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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)

Disclosable Transaction
Acquisition of 100% Equity Interest
in Lasa Hong Jin Auto Trading Company Limited*

The Board is pleased to announce that, on 25 April 2011, the Purchaser and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares.

The Consideration payable to the Vendors for the Sale Shares is RMB167.2 million (equivalent to approximately HK\$199 million), which is subject to adjustment. The Consideration will be payable by the Purchaser to the Vendors in cash in three installments.

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to notification and announcement requirements but exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 25 April 2011, the Purchaser and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares.

THE ACQUISITION AGREEMENT

Date

25 April 2011

Parties

- (i) the Purchaser (as purchaser); and
- (ii) the Vendors (as vendors)

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares. The Sale Shares represent the entire equity interest of the Target Company.

The Purchaser will appoint a nominee, which is a subsidiary of the Company, to be the holder of the Sale Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners are independent of the Company and its connected persons.

Consideration

The Consideration payable to the Vendors for the Sale Shares is RMB167.2 million (equivalent to approximately HK\$199 million), which is subject to adjustment. The Consideration will be payable by the Purchaser to the Vendors in cash in three installments, comprising the following sums:

- (i) RMB100 million (equivalent to approximately HK\$119 million), being the first installment (the "**First Installment**");
- (ii) RMB57.2 million (equivalent to approximately HK\$68.1 million), being the second installment (the "**Second Installment**"); and
- (iii) The remaining sum of the Consideration, being the third installment (the "**Third Installment**"), which is subject to adjustment.

The abovementioned installment arrangement of the Consideration is set out below:

1. The First Installment shall be paid by the Purchaser to the Vendors within five business days from the date of signing the Acquisition Agreement.

After receiving the First Installment from the Purchaser, the Vendors shall jointly surrender all the power in respect of the Target Group's operation, management, control as well as the relevant financial information and information and files in relation to the management and operation to the Purchaser.

The Vendors shall complete the appointment of the members of the respective boards of directors of the Target Group in accordance with the written request from the Purchaser prior to the Completion Date.

2. The Second Installment shall be payable by the Purchaser to the Vendors within 10 business days from the date of the completion of the relevant registration (the “**Registration**”) in respect of the transfer of the equity interest in Target Company from the Vendors to a subsidiary of the Company with the relevant Administration for Industry and Commerce.

The Vendors have undertaken to complete certain conditions of the Registration within one month from the date of payment of the First Installment. The Purchaser shall send a notice (the “**Notice**”) to the Vendors to confirm whether such conditions have been completed. If confirmed, the Vendors shall complete the Registration within two weeks from the issue date of the Notice.

3. The Third Installment shall be payable by the Purchaser to the Vendor within three months from the completion of the Due Diligence, subject to the mutual agreement between the Purchaser and the Vendors regarding the final payment amount of the Third Installment.

The Third Installment shall be the remaining sum of the Consideration, provided that if the audited net asset value of the Target Group as at 30 April 2011, which is to be assessed during the Due Diligence, is lower than the net asset value as stated in the Acquisition Agreement and/or the audited net asset value of the Target Subsidiary as at 30 April 2011 is lower than the net asset value as stated in the Acquisition Agreement, the difference such arise should be deductible in the Third Installment.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendors with reference to, among other things, (i) the geographical span and size of the business operation carried out by the Target Group; and (ii) the readiness of revenue generating capacity of the Target Group. The Consideration will be funded by the proceeds received from the Group’s listing in December 2010.

Undertakings

The Vendors jointly undertake that the following conditions, among other things, will be fulfilled within one month from the date of signing the Acquisition Agreement:

- (i) The Vendors have lawfully obtained all necessary approvals and consents from the relevant third parties (including but not limited to the banks, automobile suppliers and any relevant financial institutions in relation to the Target Group) with regard to the Acquisition. If the Vendors, other than their own causes, fails to timely obtain any of the above approvals or consents, the Purchaser shall be entitled to waive such approvals and consents if this is mutually agreed between the Purchaser and the Vendors;
- (ii) Charges, pledges, warranties or other guarantees provided by Target Group for the Vendors, other corporates (i.e. other entities or their related parties in which the Purchaser, directly or indirectly, own equity, partnership interests or any other economic benefits, or which directly or indirectly own equity or any other economic benefits in the Vendors), individuals and companies entrusted for holding the shares should be released or any appropriate reverse guarantee was provided by the Vendors, other corporates, individuals and companies entrusted for holding the shares to the satisfaction of the Purchaser;

- (iii) All current balances between the Target Group and the Vendors and their respective connected persons (if any) shall be settled and cleared; the Target Group has cleared, collected and provided its taxation payable before the date of changes made to industry and commerce registration in accordance with applicable laws;
- (iv) The Vendors have provided to the Purchaser a copy of their respective shareholders' resolutions which approve the performance of their respective obligations under the Acquisition Agreement; and the copies of such resolutions shall be signed by the legal representatives of the respective Vendors to confirm that they are true and complete, and remain valid till the date of presentation without any cancellation or revision.

Completion

Completion shall take place before the third business day from the payment of the First Installment from the Purchaser to the Vendors.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company whose results will be consolidated into the accounts of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated under the laws of the PRC and is the holding company of the Target Subsidiary.

The Target Company and the Target Subsidiary are principally engaged in the business of automobile dealership and after-sales services. It owns one 4S dealership with Audi, which is an authorized dealer of Audi in Nanchang, the capital of Jiangxi Province and was the first authorized dealer with Audi in Jiangxi Province.

Based on the financial statements of the Target Company prepared in accordance with PRC accounting standards, the net asset value of the Target Company as at 31 December 2009 and 2010 were approximately RMB9.3 million and RMB24.7 million respectively, and set out below is the financial information of the Target Company for the two financial years ended 31 December 2010:

	For the year ended 31 December	
	2009	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Profit Before Taxation	8,860	20,580
Profit After Taxation	6,610	15,440

The Target Company was incorporated in April 2011 as an investment holding company and its only assets are the Sale Shares.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is the second largest BMW dealer and a major 4S dealership group in China focused on premium brands such as BMW, MINI and Audi, with 24 4S dealerships being operated in cities with increasingly affluent populations in the Yangtze River Delta, Pearl River Delta Region, Bohai Economic Circle as well as selected inland areas of China as at the date of this announcement. This Acquisition constitutes part of strategic investments of the Group as proposed during its listing exercise. The completion of the Acquisition of the Target Group will help the Group in expanding the network for dealing in premium vehicle brands, and contribute to the dealership share of the Group in Audi. Upon the completion of the Acquisition, the number of 4S dealerships operated by the Group will reach 25.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the conditional acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the terms of the Acquisition Agreement
“Board”	the board of Directors
“Company”	China ZhengTong Auto Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1728)
“Completion”	completion of the Acquisition
“Completion Date”	the third business day from the payment of the First Installment from the Purchaser to the Vendors
“Consideration”	the Consideration payable to the Vendors for the Sale Shares is RMB167.2 million (equivalent to approximately HK\$199 million), which is subject to adjustment and will be payable by the Purchaser to the Vendors in cash in three installments

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China but excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	the Company
“Acquisition Agreement”	the conditional acquisition agreement dated 25 April 2011, entered into between the Purchaser (as purchaser) and the Vendors (as vendors) in relation to the Acquisition
“Sale Shares”	the entire issued and paid-up share capital of the Target Company
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	拉薩弘進汽貿有限公司 (La Sa Hong Jin Auto Trading Company Limited*), a company incorporated in the PRC which holds the entire equity interest in Target Subsidiary
“Target Group”	Target Company and Target Subsidiary
“Target Subsidiary”	江西德奧汽車銷售服務有限公司 (Jiang Xi De Ao Auto Sales Services Company Limited*), a company incorporated in the PRC, a wholly-owned subsidiary of the Target Company and a 4S dealer
“Vendor-1”	拉薩深藍汽貿有限公司 (La Sa Shen Lan Auto Trading Company Limited*), a company incorporated in the PRC which holds 95% of the equity interest in the Target Company
“Vendor-2”	西藏頂峰實業有限公司 (Xi Zang Ding Feng Assets Company Limited*), a company incorporated in the PRC which holds 5% of the equity interest in the Target Company
“Vendors”	Vendor-1 and Vendor-2

“%”	per cent.
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“4S dealership(s)”	A dealership authorized to sell the products of a single brand of automobiles. Such dealership intergrates four standard automobile related business: sales, spare parts, service and survey

* *For identification purpose only*

For the purpose of this announcement, the exchange rate used for conversion between HK\$ and RMB is HK\$1.00 = RMB0.84.

For and on behalf of the Board of Directors of
China ZhengTong Auto Services Holdings Limited
 中國正通汽車服務控股有限公司

WANG Kunpeng

Executive Director

25 April 2011

As at the date of this announcement, the Board comprises Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, Mr. CAO Limin, Mr. LIU Dongli and Mr. CHEN Tao as Executive Directors; Mr. WANG Muqing as Non-Executive Director; and Dr. WONG Tin Yau, Kelvin, Mr. TAN Xiangyong and Mr. ZHANG Yansheng as Independent Non-Executive Directors.

This announcement is also available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.zhengtongauto.com.