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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)

**(I) FURTHER INFORMATION IN RELATION TO THE HK\$2,350 MILLION
CONVERTIBLE BONDS DUE 2018; AND**

**(II) COMPLETION OF THE ISSUE OF HK\$2,350 MILLION CONVERTIBLE
BONDS DUE 2018**

Reference is made to the announcement of Zhongsheng Group Holdings Limited (the “**Company**”) dated 12 October 2017 in respect of the proposed issue of HK\$2,350 million convertible bonds due 2018 (the “**Announcement**”). Unless the context otherwise requires, capitalised words and expressions used herein shall have the same meanings as defined in the Announcement.

I. FURTHER INFORMATION IN RELATION TO THE CONVERTIBLE BONDS

The Company would like to provide further information relating to the Convertible Bonds as set out below.

(i) Adjustments to Conversion Price

The initial Conversion Price of HK\$20.2860 per Share is subject to adjustments in the following events as set out in the Terms and Conditions:

1. consolidation, subdivision or reclassification of the Shares;
2. capitalisation of profits or reserves;
3. capital distribution (including, for cash dividends in excess of 25% of the Company's most recent published annual consolidated net profits attributable to shareholders after deducting minority interest and tax for that fiscal year in relation to which such cash dividend is announced);
4. rights issue of shares, options, warrants or other rights to subscribe for shares at less than 93% of the then current market price of the Shares;
5. rights issue of other securities;
6. issue of shares, options, warrants or other rights to subscribe for shares for cash at less than 93% of the then current market price of the Shares;
7. other issue of securities for cash with rights of conversion into, or exchange or subscription for, Shares at less than 93% of the then current market price of the Shares;
8. modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in paragraph 7 above at a consideration per Share at less than 93% of the market price of the then current Shares;
9. other offers by the Company or any of its subsidiaries whereby the Shareholders are generally entitled to participate in arrangements whereby such securities may be acquired by them; and
10. other events or circumstances not mentioned above which the Company shall consult an independent investment bank to determine the adjustment (if any) should be made to the Conversion Price.

The Company confirms that it will not take any action which would result in any adjustment of the Conversion Price, following which the maximum number of Conversion Shares to be issued and allotted upon conversion of the Convertible Bonds will exceed the limit under the General Mandate, unless and until the Company shall have obtained a specific mandate by the Shareholders at any general meeting(s) in respect of the issue and allotment of such additional Conversion Shares in excess.

(ii) Sufficiency of Public Float

The following table summarises the potential effects on the shareholding structure of the Company as a result of the Bond Issue (assuming full conversion of the Convertible Bonds):

Shareholder	Existing (as at the date of this announcement)		Assuming the Convertible Bonds are fully converted into Shares at the initial Conversion Price	
	No. of shares	% of issued ordinary share capital of the Company (approximate)	No. of shares	% of issued ordinary share capital of the Company (approximate)
Light Yield Ltd. ⁽¹⁾	152,678,504	6.73	152,678,504	6.41
Blue Natural Development Ltd ⁽²⁾	181,613,500	8.01	181,613,500	7.62
Mountain Bright Limited ⁽³⁾	486,657,686	21.47	486,657,686	20.42
Vintage Star Limited ⁽⁴⁾	486,657,686	21.47	486,657,686	20.42
Shareholdings of companies jointly controlled by Mr. Huang Yi and Mr. Li Guoqiang	1,307,607,376	57.68	1,307,607,376	54.87
JSH Investment Holdings Limited	453,412,844	20.00	453,412,844	19.03
Public Shareholders ⁽⁵⁾	506,044,000	22.32	621,887,438	26.10 ⁽⁵⁾
Total	2,267,064,220	100.00	2,382,907,658	100.00

Notes:

- (1) Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.
- (2) Blue Natural Development Ltd. is owned by Light Yield Ltd. (62.3%) and Vest Sun Ltd. (37.7%). Mr. Huang Yi and Mr. Li Guoqiang (a Director and President of the Company) are directors of Blue Natural Development Ltd.
- (3) Mountain Bright Limited is wholly owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Huang Yi (the settler of the trust) and his family.
- (4) Vintage Star Limited is wholly owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

- (5) Rule 8.08(1)(a) of the Listing Rules provides that normally at least 25% of the issuer's total issued share capital must at all times be held by the public. At the time of the Company's listing, the Hong Kong Stock Exchange (upon the Company's application) exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage for the Company, which shall be the higher of (i) 15% or (ii) such percentage of Shares held by the public immediately after completion of the Global Offering (as increased by the Shares to be issued upon exercise of the over-allotment option). On 26 March 2010, the over-allotment option was fully exercised, resulting in the additional allotment of 42,924,000 Shares, and the percentage of Shares held by the public Shareholders increased to approximately 17.24%. Accordingly, the lower public float percentage of the Company accepted by the Hong Kong Stock Exchange is approximately 17.24% (being higher than 15%). Please refer to the prospectus of the Company dated 16 March 2010 and the Company's announcement dated 26 March 2010 for further details. In light of the above, the Company's public float will not fall below the minimum prescribed percentage agreed by the Hong Kong Stock Exchange (i.e. approximately 17.24%) assuming full conversion of the Convertible Bonds. The Company will monitor closely and will ensure that it maintains the minimum public float percentage of approximately 17.24% from time to time.

(iii) Use of Proceeds

The estimated net proceeds from the issue of Convertible Bonds after deduction of commission and expenses amounted to approximately HK\$2,300 million, among which, (1) approximately 50% of the proceeds will be used to open new 4S stores in order to further expand the Company's network coverage and for potential merger and acquisition when such opportunities arise; (2) approximately 25% of the proceeds will be used for working capital purpose to strengthen the financial position of the Group; and (3) approximately 25% will be used for repayment of offshore debt.

(II) COMPLETION OF THE ISSUE OF THE CONVERTIBLE BONDS

The Board is also pleased to announce that all of the conditions precedent to the issue of the Convertible Bonds under the Subscription Agreement have been satisfied (or waived) and that completion of the issue of the Convertible Bonds in the aggregate principal amount of HK\$2,350 million took place on 30 October 2017.

LISTING OF THE CONVERTIBLE BONDS AND THE CONVERSION SHARES ON THE HONG KONG STOCK EXCHANGE

The Convertible Bonds are expected to be listed on the Stock Exchange on or about 31 October 2017. Approval for the listing of, and permission to deal in, the Conversion Shares has been granted by the Stock Exchange.

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

Hong Kong, 30 October 2017

As at the date of this announcement, the executive directors of the Company are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Du Qingshan, Mr. Yu Guangming, Mr. Si Wei and Mr. Zhang Zhicheng; the non-executive directors of the Company are Mr. Pang Yiu Kai and Mr. Cheah Kim Teck; and the independent non-executive directors of the Company are Mr. Shen Jinjun, Mr. Lin Yong, Mr. Shoichi Ota and Mr. Ying Wei.