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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)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement (the “**Announcement**”) of China ZhengTong Auto Services Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 10 April 2019 relating to the continuing connected transaction under 2019 Lease Agreements and 2019 Property Management Agreements (the “**Renewal Agreements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 10 April 2019, a certain number of PRC Subsidiaries of the Group, as lessees, entered into the Renewal Agreements with a certain number of the Connected Lessors, as lessors in respect of the Leased Premises and property management services for a term for 3 years expiring on 31 December 2021. The transaction under the Renewal Agreements was disclosed as a continuing connected transaction under Chapter 14A of the Listing Rules.

The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKFRSs**”) applicable to the Group include HKFRS 16 “Leases” which has come into effect on 1 January 2019. Under HKFRS 16, the Group, as the lessee, shall recognize a lease as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group. The transaction under the Renewal Agreements should be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) and Rule 14A.24(1) of the Listing Rules. Given that the value of right-of-use asset recognized under the Renewal Agreements shall be approximately RMB331,557,000 and the highest of the applicable percentage ratios in respect of the value of right-of-use asset under the Renewal Agreements is more than 0.1% but less than 5%, the transaction under the Renewal Agreements remains subject to announcement and reporting requirements only but is still exempt from independent Shareholders’ approval under Chapter 14A of the Listing Rules, and does not constitute notifiable transaction under Chapter 14 of the Listing Rules.

Under the application of HKFRS 16, the Board wishes to announce that the transaction under the Renewal Agreements should be classified as connected transaction of the Company instead of continuing connected transaction of the Company.

Save for the information stated above, all the information in the Announcement remains unchanged.

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, 18 April 2019

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