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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)

CONNECTED TRANSACTION
2023 WORKS ENTRUSTMENT AGREEMENT

On 20 January 2023, the Company and Shandong Xindeco entered into the 2023 Works Entrustment Agreement, pursuant to which the Shandong Xindeco Group will provide and install smart technology and light current systems for certain 4S dealership stores of the Group at a total consideration not exceeding RMB7,000,000.

As at the date of this announcement, ITG Holding is the single largest shareholder of the Company holding 29.9% of the Company's total issued shares. Shandong Xindeco is an indirect non-wholly owned subsidiary of ITG Holding. Shandong Xindeco is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the 2023 Works Entrustment Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the transaction contemplated under the 2023 Works Entrustment Agreement when aggregated with the Previous Transactions and the 2022 Works Entrustment Agreement is more than 0.1% but less than 5%, the transaction contemplated under the 2023 Works Entrustment Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2023 WORKS ENTRUSTMENT AGREEMENT

The major terms of the 2023 Works Entrustment Agreement are set out below:

- Date : 20 January 2023
- Parties : (i) The Company
(ii) Shandong Xindeco
- Subject Matter : Pursuant to the 2023 Works Entrustment Agreement, the Shandong Xindeco Group will provide and install smart technology and light current systems for certain 4S dealership stores of the Group for the year ending 31 December 2023.
- Consideration : The total consideration under the 2023 Works Entrustment Agreement shall not exceed RMB7,000,000. The parties agreed for payments be made in accordance with the progress of the works. Based on the works progress plan to be agreed by the parties, the Group will make payments to Shandong Xindeco at different stages of the progress of the works.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 WORKS ENTRUSTMENT AGREEMENT

As stated in the announcement of the Company dated 20 September 2022, the Group is in the process of upgrading and retrofitting certain of its 4S dealership stores, which requires the installation of smart technology and light current systems. Subsequent to the 2022 Works Entrustment Agreement, the Group has plans to upgrade and retrofit an additional 14 4S dealership stores during the year ending 31 December 2023. Shandong Xindeco has a wealth of experience and expertise in this area and is able to provide proficient technical support and construction design services. In addition, Shandong Xindeco has established a good working relationship with the Group through the Previous Transactions and the 2022 Works Entrustment Agreement.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) believe that the terms of the 2023 Works Entrustment Agreement are on normal commercial terms in the ordinary and usual course of business of the Group and fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Company is principally engaged in 4S dealership business, automobile supply chain business and financial services business in the PRC.

ITG Holding, the single largest shareholder of the Company holding 29.9% of the Company's total issued shares as at the date of this announcement, is a Fortune Global 500 Company with operations in commodity trading, circulation automobile trading, logistics business, commodity retail business and other businesses. ITG Holding is a state-owned enterprise directly controlled by Xiamen State-owned Assets Supervision and Administration Commission.

Shandong Xindeco is principally engaged in the provision of smart municipal, smart traffic, smart city management, smart warehousing and other smart city solutions, as well as solutions design, equipment procurement, and construction management and maintenance. Shandong Xindeco is owned (i) as to 80% by Xiamen Xindeco Information Technology Group Co., Ltd.* (廈門信達信息科技集團有限公司), which in turn is wholly owned by Xiamen Xindeco, a company listed on the Shenzhen Stock Exchange which is principally engaged in automobile dealership, supply chain and information technology businesses and a subsidiary of ITG Holding; (ii) as to 10% by Xiamen Xinchuangda Enterprise Management Partnership (Limited Partnership)* (廈門信創達企業管理合夥企業(有限合夥)) whose general partner is Mr. Xiao Mengguo (肖孟國); (iii) as to 5% by Mr. Xiao Mengguo (肖孟國); and (iv) as to 5% by Mr. Xing Chao (邢超). As of the date of this announcement, neither of Mr. Xiao Mengguo (肖孟國) nor Mr. Xing Chao (邢超) is a connected person of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ITG Holding is the single largest shareholder of the Company holding 29.9% of the Company's total issued shares. Shandong Xindeco is an indirect non-wholly owned subsidiary of ITG Holding. Shandong Xindeco is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the 2023 Works Entrustment Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the transaction contemplated under the 2023 Works Entrustment Agreement when aggregated with the 2022 Works Entrustment Agreement and Previous Transactions is more than 0.1% but less than 5%, the transaction contemplated under the 2023 Works Entrustment Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the executive Directors, Mr. Wang Ming Cheng, Mr. Zeng Ting Yi and Mr. Li Zhi Huang, hold directorships in Xiamen Xindeco, they have, to avoid the perception of a conflict of interest, abstained from voting on the relevant Board resolution.

Save as disclosed above, none of the other Directors has any material interest in the 2023 Works Entrustment Agreement and accordingly none of them was required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

“2022 Works Entrustment Agreement”	the agreement dated 20 September 2022 entered into between the Company and Shandong Xindeco in relation to the provision and installation of smart technology and light current systems for certain 4S dealership stores and apartments of the Group by the Shandong Xindeco Group for the year ended 31 December 2022 at a total consideration not exceeding RMB6,000,000
“2023 Works Entrustment Agreement”	the agreement dated 20 January 2023 entered into between the Company and Shandong Xindeco in relation to the provision and installation of smart technology and light current systems for certain 4S dealership stores of the Group by the Shandong Xindeco Group for the year ending 31 December 2023
“Board”	the board of Directors
“Company”	China ZhengTong Auto Services Holdings Limited (stock code: 1728), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 9 July 2010, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ITG Holding”	Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司), a state-owned enterprise directly controlled by Xiamen State-owned Assets Supervision and Administration Commission
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China

“Previous Transactions”	similar transactions entered into between the Group and Shandong Xindeco under two agreements in relation to the provision and installation of smart technology and light current systems by Shandong Xindeco to the Group in the twelve-month period preceding the date of this announcement, with an aggregate consideration of RMB2,110,000, which were fully exempt from the reporting, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules as they fell within the de minimis threshold under Rule 14A.76 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Xindeco”	Shandong Xindeco IOT Application Technology Co., Ltd.* (山東信達物聯應用技術有限公司), a company with limited liability established in the PRC and a subsidiary of Xiamen Xindeco
“Shandong Xindeco Group”	Shandong Xindeco and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Xiamen Xindeco”	Xiamen Xindeco Co., Ltd.* (廈門信達股份有限公司), company established in the PRC with its shares listed on the Shenzhen Stock Exchange (Stock Code: 000701)
“%”	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 Ming Cheng
Chairman

Hong Kong, 20 January 2023

As at the date of this announcement, the Board comprises Mr. WANG Ming Cheng (Chairman), Mr. LI Zhi Huang and Mr. ZENG Ting Yi as executive Directors; and Dr. WONG Tin Yau, Kelvin, Dr. CAO Tong and Ms. WONG Tan Tan as independent non-executive Directors.

* *for identification purposes only*