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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)

US DENOMINATED SENIOR NOTES DUE 2022

(Stock Code: 40132)

INSIDE INFORMATION ANNOUNCEMENT

**POTENTIAL DISPOSAL OF SHARES BY THE CONTROLLING
SHAREHOLDER**

This announcement is made by China Zhengtong Auto Services Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company was informed by Joy Capital Holdings Limited (“**Joy Capital**”), the controlling shareholder of the Company (as defined under the Listing Rules), which holds 1,383,516,820 shares of the Company (the “**Shares**”) (representing approximately 51.29% of the total issued Shares as at the date of this announcement), that on 29 July 2020, Joy Capital entered into a memorandum of understanding (the “**MOU**”) with 廈門國貿控股集團有限公司 (Xiamen ITG Holding Group Co., Ltd), an independent third party (the “**Potential Purchaser**”), pursuant to which Joy Capital intends to sell, and the Potential Purchaser intends to purchase, approximately 29.9% interests of the Company (the “**Potential Transaction**”), subject to formal agreement to be signed by Joy Capital and the Potential Purchaser.

Xiamen ITG Holding Group Co., Ltd. is a state-owned business group under Xiamen Municipal Government, as well as a Fortune Global 500 Company with operations in commodity trading, circulation automobile trading, logistics business, commodity retail business and others.

Under the MOU, the intended consideration for each Share shall not be less than an amount representing a premium of 30% over the average closing price per Share as quoted on The Stock Exchange of Hong Kong Limited during the 120 consecutive trading days before the date of the MOU. The final price and the terms and conditions of the sale and purchase shall be subject to the terms of the formal agreement to be negotiated and entered into between Joy Capital and Potential Purchaser. The MOU is not legally binding, save for the provisions regarding confidentiality, exclusivity, enforceability, governing law and arbitration. The MOU shall be effective from the date of the MOU and shall automatically terminate on 1 October 2020 if no legally binding agreement is entered into and the parties do not agree to further extend the term of the MOU.

Joy Capital and the Potential Purchaser intend to finalise and enter into the formal sale and purchase agreement over the next few weeks. If the Potential Transaction shall materialise, the Potential Purchaser will become a strategic investor of the Company. The Company would expect such relationship to provide synergies and significant opportunities for the Group to further develop and strengthen the development of the Group's businesses such as automobile dealership and auto financial services business by leveraging on the scale, network and financial strength of the Potential Investor.

The Potential Transaction is subject to the execution of a formal sale and purchase agreement. There is no assurance that the Potential Transaction will materialise or eventually be consummated. Shareholders and other investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Chief Executive Officer and Executive Director

Hong Kong, 30 July 2020

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