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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

#### **PLACING AGENT TO THE PLACING**



#### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that, on 15 December 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, an Independent Third Party, pursuant to which the Company appointed the Placing Agent as its agent to procure places to subscribe in aggregate a total of 50,000,000 Placing Shares at the Placing Price of HK\$7.60 per Placing Share. It is expected that all the Placing Shares will be placed to not less than six Places (including funds managed by PICC AM and PICC), all of which are Independent Third Parties, to subscribe 50,000,000 Placing Shares at the Placing Price.

The Placing Shares represent approximately 2.26% of the issued share capital of the Company as at the date of this announcement and approximately 2.21% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming no further change in the shareholding structure of the Company from the date of this announcement up to the Completion.

Assuming that all the Placing Shares are fully placed, the maximum gross proceeds from the Placing will be approximately HK\$380 million. It is expected that the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) will amount to approximately HK\$377 million. The Company intends to apply the proceeds from the Placing for the development of our fin-tech platform.

The Placing Shares will be allotted and issued under the General Mandate. The Placing is conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

**WARNING: Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:18 a.m. on 15 December 2017 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 18 December 2017.

## **THE PLACING AGREEMENT**

### **Date**

15 December 2017 (after trading hours)

### **Parties**

Issuer: The Company

Placing Agent: First Shanghai

To the best of the Directors' knowledge, having made all reasonable enquiries, the Placing Agent does not hold any issued share capital of the Company as at the date of this announcement and is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **The Placing**

Pursuant to the Placing Agreement, the Company appointed the Placing Agent as its agent to procure placees who are Independent Third Parties to subscribe up to 50,000,000 Placing Shares at a price of HK\$7.60 per Placing Share. It is expected that all the Placing Shares will be placed to not less than six Placees (including funds managed by PICC AM and PICC), all of which are Independent Third Parties, to subscribe 50,000,000 Placing Shares at the Placing Price. The 50,000,000 Placing Shares represents (i) approximately

2.26% of the existing issued share capital of the Company of 2,215,539,420 Shares as at the date of this announcement; and (ii) approximately 2.21% of the issued share capital of the Company of 2,265,539,420 Shares as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$5,000,000.

### **Placing Price**

The Placing Price of HK\$7.60 per Placing Share represents:

- (i) a discount of approximately 5.00% to the closing price of HK\$8.00 per Share as quoted on the HKSE on 14 December 2017, being the Last Trading Day; and
- (ii) a discount of approximately 4.52% to the average of the closing prices of approximately HK\$7.96 per Share as quoted on the HKSE for the last five trading days up to and including 14 December 2017, being the Last Trading Day.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among others, the market price of the Shares. The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$377 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$7.54.

### **Ranking of the Placing Shares**

The Placing Shares, when fully paid, will rank *pari passu* in all respects among themselves and with the existing Shares in issue, including the right to receive all dividends and distributions which may be declared, made or paid after the Completion Date and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

### **Conditions Precedent**

Completion of the Placing shall be conditional upon the approval from the HKSE for the listing of, and permission to deal in, the Placing Shares.

### **General Mandate**

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Board at the annual general meeting of the Company held on 18 May 2017. Under the General Mandate, the Directors can allot, issue and deal with Shares, not exceeding the aggregate of 20% of the entire issued share capital of the Company in issue on the date of passing of the relevant resolution at such annual general meeting, which amounted to 442,040,088 Shares.

As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. The remaining balance of the General Mandate as at date of this announcement is 442,040,088 Shares and is therefore sufficient for the issue and allotment of the Placing Shares. The Placing Shares will be allotted and issued under the General Mandate and no Shareholders' approval is required.

## Completion

Completion of the Placing shall take place on or before the date which is five Business Days after the date on which the Company notifies the Placing Agent that all conditions precedent have been fulfilled or waived, or such other date as agreed to in writing between the Company and the Placing Agent.

## APPLICATION FOR LISTING

The Company shall apply to the HKSE for the granting of the listing of, and permission to deal in, the Placing Shares.

## EQUITY FUND RAISING ACTIVITY IN THE LAST 12 MONTHS

In last 12 months up to the date of this Announcement, there is no equity fund raising.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the Completion is as follows (assuming there will not be any change in the issued share capital of the Company from the date of the Placing Agreement to the Completion Date save for the allotment and issue of the Placing Shares):

Shareholders/Shares	As at date of this announcement		Immediately after Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
JoyCapital (Notes)	1,381,516,820	62.35	1,381,516,820	60.98
Placing Shares	0	0	50,000,000	2.21
OtherPublicShareholders	834,022,600	37.65	834,022,600	36.81
Total	<u>2,215,539,420</u>	<u>100.00</u>	<u>2,265,539,420</u>	<u>100.00</u>

Notes: These shares are directly held by Joy Capital Holdings Limited (“Joy Capital”).

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is a leading auto sales and services group of luxury conglomerates in China. Its principal businesses include the operation of automobile 4S stores, automobile finance businesses and supply chain business.

The Board considers that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The gross proceeds of the Placing will amount to approximately HK\$380 million. After deducting the relevant expenses, the estimated net proceeds from the issue of the Placing Shares amount to approximately HK\$377 million. The net price for each Placing Share is estimated to be approximately HK\$7.54. The Company intends to use the proceeds for the development of our fin-tech platform.

**WARNING: Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

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## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“Business Day”	a day other than Saturday, Sunday and public holiday on which banks are open for general business in Hong Kong and on which the HKSE is open for business of dealing in securities
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall not include Hong Kong Special Administrative Region, Macau Special Administrative Region of the PRC and Taiwan
“Company”	China ZhengTong Auto Services Holdings Limited
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the date on which the completion of the Placing shall take place, which shall be within five Business Days after the satisfaction or waiver of the conditions precedent, or such other date as agreed to in writing between the Company and the Placing Agent

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Shanghai”	First Shanghai Securities Limited, the Placing Agent
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company held on 18 May 2017 to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution
“Group”	the Company and its subsidiaries
“HKSE” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Company as far as the Directors are aware after having made all reasonable enquiries
“Last Trading Day”	14 December 2017, being the last trading day before the suspension of trading in the Shares
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee(s)”	party(ies) procured by the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares to the Placee pursuant to the Placing Agreement
“Placing Agent”	First Shanghai Securities Limited
“Placing Agreement”	the placing agreement dated 15 December 2017 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$7.60 per Placing Share
“Placing Shares”	50,000,000 new Shares to be allotted and issued under the Placing Agreement

“PICC”	The People’s Insurance Company (Group) of China Limited
“PICC AM”	PICC Asset Management (Hong Kong) Company Limited, a wholly-owned subsidiary of PICC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“we”, “us” or “our”	Our Company or our Group (as the context may require)
“%”	Per cent

By order of the Board  
**China ZhengTong Auto Services Holdings Limited**  
**中國正通汽車服務控股有限公司**  
**WANG Muqing**  
*Chairman*

Hong Kong, 15 December 2017

*As at the date of this announcement, the Board comprises Mr. WANG Muqing (Chairman), Mr. WANG Kunpeng, Mr. KOH Tee Choong, Ivan, Mr. LI Zhubo, Mr. WAN To and Mr. SHAO Yong Jun as executive Directors; and Dr. WONG Tin Yau, Kelvin, Dr. CAO Tong and Ms. WONG Tan Tan as independent non-executive Directors.*