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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)

VOLUNTARY ANNOUNCEMENT
PROPOSED STRATEGIC PARTNERSHIP WITH XPENG IN
RELATION TO SMART ELECTRIC VEHICLES

This announcement is published on a voluntary basis by the board of directors (the “**Board**”) of Zhongsheng Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide its shareholders and potential investors with updated information in relation to the latest business development of the Group.

Proposed strategic partnership with XPeng

The Board is pleased to announce that, on 16 April 2021, the Company entered into a Memorandum of Understanding (the “**MOU**”) with XPeng Inc. (“**XPeng**”), a leading Chinese smart electric vehicle (“**Smart EV**”) company, with a view to establishing a long-term strategic partnership to further accelerate the Smart EV adoption in China through synergising the Group’s well established nationwide dealership network and expertise and XPeng’s industry-leading Smart EV products.

Pursuant to the MOU, the Group expects to invest in, and operate, XPeng-branded dealership outlets in China to offer Smart EV sales and services. The Group expects to launch such sales and services facilities initially in select first-tier cities or other cities with high potential for Smart EV products in China in 2021.

Going forward, the Group expects to explore further strategic cooperation opportunities with XPeng, including business model innovations, creation of long-term competitive advantages and value propositions with a view to capitalising on the growth potential in the Smart EV market in China.

Reasons for and benefits of the MOU

The Board considers that consumer demand for high-quality Smart EVs is rapidly increasing. With a robust performance, a strong mix of brands in the portfolio and an established nationwide dealership network with over five million customers across China, the Group is well positioned to drive the future trend of Smart EV in the automobile market in China through accelerating the sale of XPeng's Smart EV products and providing high-quality services to their customers under the MOU. The Board considers that securing a long-term strategic partnership with XPeng through the MOU will enable the Group to tap into the Smart EV market in China readily and increase its dealership market share, thereby contributing to the mutual growth and sustainable mobility of both the Group and XPeng. In addition, the strategic partnership will also signify the Group's realisation of the "New Energy Vehicle Strategy" initiated by the Group in the fourth quarter of 2020. The Board considers that such strategy is exemplary of the Group's long-standing emphasis on environmental sustainability and protection and its resolve to respond to climate change and discharge its corporate social responsibilities.

Accordingly, the Board is of the view that the entering into of the MOU and the establishment of a strategic partnership with XPeng are in the interests of the Company and its shareholders as a whole.

Information about the parties

The Company is a leading national automobile distribution group in China 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, BMW and Audi and mid-to-high end automobile brands including Toyota, Nissan and Honda.

XPeng is a leading Chinese smart electric vehicle company that designs, develops, manufactures and markets Smart EVs that appeal to the large and growing base of technology-savvy middle-class consumers in China. Its shares are publicly traded on the New York Stock Exchange (NYSE: XPEV).

General

The MOU only represents a memorandum of understanding between the Company and XPeng. The implementation of the transactions contemplated under the MOU is subject to definitive agreement(s) ultimately being entered into, and may or may not materialise as described in this announcement or at all. Should any definitive agreement(s) in relation to the MOU be entered into, the Company will comply with the relevant requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, where applicable.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Zhongsheng Group Holdings Limited
HUANG Yi
Chairman

Hong Kong, 16 April 2021

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