the final dividend is subject to the consideration and approval by the shareholders of the Company at the 2015 AGM.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015 (both days inclusive) and from Monday, 1 June 2015 to Wednesday, 3 June 2015 (both days inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the 2015 AGM, unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration before 4:30 p.m. on Tuesday, 19 May 2015. In order to qualify for the proposed final dividend (subject to the approval by shareholders at the 2015 AGM), unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Friday, 29 May 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the 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") set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the Securities Dealing Code and the Model Code during the year ended 31 December 2014.

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 year ended 31 December 2014.

CORPORATE GOVERNANCE

The Board believes that maintaining good corporate governance is crucial to increase investors' confidence and safeguard shareholders' interests. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Board is of the view that throughout the year ended 31 December 2014, the Company has complied with the respective code provisions ("Code Provisions") of the CG Code, except for the deviations from Code Provision A.6.7 that due to other commitments, Mr. Wang Muqing, a non-executive Director who was re-designated as a executive Director on 30 March 2015, and Mr. Chang Xiuze, an independent non-executive Director, were unable to attend the 2014 annual general meeting of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.zhengtongauto.com) and the annual report for the year ended 31 December 2014 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.

APPRECIATION

The Board would like to express its sincere gratitude to the management team and employees for their commitment and diligence, and would also like to thank our shareholders and business associates for their strong support to the Group.

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 Muqing
Chairman

Hong Kong, 30 March 2015

As at the date of this announcement, the Board comprises Mr. Wang Muqing (Chairman), 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. ZHAO Chunjun and Mr. CHANG Xiuze as Independent Non-executive Directors.