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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)

**SUPPLEMENTAL ANNOUNCEMENT REGARDING ANNUAL
REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to (i) the annual report of Zhongsheng Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2017 (the “**Annual Report**”) published on 20 April 2018; (ii) the announcements of the Company dated 13 April 2017 and 26 June 2017, the circular of the Company dated 9 May 2017 and the poll results announcement of the extraordinary general meeting dated 1 June 2017 of the Company (together, the “**Placing Announcements**”) relating to the placing of 120,557,263 shares of the Company at an aggregate subscription price of HK\$1,344 million on 26 June 2017 (the “**Placing**”); and (iii) the announcements of the Company dated 12 October 2017 and 30 October 2017 (together, the “**Convertible Bonds Announcements**”) relating to the issue of zero coupon rate convertible bonds due 2018 of an aggregate principal amount of HK\$2,350 million under general mandate on 30 October 2017 (the “**Convertible Bonds**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Annual Report.

THE PLACING

In addition to the information disclosed in the Annual Report and the Placing Announcements, the Board would like to provide additional information relating to the Placing under the section headed “Connected Transactions” on page 45 of the Annual Report as follows:

The net proceeds (after deduction of all applicable costs and expenses) from the Placing amounted to approximately HK\$1,343 million, which as at 31 December 2017 had been fully utilised by the Company as follows:

Intended use of net proceeds	Actual use of the net proceeds
(i) approximately 70%, being HK\$940 million, for developing the dealership network; and	(i) approximately 58%, being HK\$779 million, for developing the dealership network; and
(ii) approximately 30%, being HK\$403 million, for the working capital of the Group.	(ii) approximately 42%, being HK\$564 million for general working capital purposes.

The difference between the amounts of the net proceeds intended to be used and actually used for developing the dealership network reflected the actual circumstances and available business opportunities. Save as disclosed, the net proceeds had been applied in accordance with the intended use as disclosed in the circular of the Company dated 9 May 2017.

THE CONVERTIBLE BONDS

In addition to the information disclosed in the Annual Report and the Convertible Bonds Announcements, the Board would like to provide additional information relating to the Convertible Bonds under the section headed “Convertible Bonds” on page 44 of the Annual Report as follows:

On 11 October 2017, the Company and the Manager entered into a subscription agreement, according to which the Company agreed to issue, and the Manager agreed to subscribe for (or procure its nominee to subscribe for), the Convertible Bonds.

The Convertible Bonds are convertible into ordinary shares of HK\$0.0001 each in the share capital in the Company at an initial conversion price of HK\$20.2860 per conversion share at the option of the holder thereof, at any time on or after the 41st day after the issue date up to the close of business on the date falling ten days prior to the maturity date, being a date falling on or about 25 October 2018. The closing price per share of the Company was HK\$17.64 as quoted on the Stock Exchange on 11 October 2017 (being the date on which the terms of the subscription of the Convertible Bonds were fixed). The net price for each conversion share was approximately HK\$19.8545. The

issue of Convertible Bonds was completed on 30 October 2017. Upon full conversion of the Convertible Bonds, a total of 115,843,438 shares would be issued, increasing the total issued shares of the Company to 2,382,907,658 shares (calculated as at 31 December 2017). To the best of the Directors' knowledge, the Convertible Bonds were offered and sold by the Manager to no less than six independent placees (who are independent individuals, corporate and/or institutional investors). There was no conversion of the Convertible Bonds as at 31 December 2017.

The Directors considered that the issue of the Convertible Bonds represented an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company and to obtain immediate funding for further business expansion.

The net proceeds (after deduction of commission and expenses) from the issue of the Convertible Bonds amounted to approximately HK\$2,300 million, which as at 31 December 2017 had been utilised by the Company as follows:

Intended use of net proceeds

Actual use of the net proceeds

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| (i) approximately 50%, being HK\$1,150 million, for opening new 4S stores in order to further expand the Company's network coverage and for potential merger and acquisition when such opportunities arises; | (i) approximately 50%, being HK\$1,150 million, for opening new 4S stores in order to further expand the Company's network coverage and for potential merger and acquisition when such opportunities arises; |
| (ii) approximately 25%, being HK\$575 million, for working capital purpose to strengthen the financial position of the Group; and | (ii) approximately 8.7%, being approximately HK\$200 million, for working capital purpose to strengthen the financial position of the Group; and |
| (iii) approximately 25%, being HK\$575 million, for repayment of offshore debt. | (iii) approximately 25%, being HK\$575 million, for repayment of offshore debt. |

The remaining approximately 16.3% of the net proceeds, being HK\$375 million, had been used for working capital purpose to strengthen the financial position of the Group on or before 30 April 2018. The net proceeds had been applied in accordance with the intended use as disclosed in the announcement of the Company dated 30 October 2017.

As at the date of this announcement, (i) approximately HK\$2,256 million in aggregate principal amount of the Convertible Bonds had been repurchased by the Company and subsequently cancelled; and (ii) a total of approximately HK\$94 million in aggregate principal amount of the Convertible Bonds had been converted into shares of the Company at the conversion price of HK\$20.2860 per share. Please refer to the

announcements of the Company dated 3 May 2018, 4 May 2018, 6 May 2018, 15 May 2018, 23 May 2018, 30 May 2018, 4 June 2018, 12 June 2018 and 20 June 2018 for further information.

The above additional information does not affect other information contained in the Annual Report and the content of the Annual Report remain correct and unchanged.

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

Hong Kong, 27 July 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 and Mr. Ying Wei.