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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)

PROPOSED ISSUANCE OF CORPORATE BONDS IN THE PRC BY WUHAN ZHENG TONG UNITED INDUSTRIAL INVESTMENT GROUP CO., LTD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

This announcement is made on a voluntary basis.

China ZhengTong Auto Services Holdings Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) is pleased to announce that Wuhan Zhengtong United Industrial Investment Group Co., Ltd (the “**Issuer**”, formerly known as Wuhan Shengze Jietong Logistics Co., Ltd.), a wholly-owned subsidiary of the Company, has applied to the Shenzhen Stock Exchange (the “**SZSE**”), on 22 March 2017, for the proposed public issuance of Corporate Bonds with an aggregate nominal value of no more than RMB1.2 billion (the “**Corporate Bonds**”).

PROPOSED ISSUANCE OF CORPORATE BONDS AND THE LISTING

On 8 April 2016, the Issuer obtained the approval from the China Securities Regulatory Commission (the “**CSRC**”) in respect of the public issuance of Corporate Bonds with an aggregate nominal value of no more than RMB1.2 billion to qualified investors. On 22 March 2017, the Issuer applied to the SZSE for the proposed public issuance of the Corporate Bonds. The Corporate Bonds are issued in multiple tranches. The issuance size of the first tranche (the “**Current Bonds**”) is RMB300 million and the over-allotment amount shall not exceed RMB900 million. The issuance shall be completed in 12 months from the date of approval of the CSRC. The issuance of the remaining tranches shall be completed in 24 months from the date of approval of the CSRC. The Current Bonds are of the nominal value of RMB100 each and shall be issued at par. The Corporate Bonds are proposed to be issued to qualified investors in the PRC and, upon issuance, to be listed on the SZSE.

The term of the Current Bonds is five years. The Issuer has an option to adjust the coupon rate and the investors have an option to demand redemption of the Current Bonds at the end of the third year. The Current Bonds are not subject to any guarantee.

Further information (including but not limited to the prospectus of the Corporate Bonds) is published on the websites of the SZSE (<http://www.szse.cn>) and cninfo (<http://www.cninfo.com.cn>).

INFORMATION ON THE ISSUER

The Issuer and its subsidiaries are principally engaged in the 4S dealership business, motor-related logistics business and lubricant oil trading business of automobiles in the People's Republic of China (the "PRC").

The credit rating of the Issuer is AA with a stable prospect. The credit rating of the Current Bonds is AA.

Reference is made to the announcement of the Company dated 31 October 2016 in relation to the summary of unaudited key consolidated financial figures of the Issuer as of 30 September 2016.

USE OF PROCEEDS

The Issuer intends to use all of the proceeds from the Current Bonds for the repayment of borrowings from financial institutions.

THE REASONS AND BENEFITS OF THE PROPOSED ISSUANCE OF THE CORPORATE BONDS

The board of directors is of the view that the issuance of the Corporate Bonds by the Issuer will diversify the financial instrument profile of the Group. It will also effectively lower the financing cost and optimize the liability structure of the Group, resulting in positive impacts on its general operation.

FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) in respect of the issuance and listing of the Corporate Bonds as and when appropriate in compliance with Listing Rules.

As the proposed issuance of the Corporate Bonds is subject to a number of conditions, including but not limited to approvals of the CSRC, the SZSE and any other relevant governmental or regulatory authorities, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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, 22 March 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 Zubo, 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.