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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)*

DEEMED DISPOSAL OF INTEREST AT SUBSIDIARY LEVEL AND CONNECTED TRANSACTION

THE SUBSCRIPTION AGREEMENT

On 30 June 2019, Targetco (a wholly-owned subsidiary of the Company), Subscriber A (which is a connected person), Subscriber B and the Company entered into the Subscription Agreement, pursuant to which it has been agreed that following completion of the Target Group Restructuring and other Closing Conditions being fulfilled (or, where applicable, waived), Targetco will issue to (and the Subscribers will subscribe for) New Targetco Shares.

After completion of the Target Group Restructuring, the Target Group will become the Company's sub-group which will focus on the business of automotive logistics management (including automotive logistics planning consultation and transportation and warehousing services) in the PRC.

The total Subscription Price is equal to the US dollars equivalent of RMB200 million, which is determined based on the indicative 2018 Pro Forma Profit of the Target Group multiplied by an agreed price-earnings multiple of 12.98 times. On the condition that the final 2018 Pro Forma Profit of the Target Group (as contained in the pro forma financial statements of the Target Group for the year ended (and, where applicable, as at) 31 December 2018, which would be reviewed by an accountancy firm (not being the Company's auditors) whose appointment is agreed by the parties to the Subscription Agreement) is not less than RMB77.1 million, the final valuation of the Target Group will be subject to further adjustments relating to dividends which may be declared (or receivable) by members of the Target Group and equity-sale prices payable in connection with the Target Group Restructuring. The subscription price for each New Targetco Share (in US dollars) to be paid by the Subscribers is equal to the said final valuation (after adjustment) divided by (i) the agreed exchange rate of US dollars to Renminbi, and (ii) the total number of Targetco Shares in issue immediately before Completion. It is expected that immediately after Completion, the Company's shareholding in Targetco will be diluted to not less than 83.33%.

Details of the basis of determination of (and adjustment mechanism to) the Subscription Price are summarised in the section headed "Subscription Agreement – Subscription Price and Subscription of New Targetco Shares" below of this announcement.

It has been agreed under the Subscription Agreement that the New Targetco Shares will be allocated to Subscriber A and Subscriber B in equal share. The total Subscription Price will be used by the Target Group for technology development, market expansion, staff recruitment and as general working capital.

LISTING RULES IMPLICATIONS

The Subscriptions constitute deemed disposal of the Company's equity interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscriptions under the Subscription Agreement are less than 5%, such deemed disposal is exempt from the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Subscriber A is a controlling shareholder of the Company which held approximately 56.42% of the total number of issued shares of the Company. Mr. Wang Muqing is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Mr. Wang and his family were the founders of the family trusts that own all the issued shares of Subscriber A. The entering into of the Subscription Agreement hence constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the connected transaction under the Subscription Agreement is more than 1% but less than 5%, and all other applicable percentage ratios are less than 5%, the connected transaction contemplated under the Subscription Agreement are exempt from the circular, independent financial advice and independent shareholders' approval requirements but is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules. Mr. Wang Muqing has abstained from voting on resolutions in relation to the Subscription Agreement. Save as disclosed above, none of the Directors have any material interest in the Subscriptions.

INTRODUCTION

On 30 June 2019, Targetco (a wholly-owned subsidiary of the Company), Subscriber A, Subscriber B and the Company entered into the Subscription Agreement.

Under the Subscription Agreement, it is contemplated that members of the Target Group will become indirect wholly owned subsidiaries of Targetco and that 50% equity interest in Fengshen Logistics will become attributable to Targetco. Following completion of the Target Group Restructuring, the Target Group will become the Company's sub-group which will focus on the business of automotive logistics management (including automotive logistics planning consultation and transportation and warehousing services) in the PRC.

After completion of the Target Group Restructuring and other Closing Conditions being fulfilled (or, where applicable, waived), Targetco will issue to (and the Subscribers will subscribe for) New Targetco Shares. It is expected that immediately after Completion, the Company's shareholding in Targetco will be diluted to not less than 83.33%. The total Subscription Price is equal to the US dollars equivalent of RMB200 million. It has been agreed under the Subscription Agreement that the New Targetco Shares will be allocated to Subscriber A (or such other person(s) (whether Independent Third Party(ies) or the associate(s) of Subscriber A) as may be nominated by Subscriber A prior to the Completion to take up all or part of the portion of the Subscriptions attributable to Subscriber A) and Subscriber B in equal share. The Subscription Price will be used by the Target Group for technology development, market expansion, staff recruitment and as general working capital.

A summary of the material terms of the Subscription Agreement is set out below.

SUBSCRIPTION AGREEMENT

Date: 30 June 2019

Parties:

- (a) Targetco (a wholly-owned subsidiary of the Company);
- (b) Subscriber A;
- (c) Subscriber B; and
- (d) the Company.

As at the date of this announcement, Subscriber A is a controlling shareholder of the Company which held approximately 56.42% of the total number of issued shares of the Company. Mr. Wang Muqing is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Mr. Wang Muqing and his family were the founders of the family trusts that own all the issued shares of Subscriber A. Subscriber A is a connected person of the Company.

Subscriber B is a limited partnership established in the Cayman Islands. The general partner of Subscriber B is WWG Cayman which holds 0.1% partnership interest in Subscriber B. WWG Tech is the only limited partner of Subscriber B and it holds 99.9% partnership interest in Subscriber B. WWG Tech in turn is a limited partnership established in the Cayman Islands, and its general partner is WWG Cayman which holds 1% partnership interest in WWG Tech. Of the remaining 99% partnership interests in WWG Tech, 12.5% is attributable to an investment vehicle solely owned by the family trusts of Mr. Wang Muqing and his family, and the remaining 86.5% are held by Independent Third Parties. The interests of the limited partners in the respective limited partnerships are purely economical, and WWG Cayman (as general partner) has control over the operation, management and investment process/decision of these limited partnerships.

Subscriber B is a special purpose vehicle for making investment in Targetco. WWG Cayman is a member of a group of companies managing private equity funds, which focus on investment in growth stage, industry consolidation and merger and acquisition opportunities in the healthcare, technology and new economy sectors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, Subscriber B and the ultimate beneficial owners of WWG Cayman are independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in Listing Rules).

Subscription Price and Subscription of New Targetco Shares

Under the Subscription Agreement, the total Subscription Price is equal to the US dollars equivalent of RMB200 million, which is determined based on the indicative 2018 Pro Forma Profit of the Target Group multiplied by an agreed price-earnings multiple of 12.98 times. On the condition that the final 2018 Pro Forma Profit of the Target Group (as reviewed by an accountancy firm (not being the Company's auditors) whose appointment is agreed by the parties to the Subscription Agreement) is not less than RMB77.1 million, the final valuation of the Target Group will be subject to further adjustments (on a dollar-to-dollar basis) relating to the following which may be effected in connection with the Target Group Restructuring:

- (a) dividends which may be declared by members of the Target Group to members of the Excluded Listco Group;

- (b) dividends which may be declared by members of the Excluded Listco Group to members of the Target Group;
- (c) the price for transfer of 29.08% equity interest in Wuhan United (Demerger II) from Shenzhen LMT (a member of the Excluded Listed Group) to Target HK Co (a member of the Target Group); and
- (d) the price for transfer of 50% equity interest in Shanghai YGK from Shengze Jietong ((a member of the Target Group) to Wuhan United (Demerger I) (a member of the Excluded Listed Group),

where items (a) and (c) would result in downward adjustment of the said final valuation, while items (b) and (d) would result in upward adjustment of the said final valuation.

The subscription price for each New Targetco Share (in US dollars) to be paid by the Subscribers is equal to the said final valuation (after adjustment) divided by (i) the agreed exchange rate of US\$1 to RMB6.8778, and (ii) the total number of Targetco Shares in issue immediately before Completion and held by the Company. The Subscription Price shall be paid by the Subscribers to Targetco at the completion of the Subscription Agreement.

It is expected that immediately after Completion, the Company's shareholding in Targetco will be diluted to not less than 83.33%.

It has been agreed under the Subscription Agreement that the New Targetco Shares will be allocated to Subscriber A (or such other person(s) (whether Independent Third Party(ies) or the associate(s) of Subscriber A) as may be nominated by Subscriber A prior to the Completion to take up all or part of the portion of the Subscriptions attributable to Subscriber A) and Subscriber B in equal share.

The total Subscription Price will be used by the Target Group for technology development, market expansion, staff recruitment and general working capital.

The Subscription Price was determined after arm's length negotiation between the parties to the Subscription Agreement. The Directors (including the independent non-executive Directors) consider that the basis of determining the Subscription Price is fair and reasonable, on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Closing Conditions

Completion is conditional upon the following Closing Conditions being fulfilled (or, where applicable, waived by Subscriber B) on or before 30 September 2019 (or such later date as may be agreed between the parties):

- (1) the Target Group Restructuring having been completed and all necessary approvals, consents, and registration and filing procedures having been obtained and effected;
- (2) the Company and Subscriber B having agreed to the pro forma financial statements of the Target Group for the financial year ended (or, as the case may be, as at) 31 December 2018, the final valuation of the Target Group and the final subscription price for each New Targetco Share;

- (3) the results of any necessary and reasonable due diligence review, investigation and verification on the Target Group and its related business, assets, liabilities, activities and operation (with respect to legal, accounting, financial, operation or such other aspects as may be considered by Subscriber B to be important) having no material difference from the information provided by the Target Group before the Subscription Agreement being entered into, nor indicating that any breach in any material respect of the Warranties given by the Company and Targetco;
- (4) the Company having complied with its obligations under the Listing Rules in connection with the Target Group Restructuring and the Subscription Agreement, including the making of an announcement thereon and (where applicable) obtaining approval of the Shareholders;
- (5) the investment committee of Subscriber B having approved the subscription of New Targetco Shares by Subscriber B pursuant to the terms of the Subscription Agreement; and
- (6) the Warranties remaining true and accurate in all material respects.

Completion

Completion will take place on the third Business Day following the date on which the last of the Closing Conditions is satisfied (or waived by the relevant parties in accordance with the Subscription Agreement), or on such later date as the parties to the Subscription Agreement may agree.

At Completion, the Subscription Price shall be paid by the Subscribers to Targetco, and New Targetco Shares shall be issued by Targetco to Subscriber A (or such other person(s) (whether Independent Third Party(ies) or the associate(s) of Subscriber A) as may be nominated by Subscriber A prior to the Completion to take up all or part of the portion of the Subscriptions attributable to Subscriber A) and Subscriber B, and a shareholders agreement will be entered into between Targetco, the Subscribers (or their respective nominees as mentioned) and the Company, which will (among other matters) regulate the management and operation of Targetco.

Immediately after Completion, the Company's shareholding in Targetco will be diluted to not less than 83.33% and the total number of New Targetco Shares will be allocated as to Subscriber A (or its nominee(s) as mentioned) and Subscriber B in equal share.

Warranties

Under the Subscription Agreement, the Warranties given by the Company and Targetco in favour of Subscriber A are limited to mainly the legal capacities of the Company and Targetco and the binding effect and enforceability of the Subscription Agreement over the Company and Targetco.

Under the Subscription Agreement, the Warranties given by the Company and Targetco in favour of Subscriber B are of the usual types and extent applicable to subscription agreements having the same nature.

Shareholders Agreement

At completion of the Subscription Agreement, a shareholders agreement will be entered into between Targetco, the Subscribers (or their respective nominees as mentioned above) and the Company, which will (among other persons) regulate the management and operation of Targetco. It is expected that the board of directors of Targetco will have four seats, and the Company and Subscriber B are entitled to appoint or nominate three directors and one director of Targetco respectively. The shareholders agreement will also contain provisions concerning anti-dilution, pre-emptive right, tag-along right, first refusal right, which are of the usual types and extent applicable to shareholders agreements having the same nature.

GENERAL INFORMATION

Information of the Company

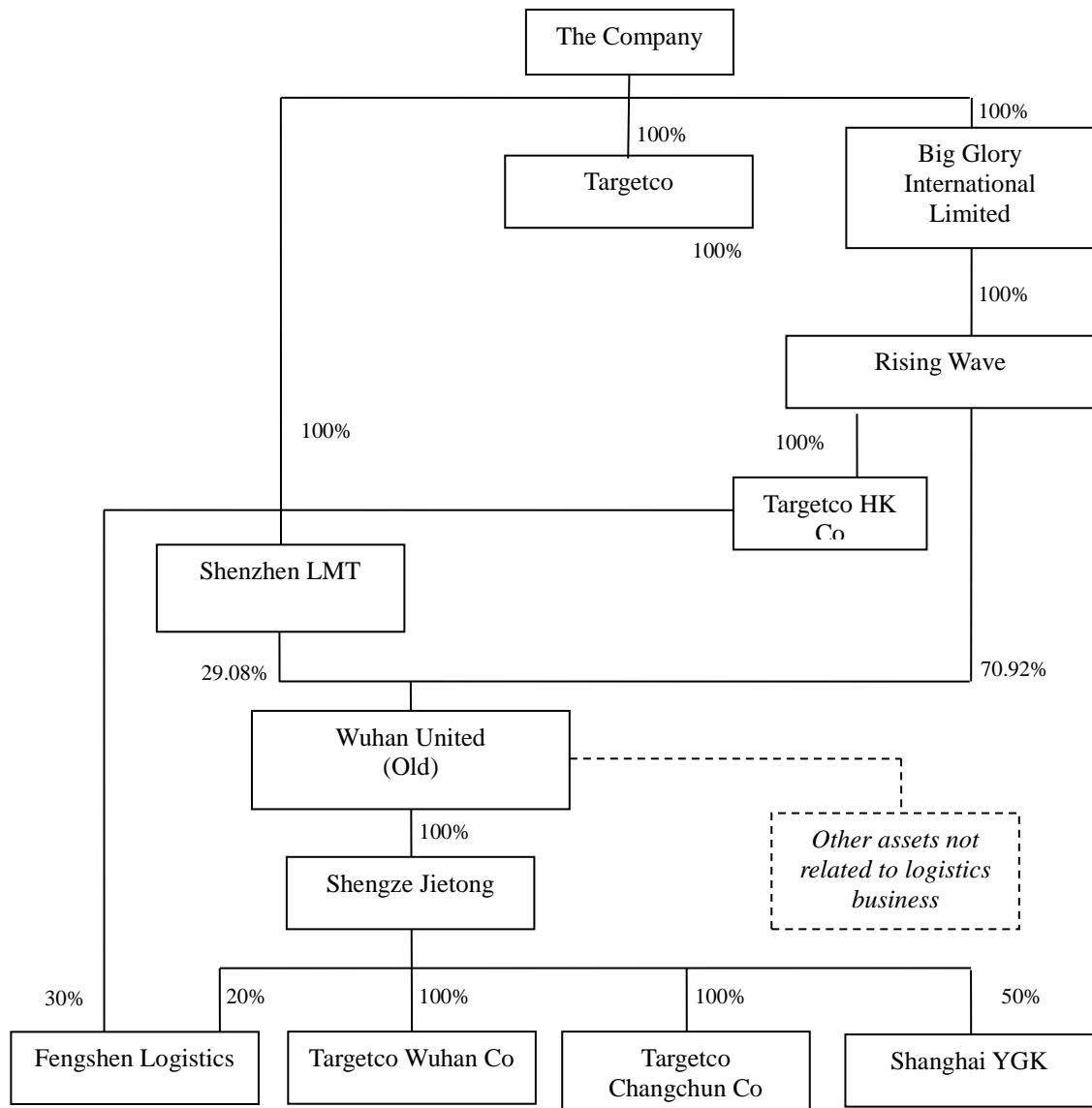
The Group is a leading auto sales and services group of luxury conglomerates in China. Its principal businesses include the operation of automobile 4S stores, auto finance businesses and supply chain business.

Target Group Restructuring

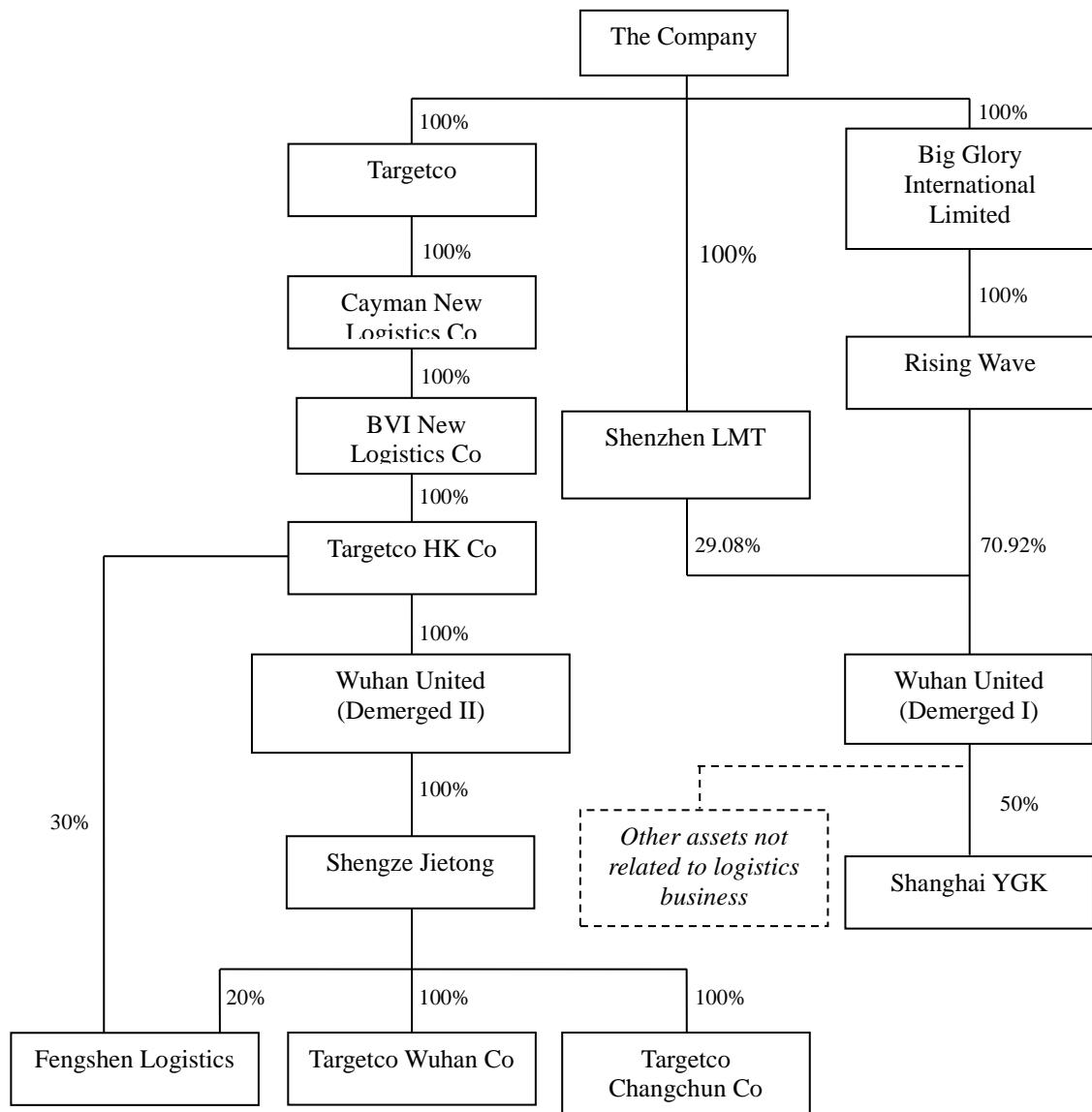
Targetco is incorporated in BVI and will become the holding company of the Target Group.

The Target Group will undergo certain restructuring in preparation for the Subscriptions, and the completion and implementation of the Target Group Restructuring is one of the conditions precedent to the completion of the Subscription Agreement.

The following chart depicts the shareholding relationship of members of the Target Group (and some members of the Excluded Listco Group) as at the date of this announcement:



The following chart depicts the shareholding relationship of members of the Target Group (and some members of the Excluded Listco Group) after implementation of the Target Group Restructuring and immediately before completion of the Subscription Agreement:



Major steps to be taken in connection with the Target Group Restructuring include the following:

- (a) a new company ("Cayman New Logistics Co") and another new company ("BVI New Logistics Co") will be incorporated as intermediate holding companies in the Cayman Islands and BVI, respectively, and they will become wholly owned subsidiaries of Targetco;
- (b) Targetco HK Co will be transferred by Rising Wave to BVI New Logistics Co;

- (c) Wuhan United (Old) will undergo demerger process, and following such demerger, two companies will be in subsistence, namely, (i) Wuhan United (Demerged II) which will hold the entire registered capital in Shengze Jietong, and (ii) Wuhan United (Demerged I) which will hold companies and assets (and carry on businesses) which are not related to automotive logistics businesses. Immediately after such demerger, Rising Wave and Shenzhen LMT will hold 70.92% and 29.08% of the equity interest in Wuhan United (Demerged I), while Targetco HK Co will hold the entire equity interest in Wuhan United (Demerged II);
- (d) 50% equity interest in Shanghai YGK will be transferred from Shengze Jietong to Wuhan United (Demerged I), and the related transfer price will be settled in cash that will be payable in 2 years from the Completion Date; and
- (e) 29.08% equity interest in Wuhan United (Demerged II) will be transferred by Shenzhen LMT to Target HK Co, and the related transfer price will be settled in cash that will be payable in 2 years from the Completion date.

Under the Subscription Agreement, it has been agreed by the parties to such agreement that taxation and costs and expenses arising from or in connection with the Target Group Restructuring will be assumed and paid by Excluded Listed Group.

The following sets out certain financial data of the Target Group based on the unaudited financial statements of the Target Group and compiled on a pro forma basis as if the Target Group had been completed as of 1 January 2017:

(RMB million)	For the year ended 31 December	
	2017	2018
Before-tax profit	59	90
After-tax profit	52	77

and as at 31 December 2018, without taking into account of any net subscription monies receivable from the Subscribers and subject to adjustment in connection with the Target Group Restructuring, the unaudited total asset value and the unaudited net asset value of the Target Group amounted to approximately RMB668 million and RMB617 million respectively.

The above financial data may be subject to adjustment in connection with the Target Group Restructuring and is subject to review by the accountancy firm (not being the Company's auditors) whose appointment is agreed by the parties, and have taken into the Target Group's interest in Fengshen Logistics, which is an unlisted corporate entity in which the Group has joint control and a 50% ownership interest. Fengshen Logistics' principal activities are the provision of automobile related logistics services. Fengshen Logistics is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Fengshen Logistics as a joint venture, which is equity-accounted for. For further details of the financial data of Fengshen Logistics, please refer to page 134 to 135 of the Company's annual report 2018.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The business of the Target Group has been on the growth in the recent years. By completing the Subscription Agreement, the Target Group will have additional funds to engage in technology development, market expansion and staff recruitment which are essential to the Target Group's further growth and enhancement of its market position. Notwithstanding a dilution of the Company's interest in the Target Group, the additional funds will expedite and accelerate the growth of the Target Group.

Save as disclosed above, none of the Directors (other than Mr. Wang Muqing) have any material interest, whether direct or indirect, in the Subscription Agreement and therefore none of the Directors was required to abstain from the voting on the resolutions of the Board to approve the Subscription Agreement.

The Directors (including independent non-executive Directors) are of the view that the terms of the Subscription Agreement are fair and reasonable, and are on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE SUBSCRIPTIONS

Upon Completion, the Company's shareholding in Targetco will be diluted to not less than 83.33% of the entire issued share capital of Targetco, while the Target Group's assets will be increased by about RMB200 million that represents the proceeds of the Subscriptions. Targetco will remain to be a subsidiary of the Company immediately after completion of the Subscription Agreement. The Subscriptions constitute a deemed disposal for the purpose of Rule 14.29 of the Listing Rules. There will be no gain or loss arising from the deemed disposal of the Company's equity interest in Targetco under the Subscription Agreement to be recognised in the consolidated income statement of the Company given that Targetco will remain as a subsidiary of the Company immediately upon completion of the Subscriptions..

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

It is expected that the net proceeds from the Subscriptions will be used for technology development, market expansion, recruitment of new staff and as general working capital of the Target Group.

LISTING RULES IMPLICATIONS

The Subscriptions constitute deemed disposal of the Company's equity interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscriptions under the Subscription Agreement are less than 5%, such deemed disposal is exempt from the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Subscriber A is a controlling shareholder of the Company which held approximately 56.42% of the total number of issued shares of the Company. Mr. Wang Muqing is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Mr. Wang and his family were the founders of the family trusts that own all the issued shares of Subscriber A. The entering into of the Subscription Agreement hence constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the connected transaction under the Subscription Agreement is more than 1% but less than 5%, and all other applicable percentage ratios are less than 5%, the connected transaction contemplated under the Subscription Agreement are exempt from the circular, independent financial advice and independent shareholders' approval requirements but is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules. Mr. Wang Muqing has abstained from voting on resolutions in relation to the Subscription Agreement. Save as disclosed above, none of the Directors have any material interest in the Subscriptions.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the respective meanings below:

“2018 Pro Forma Profit”	unaudited pro forma after-tax profit of the Target Group for the year ended 31 December 2018, the amount of which are to be agreed by Targetco and Subscriber B
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for business other than (i) a Saturday or (ii) a day on which a tropical cyclone warning signal number 8 or above is hoisted in Hong Kong between 9:00 a.m. and 12:00 noon and the tropical cyclone warning signal remains to be hoisted at or before 12:00 noon or (iii) a black rainstorm signal is hoisted in Hong Kong at or before 12:00 noon and remains to be hoisted at or before 12:00 noon
“BVI”	British Virgin Islands
“Closing Conditions”	conditions precedent to completion of the Subscription Agreement, details of which are summarised in the section headed “Subscription Agreement – Closing Conditions” of this announcement
“Company”	China ZhengTong Auto Services Holdings Limited (中國正通汽車服務控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreement in accordance with its terms and conditions
“Completion Date”	the third Business Day following the date on which all Closing Conditions have been satisfied (or waived in accordance with the Subscription Agreement), or on such later date as the parties to the Subscription Agreement may agree
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Excluded Listed Group”	members of the Group, which are not members of the Target Group

“Fengshen Logistics”	Fengshen Logistics Co., Ltd.* (風神物流有限公司), a company incorporated in the PRC with limited liability and which is equity-accounted for by the Company as a joint venture, and its equity interests are held as to 20% by Shengze Jietong and as to 30% by Target HK Co
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/ are independent of and not connected with (within the meaning of the Listing Rules) the Company, as far as the Directors are aware after having made all reasonable enquiries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Targetco Shares”	new Targetco Shares to be issued by Targetco to the Subscribers in accordance with the terms of the Subscription Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rising Wave”	Rising Wave Development Limited, a company incorporated in Hong Kong, which is the holding company of Target HK Co and which is a member of the Excluded Listed Group
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai YGK”	Shanghai Yige Science & Technology Trading Co., Ltd.* (上海繹格科工貿有限公司), a company incorporated in the PRC with limited liability and 50% of its equity interest is held by Shengze Jietong as at the date of this announcement, which equity interest is planned to be transferred to Wuhan United (Demerger I) after completion of the Target Group Restructuring, as its principal activities are distribution of lubricant oil
“Shares”	share(s) of the Company of HK\$0.1 each

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Shengze Jietong”	Shengze Jietong Supply Chain Co., Ltd.* (聖澤捷通供應鏈有限公司), a company incorporated in the PRC with limited liability and a member of the Target Group
“Shenzhen LMT”	Shenzhen Roadmate Technology Co., Ltd.* (深圳路美特科技有限公司), a company incorporated in the PRC with limited liability and a member of the Excluded Listco Group, which holds 29.08% of the registered capital in Wuhan United (Old) as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Joy Capital Holdings Limited (怡都控股有限公司), a company incorporated in BVI with limited liability, which is a connected person of the Company and a party to the Subscription Agreement
“Subscriber B”	Waterwood Santong Investment, L.P., a limited partnership established in the Cayman Islands and a party to the Subscription Agreement
“Subscribers”	collectively, Subscriber A and Subscriber B
“Subscription Agreement”	the subscription agreement dated 30 June 2019 and entered into between Targetco, Subscriber A, Subscriber B and the Company, pursuant to which Targetco has agreed to issue to the Subscribers (and the Subscribers have agreed to subscribe for) the New Targetco Shares in accordance with the terms and conditions set out therein
“Subscription(s)”	subscription(s) of New Targetco Shares by Subscriber A and Subscriber B respectively pursuant to the Subscription Agreement
“Subscription Price”	subscription price to be paid by each Subscriber for the subscription of each New Targetco Share, the manner of calculation of which is set out in the sub-section headed “Subscription Price and Subscription of New Targetco Shares” of this announcement, and the total subscription price to be paid by the Subscribers amounted to the US dollars equivalent of an aggregate of RMB200 million

“Target Changchun Co”	Changchun Shengze Jietong Logistics Co., Ltd.* (長春聖澤捷通物流有限公司), a company incorporated in the PRC with limited liability and a member of the Target Group
“Target Group”	refers to (i) (before completion of the Target Group Restructuring) the group consisting of Shengze Jietong, Target Changchun Co, Target Wuhan Co, and 50% equity interest in Fengshen Logistics; or (ii) (after completion of the Target Group Restructuring) the group consisting of Targetco, Cayman New Logistics Co (to be incorporated), BVI New Logistics Co (to be incorporated), Target HK Co, Wuhan United (Demerger II), Shengze Jietong, Target Changchun Co, Target Wuhan Co, and the 50% equity interest in Fengshen Logistics
“Target Group Restructuring”	restructuring of the Target Group to be implemented before the Completion of the Subscriptions as described in the sub-section headed “Target Group Restructuring” of this announcement
“Target HK Co”	Tongda Group (China) Co., Ltd., a company incorporated in Hong Kong with limited liability, and a member of the Target Group
“Target Wuhan Co”	Wuhan Jieyuehang Supply Chain Co., Ltd.* (武漢捷悅行供應鏈有限公司), a company incorporated in the PRC with limited liability and a member of the Target Group
“Targetco”	Wisdom Achieve Global Limited, a company incorporated in BVI with limited liability and a party to the Subscription Agreement
“Targetco Share(s)”	share(s) of Targetco having a par value of US\$1 each as at the date of this announcement
“US\$” or “US dollar”	United States dollar(s), the lawful currency of the United States of America
“Warranties”	the representations, warranties and undertakings given by the Company and Targetco under the Subscription Agreement

“Wuhan United (Demerger I)”

the enterprise which will be in subsistence after completion of the demerger of Wuhan United (Old) as part of the Target Group Restructuring, and which will hold such assets (and carry on such businesses) originally held (or carried on) by Wuhan United (Old), other than (i) members of the Target Group and (ii) businesses which are not related to the Group’s automotive logistics business

“Wuhan United (Demerger II)”

the enterprise which will be in subsistence after completion of the demerger of Wuhan United (Old) as part of the Target Group Restructuring, and which will hold Shenzheng Jietong which in turn will hold Target Changchun Co, Target Wuhan Co and 20% equity interest in Fengshen Logistics and a member of the Target Group

“Wuhan United (Old)

Wuhan ZhengTong United Industrial Investment Group Co., Ltd.* (武漢正通聯合實業投資集團有限公司), a company incorporated in the the PRC with limited liability

“WWG Cayman”

Waterwood Growth Cayman Limited, a company incorporated in the Cayman Islands with limited liability and the general partner of WWG Tech and Subscriber B

“WWG Tech”

Waterwood Growth Technology Fund, L.P., a limited partnership established in the Cayman Islands and the sole limited partner of Subscriber B

“%”

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 Kunpeng

Executive Director

Hong Kong, 1 July 2019

As at the date of this announcement, the Board comprises Mr. WANG Muqing (Chairman), Mr. WANG Kunpeng, Mr. KOH Tee Choong, Ivan, 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.

** the English translation of the Chinese names are for identification purpose only.*