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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)

Issue of HK\$2,350 million Convertible Bonds due 2018

(Stock Code: 5294)

**PROPOSED REPURCHASE OF THE EXISTING CONVERTIBLE
BONDS
EXERCISE OF THE OPTION TO SUBSCRIBE FOR HK\$775 MILLION
ZERO COUPON CONVERTIBLE BONDS DUE 2023**

Sole Global Coordinator, Sole Bookrunner and Sole Dealer Manager

J.P.Morgan

Reference is made to the announcements of the Company dated 3 May 2018, 4 May 2018 and 6 May 2018 in relation to the proposed repurchase of the Existing Convertible Bonds and the proposed issue of the 2023 Convertible Bonds (collectively, the “**Announcements**”). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcements.

PROPOSED REPURCHASE OF THE EXISTING CONVERTIBLE BONDS

The Company wishes to provide further information in relation to the proposed repurchase of the Existing Convertible Bonds.

As at the date of this announcement, the Company has, through the Sole Dealer Manager, received commitments from holders of the Existing Convertible Bonds to sell approximately HK\$2,256 million in aggregate principal amount of the Existing Convertible Bonds to the Company. The remaining outstanding Existing Convertible Bonds amount to approximately HK\$94 million (the “**Remaining Outstanding Existing Convertible Bonds**”).

The Company may, through the Sole Dealer Manager, continue to purchase the Existing Convertible Bonds from time to time in the open market or otherwise pursuant to the terms and conditions of the Existing Convertible Bonds.

EXERCISE OF THE OPTION TO SUBSCRIBE FOR HK\$775 MILLION ZERO COUPON CONVERTIBLE BONDS DUE 2023

The Company wishes to announce that on 14 May 2018, the Manager exercised in full the option granted by the Company, pursuant to which the Company is required to issue Option Bonds in the aggregate principal amount of HK\$775 million. This is in addition to the issue of the 2023 Convertible Bonds.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION AND SUFFICIENCY OF PUBLIC FLOAT

Assuming full conversion of the 2023 Convertible Bonds and the Option Bonds at the initial Conversion Price of HK\$30.0132, the 2023 Convertible Bonds and the Option Bonds will be convertible into approximately 156,597,763 Shares (the “**New Conversion Shares**”), representing approximately 6.91% of the issued share capital of the Company as at the date of this announcement and approximately 6.46% of the issued share capital of the Company as enlarged by the issue of the New Conversion Shares. The New Conversion Shares to be issued upon conversion of the 2023 Convertible Bonds and the Option Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

The following table summarises the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming full conversion of the Remaining Outstanding Existing Convertible Bonds at the initial conversion price of HK\$20.2860; (iii) assuming

full conversion of the New Convertible Bonds (including the Option Bonds) at the Initial Conversion Price of HK\$30.0132; and (iv) assuming full conversion of the Remaining Outstanding Existing Convertible Bonds and the New Convertible Bonds (including the Option Bonds) at their respective initial conversion prices:

Shareholder	Existing (as of the date of this announcement)		Assuming the Remaining Outstanding Existing Convertible Bonds are fully converted into Shares at an initial conversion price of HK\$20.2860 per Share (subject to adjustments)		Assuming the New Convertible Bonds (including the Option Bonds) are fully converted into Shares at an Initial Conversion Price of HK\$30.0132 per Share (subject to adjustments)		Assuming the Remaining Outstanding Existing Convertible Bonds are fully converted into Shares at the initial conversion price of HK\$20.2860 per Share (subject to adjustments) and the New Convertible Bonds (including the Option Bonds) are fully converted into Shares at an Initial Conversion Price of HK\$30.0132 per Share (subject to adjustments)		
	No. of shares	% of issued ordinary share capital of the Company (approximate)	No. of shares	% of issued ordinary share capital of the Company (approximate)	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	6.72	152,678,504	6.30	152,678,504	6.29
	Blue Natural Development Ltd ⁽²⁾	182,026,000	8.03	182,026,000	8.01	182,026,000	7.51	182,026,000	7.50
Mountain Bright Limited ⁽³⁾	486,657,686	21.47	486,657,686	21.42	486,657,686	20.08	486,657,686	20.04	
Vintage Star Limited ⁽⁴⁾	486,657,686	21.47	486,657,686	21.42	486,657,686	20.08	486,657,686	20.04	
Shareholders of companies jointly controlled by Mr. Huang Yi and Mr. Li Guoqiang	1,308,019,876	57.70	1,308,019,876	57.58	1,308,019,876	53.97	1,308,019,876	53.87	
JSH Investment Holdings Limited	453,412,844	20	453,412,844	19.96	453,412,844	18.71	453,412,844	18.67	
Public Shareholders	505,631,500	22.30	510,265,237	22.46	662,229,263	27.32	666,863,000	27.46	
Total	<u>2,267,064,220</u>	<u>100</u>	<u>2,271,697,957</u>	<u>100</u>	<u>2,423,661,983</u>	<u>100</u>	<u>2,428,295,720</u>	<u>100</u>	

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 25% of the Existing Convertible Bonds and New Convertible Bonds (including the Option Bonds) at their respective initial conversion price. The Company will monitor closely and will ensure that it maintains the minimum public float percentage 17.24% from time to time.

The Company intends to apply for the listing of the Option Bonds on the Hong Kong Stock Exchange. The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission, to deal in the Shares which may fall to be issued by the Company on the conversion of the Option Bonds.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Option Bonds after deduction of commission and expenses, amount to approximately HK\$760 million, among which, (1) approximately 30% of the proceeds will be used to open new 4S stores in order to further expand the Company's network coverage and for potential mergers and acquisitions when such opportunities arise; (2) approximately 40% of the proceeds will be used for working capital purpose to strengthen the financial position of the Group; and (3) approximately 30% will be used for repayment of offshore debt.

Completion of the Bond Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein and as set out in the Dealer Manager Agreement. In addition, the Bond Subscription Agreement may be terminated in certain circumstances. As the Company may or may not obtain the approvals from the Hong Kong Stock Exchange and the Bond Issue may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 15 May 2018

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.