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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)**

## **CONTINUING CONNECTED TRANSACTION FINANCIAL SERVICES AGREEMENT**

### **THE FINANCIAL SERVICES AGREEMENT**

On 14 September 2023, the Company and ITG Finance entered into the Financial Services Agreement, pursuant to which ITG Finance agreed to provide certain financial services to the Group, including deposit services, payment and settlement services and other financial services which do not require the deposit or entrustment of assets by the Group.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, ITG Holding is a substantial shareholder of the Company. ITG Finance is an indirectly wholly-owned subsidiary of ITG Holding. Accordingly, ITG Finance is a connected person of the Company and the transactions contemplated under the Financial Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap for the three years ending 31 December 2025 under the Financial Services Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Financial Services Agreement is subject to the announcement requirement but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The principal terms of the Financial Services Agreement are set out below:

- Date: 14 September 2023
- Parties: (1) the Company; and  
(2) ITG Finance.
- Subject matter: ITG Finance to provide financial services to the Group, including:
- (1) deposit services;
  - (2) payment and settlement services; and
  - (3) other financial services which do not require the deposit or entrustment of assets by the Group, such as credit verification services and provision of guarantees.

Under the same conditions, the Group shall prefer the financial services provided by ITG Finance, but the Group also has the right to engage other financial institutions during the term of the Financial Services Agreement.

Term: From 14 September 2023 to 31 December 2025.

Interests and fees: **Deposit services**

The interest rate for the deposit of the Group's funds with ITG Finance shall, subject to the minimum rates prescribed by the People's Bank of China, be no less than the interest rate for the same type of deposit offered by ordinary financial institutions in the PRC for the same duration.

**Payment and settlement services**

No fees shall be charged by ITG Finance for providing payment and settlement services to the Group.

### **Other financial services**

The fees to be charged by ITG Finance shall not exceed the fees for the same type of services provided by other ordinary financial institutions in the PRC.

### **Annual caps under the Financial Services Agreement**

The table below sets out the annual caps under the Financial Services Agreement:

	<b>Financial year ending 31 December,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Deposit services</b>			
Annual caps for deposit services (maximum daily balance of deposit amount) ( <i>RMB</i> )	50,000,000	50,000,000	50,000,000
<b>Other financial services</b>			
Annual caps for fees payable to ITG Finance for other financial services ( <i>RMB</i> )	10,000,000	10,000,000	10,000,000

The annual caps relating to the deposit services is determined with reference to the following:

- (1) the historical maximum daily balance of deposit in various financial institutions and cash position of the Group; and
- (2) the demand and expected demand for the deposit services of the Group.

The annual caps relating to the other financial services is determined with reference to the following:

- (1) the historical fees incurred by the Group in engaging similar financial services in other financial institutions;
- (2) the fees quoted by other financial institutions for similar financial services that the Group obtained; and
- (3) the demand and expected demand for other financial services of the Group.

The annual caps above were determined after considering the factors listed out above and the need to provide the Group with flexibility in managing its funds.

## **Reasons for and benefits of the Financial Services Agreement**

The Group is actively considering various methods to enhance its business efficiency, to improve its financial position, and to reduce its degree of leverage. Having considered the interests rates offered by ITG Finance for its deposit services and the fees to be charged by ITG Finance for the other financial services under the Financial Services Agreement, the terms of the Financial Services Agreement shall be at least equal to or better than other financial institutions in the PRC offering the same type of financial services to the Group. The Financial Services Agreement will therefore allow the Group to continue its endeavour to enhance its business efficiency, improve its financial position and to reduce its degree of leverage. In addition, ITG Finance is a financial institution regulated by the NAFR, coupled with the undertakings given by ITG Finance in the Financial Services Agreement, the Board considers that there is appropriate safeguard to ensure the safety of the Group's funds deposited with ITG Finance.

In view of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the terms of the Financial Services Agreement is in the ordinary and usual course of business of the Group, is fair and reasonable, and is based on normal commercial terms or better, and is in the interests of the Company and its shareholders as a whole.

## **GENERAL INFORMATION**

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

ITG Finance is a company incorporated in the PRC with limited liability and is an indirectly wholly owned subsidiary of ITG Holding. ITG Finance is a financial institution in the PRC regulated by the NAFR.

ITG Holding is a substantial shareholder of the Company as at the date of this announcement, a Fortune Global 500 Company with operations in commodity trading, circulation automobile trading, logistics business, commodity retail business and other businesses and a state-owned enterprise directly controlled by Xiamen SASAC.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, ITG Holding is a substantial shareholder of the Company. ITG Finance is an indirectly wholly-owned subsidiary of ITG Holding. Accordingly, ITG Finance is a connected person of the Company and the transactions contemplated under the Financial Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap for the three years ending 31 December 2025 under the Financial Services Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Financial Services Agreement is subject to the announcement requirement but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the executive Directors Mr. WANG Mingcheng, Mr. LI Zhihuang and Mr. HUANG Junfeng hold positions within the ITG Group, they have abstained from voting on the relevant Board resolutions so as to avoid the perception of a conflict of interest.

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

## **DEFINITIONS**

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Board”	board of Directors
“Company”	China ZhengTong Auto Services Holdings Limited Holdings Limited 中國正通汽車服務控股有限公司 (Stock code: 1728), an exempted company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Financial Services Agreement”	the financial services agreement entered into between the Company and ITG Finance on 14 September 2023
“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 PRC
“ITG Finance”	Xiamen ITG Holding Group Finance Co., Ltd.* (廈門國貿控股集團財務有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of ITG Holding
“ITG Group”	ITG Holding and its subsidiaries

“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
“NAFR”	the National Administration of Financial Regulation (國家金融監督管理總局) of the PRC
“PRC”	the People’s Republic of China
“substantial shareholder”	have the meaning given to such term in the Listing Rules
“Xiamen SASAC”	State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People’s Government
“%”	per cent

*English translations of company names in Chinese which are marked with “\*” are for identification purposes only.*

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

Hong Kong, 14 September 2023

*As at the date of this announcement, the Board comprises Mr. WANG Mingcheng (Chairman), Mr. LI Zhihuang and Mr. HUANG Junfeng as executive Directors; and Dr. WONG Tin Yau, Kelvin, Dr. CAO Tong and Ms. WONG Tan Tan as independent non-executive Directors.*