

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States.

The information contained in this announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Bonds mentioned herein have not been, and will not be, registered under the Securities Act, and may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. No public offering of the Bonds will be made in the United States.



中升集團控股有限公司
Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 881)

**PROPOSED ISSUE OF U.S.\$450 MILLION 3.00 PER CENT.
BONDS DUE 2026**

Joint Global Coordinators and Joint Bookrunners

BofA SECURITIES 

MIZUHO 

 **建银国际**
CCB International

 **MUFG**

Morgan Stanley

Reference is made to the announcement of the Company dated 4 January 2021 in respect of the proposed Issue. The Board is pleased to announce that on 6 January 2021, the Company and the Managers entered into the Subscription Agreement whereby the Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of U.S.\$450 million.

It is intended that the Bonds will be listed on the Hong Kong Stock Exchange. Applications will be made to the Hong Kong Stock Exchange for the listing of the Bonds.

The estimated net proceeds from the Issue after deduction of commission and expenses, amount to approximately U.S.\$445 million, which will be used for repayment of existing bank loans and general corporate purpose.

Completion of the Issue is subject to the satisfaction and/or waiver of the conditions precedent in the Subscription Agreement, market conditions and investors' demand. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed "THE SUBSCRIPTION AGREEMENT" below for further information. As the Company may or may not obtain the necessary approvals from the Hong Kong Stock Exchange and the Issue may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

PROPOSED ISSUE OF U.S.\$450 MILLION 3.00 PER CENT. BONDS DUE 2026

Reference is made to the announcement of the Company dated 4 January 2021 in respect of the proposed Issue. The Board is pleased to announce that on 6 January 2021, the Company and the Managers entered into the Subscription Agreement whereby the Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of U.S.\$450 million.

THE SUBSCRIPTION AGREEMENT

Date: 6 January 2021

Parties: (i) The Company as issuer; and
(ii) Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, CCB International Capital Limited, MUFG Securities Asia Limited and Morgan Stanley & Co. International plc as the Managers.

Proposed Issue: Subject to and in accordance with the provisions of the Subscription Agreement, each of the Managers, severally and not jointly, has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of U.S.\$450 million.

Conditions Precedent: The obligations of the Managers to subscribe and pay for the Bonds are conditional on:

1. the Managers being reasonably satisfied with the results of their due diligence investigations with respect to the Group;
2. the execution and delivery (on or before the Issue Date) of the other contracts, each in a form satisfactory to the Managers, by the respective parties;
3. on the date of the Subscription Agreement and on the Issue Date, there having been delivered to the Managers letters, in form and substance reasonably satisfactory to the Managers, dated the date of the Subscription Agreement and the Issue Date, from Ernst & Young, auditors of the Company;
4. the Company having received an Enterprise Overseas Debt Issuance Registration Certificate (企業借用外債備案登記證明) issued by the NDRC with respect to the Bonds in accordance with the NDRC Notice, and such certificate remaining in full force and effect on the Issue Date;
5. on the date of the Subscription Agreement and on the Issue Date,
 - (i) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
 - (iii) there having been delivered to the Managers a certificate of a Director or a duly authorised signatory of the Company to such effect;

6. there having been addressed to the Managers financial information certificates relating to the Company dated the Issue Date signed by a duly authorised signatory of the Company;
7. after the date of the Subscription Agreement up to and on the Issue Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or otherwise) or business affairs of the Company or the Group, which, in the reasonable opinion of the Managers, is material and adverse in the context of the Issue and from that set out in the Offering Circulars;
8. the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds (or, in each case, the Managers being reasonably satisfied that such listing will be granted); and
9. on or before the Issue Date, there having been delivered to the Managers, certain legal opinions, each in a form and substance reasonably satisfactory to the Managers, and such other resolutions relating to the Issue, as the Managers may require.

The Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent.

Completion: Completion of the subscription and issue of the Bonds will take place on the Issue Date.

Termination: The Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, in their sole discretion terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;

2. if any of the conditions precedent set out in the Subscription Agreement has not been satisfied or waived by the Managers on or prior to the Issue Date;
3. if, in the opinion of the Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in their views, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Frankfurt Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or the Hong Kong Stock Exchange; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange (other than solely due to the release of announcements relating to the issuance of the Bonds); (iii) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong, the PRC, the European Economic Area and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC, Singapore, the European Economic Area or the United Kingdom; (iv) a material adverse change or development involving a prospective material adverse change in taxation affecting the Company and the Bonds or the transfer thereof; or (v) any new law or regulation or any material adverse change or development involving a prospective material adverse change in existing laws or regulations; or

5. if, in the opinion of the Managers, there shall have occurred any event or series of events (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their views be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer:	The Company.
Principal Amount of the Bonds:	U.S.\$450 million in aggregate principal amount of the Bonds.
Issue Price of the Bonds:	99.581% of the principal amount of the Bonds.
Form and Denomination:	The Bonds will be issued in registered form in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
Interest:	3.00 per cent. per annum.
Maturity Date:	13 January 2026 (the “ Maturity Date ”).
Scheduled Redemption:	Unless previously redeemed, or purchased and cancelled in the circumstances referred to in the Terms and Conditions, the Company will redeem each Bond at its principal amount on the Maturity Date.
Make-whole Redemption:	The Company may redeem in whole, but not in part, at any time prior to 13 December 2025, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (an “ Option Redemption Notice ”) (which notice shall be irrevocable) at a make whole price as of, and together with interest accrued to (but excluding), the redemption date specified in the Option Redemption Notice.

Redemption at the Option of the Company: The Bonds may be redeemed at the option of the Company in whole, but not in part, on 13 December 2025, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at 100% of their principal amount, and together with interest accrued to (but excluding) such date).

Redemption for Taxation Reasons: At any time, the Company may, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), redeem the Bonds in whole, but not in part, at 100% of their principal amount if (i) the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations or rulings of any relevant tax jurisdiction, or any change in the general application or official interpretation of or the standing of an official position with respect to, such laws, regulations or rulings, which change or amendment becomes effective, or official position is announced, on or after 6 January 2021; and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

Redemption for Change of Control Triggering Event: Bondholders have the right to require the Company to redeem all or some only their Bonds at 101% of their principal amount upon the occurrence of a Change of Control Triggering Event.

A “**Change of Control Trigger Event**” shall mean the occurrence of both a Change of Control (as defined below) and a rating decline.

A “**Change of Control**” occurs when (i) the Permitted Holders jointly, directly or indirectly, cease to beneficially or legally own at least 40.0% of the Voting Rights of the issued share capital of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity.

- Listing:** An application will be made to the Hong Kong Stock Exchange for the listing of the Bonds.
- Clearing Systems:** The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on or about 13 January 2021 with a common depository for, Euroclear and Clearstream.
- Transferability:** The Bonds are freely transferable.
- Status:** The Bonds constitute direct, unconditional, unsubordinated, and (subject to the Terms and Conditions) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.
- Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall not, and the Company shall procure that none of its principal subsidiaries will, create or permit to subsist any security interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any relevant indebtedness or guarantee of relevant indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith; or (b) providing such other security for the Bonds as shall be approved by an extraordinary resolution (as defined in the Trust Deed) of the Bondholders.

USE OF PROCEEDS

The gross proceeds and the net proceeds (after deduction of commission and expenses) from the Issue will be U.S.\$450 million and approximately U.S.\$445 million, respectively. The estimated net proceeds will be used for repayment of existing bank loans and general corporate purpose.

REASONS FOR AND BENEFITS OF THE ISSUE

The Board considers that the Issue allows the Company to refinance its existing debt and to extend its debt maturity profile. The Directors (including the independent non-executive Directors) consider the Issue and the Terms and Conditions are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

INFORMATION REGARDING THE COMPANY

The Company is a leading national automobile distribution group in the PRC principally engaged in providing one-stop services including sales of new and second-hand automobiles, after-sales, refitting, parts and accessories, financial, insurance and leasing services. It currently operates automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan and Honda.

Completion of the Issue is subject to the satisfaction and/or waiver of the conditions precedent in the Subscription Agreement, market conditions and investors' demand. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed "THE SUBSCRIPTION AGREEMENT" above for further information. As the Company may or may not obtain the necessary approvals from the Hong Kong Stock Exchange and the Issue may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Bonds”	the U.S.\$450 million in aggregate principal amount of 3.00 per cent. bonds due 2026 to be issued by the Company
“Bondholder(s)”	holder(s) of the Bonds from time to time
“Clearstream”	Clearstream Banking S.A.
“Company”	Zhongsheng Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Hong Kong Stock Exchange
“Director(s)”	director(s) of the Company
“Euroclear”	Euroclear Bank SA/NV
“Global Certificate”	a global bond certificate representing the Bonds to be issued
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issue”	the issue of the Bonds by the Company
“Issue Date”	13 January 2021, or such other date, not being later than 27 January 2021, as the Company and the Managers may agree
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Managers”	Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, CCB International Capital Limited, MUFG Securities Asia Limited and Morgan Stanley & Co. International plc
“NDRC”	the National Development and Reform Commission of the PRC or its competent local counterpart
“NDRC Notice”	the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) promulgated by the NDRC on 14 September 2015
“Offering Circulars”	the preliminary offering circular dated 4 January 2021 and the final offering circular dated 6 January 2021
“Permitted Holder(s)”	any or all of Mr. Huang Yi and Mr. Li Guoqiang, their respective estate, spouse or immediate family member, any legal representatives of any of the foregoing and their respective affiliates
“PRC”	the People’s Republic of China (for the purpose of this announcement excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Securities Act”	the United States Securities Act of 1933, as amended
“Share(s)”	the ordinary share(s) with par value of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Subscription Agreement”	the subscription agreement dated 6 January 2021 entered into among the Company and the Managers in respect of the Issue

“Terms and Conditions”	the terms and conditions in relation to the Bonds
“Trust Deed”	the trust deed to be entered into by the Company and the Trustee on or before the Issue Date as amended and/or supplemented from time to time
“Trustee”	The Bank of New York Mellon, London Branch
“United States”	the United States of America
“U.S.\$”	United States dollar, the lawful currency of the United States
“%”	per cent.

By Order of the Board of
Zhongsheng Group Holdings Limited
Huang Yi
Chairman

Hong Kong, 7 January 2021

As at the date of this announcement, the executive directors of the Company are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Du Qingshan, Mr. Zhang Zhicheng, Mr. Li Guohui and Mr. Tang Xianfeng; the non-executive directors of the Company are Mr. David Alexander Newbigging and Mr. Hsu David; and the independent non-executive directors of the Company are Mr. Shen Jinjun, Mr. Ying Wei, Mr. Chin Siu Wa Alfred and Mr. Li Yanwei.