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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)**

**PROPOSED ISSUE OF U.S.\$600 MILLION 5.98 PER CENT.  
BONDS DUE JANUARY 2028**

***Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers***

**Goldman Sachs (Asia) L.L.C.**

**HSBC**

**Morgan Stanley**

**MUFG**

**Mizuho**

**J.P. Morgan**

**China CITIC Bank International**

Reference is made to the announcement of the Company dated 22 July 2024 in respect of, *inter alia*, the proposed Bonds Issue. The Board is pleased to announce that on 23 July 2024, the Company and the Joint Lead Managers entered into the Subscription Agreement whereby the Joint Lead Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Bonds to be issued by the Company in an aggregate principal amount of U.S.\$600 million.

It is intended that the New Bonds will be listed on the Hong Kong Stock Exchange. Applications will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Bonds.

The gross proceeds from the Bonds Issue will amount to U.S.\$594.81 million. The net proceeds from the Bonds Issue after deduction of commission and expenses will be used for refinancing existing offshore indebtedness (including without limitation, for funding the purchase of the 2026 Bonds tendered pursuant to the Offer).

**Completion of the Bonds 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 Bonds 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.\$600 MILLION 5.98 PER CENT. BONDS DUE JANUARY 2028**

Reference is made to the announcement of the Company dated 22 July 2024 in respect of, *inter alia*, the proposed Bonds Issue. The Board is pleased to announce that on 23 July 2024, the Company and the Joint Lead Managers entered into the Subscription Agreement whereby the Joint Lead Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Bonds to be issued by the Company in an aggregate principal amount of U.S.\$600 million.

### **THE SUBSCRIPTION AGREEMENT**

Date: 23 July 2024

Parties: (i) The Company as issuer; and  
(ii) Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited as the Joint Lead Managers.

Proposed Bonds  
Issue:

Subject to and in accordance with the provisions of the Subscription Agreement, each of the Joint Lead Managers, severally (and not jointly and severally), has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Bonds to be issued by the Company in an aggregate principal amount of U.S.\$600 million.

Conditions  
Precedent:

The obligations of the Joint Lead Managers to subscribe and pay for the New Bonds are conditional on:

1. the Joint Lead 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 Joint Lead Managers, by the respective parties;
3. on the date of the Subscription Agreement and on the Issue Date, there having been delivered to the Joint Lead Managers letters, in form and substance reasonably satisfactory to the Joint Lead Managers, dated the date of the Subscription Agreement and the Issue Date, from Ernst & Young, auditors of the Company;
4. a copy of the “Registration Certificate of Foreign Debt Borrowed by Enterprise (企業借用外債審核登記證明)” issued by NDRC with respect to the New Bonds in accordance with the NDRC Administrative Measures, which remains 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 Joint Lead Managers a certificate of a Director or a duly authorised signatory of the Company to such effect;

6. there having been addressed to the Joint Lead 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 Joint Lead Managers, is material and adverse in the context of the Bonds Issue and from that set out in the Offering Circulars;
8. confirmation from S&P Global Ratings, a division of S&P Global Inc., that the New Bonds are rated “BBB”;
9. the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Lead Managers, to list the New Bonds (or, in each case, the Joint Lead Managers being reasonably satisfied that such listing will be granted);
10. on or before the Issue Date, there having been delivered to the Joint Lead Managers, certain legal opinions, each in a form and substance reasonably satisfactory to the Joint Lead Managers, and such other resolutions relating to the Bonds Issue, as the Joint Lead Managers may require; and
11. evidence that Cogency Global (UK) Limited has agreed on behalf of the Company to receive process in the manner specified in the Subscription Agreement.

The Joint Lead 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 New Bonds will take place on the Issue Date.

Termination:

The Joint Lead Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the New 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 Joint Lead 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 Joint Lead Managers on or prior to the Issue Date;
3. if, in the opinion of the Joint Lead 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 New Bonds or dealings in the New Bonds in the secondary market;

4. if, in the opinion of the Joint Lead 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 New 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 New 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 Joint Lead 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 New Bonds or dealings in the New Bonds in the secondary market.

## **PRINCIPAL TERMS OF THE NEW BONDS**

The principal terms of the New Bonds are summarised as follows:

Issuer: The Company.

Principal Amount of the New Bonds: U.S.\$600 million in aggregate principal amount of the New Bonds.

Issue Price of the New Bonds:	99.135 per cent. of the principal amount of the New Bonds.
Form and Denomination:	The New 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:	5.98 per cent. per annum.
Maturity Date:	30 January 2028 (the “ <b>Maturity Date</b> ”).
Scheduled Redemption:	Unless previously redeemed, or purchased and cancelled in the circumstances referred to in the Terms and Conditions, the Company will redeem each New 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 30 December 2027, on giving not less than 15 business days’ (as defined in the Terms and Conditions) nor more than 60 days’ notice to the Bondholders (an “ <b>Option Redemption Notice</b> ”) (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, in accordance with the Terms and Conditions.
Redemption at the Option of the Company:	The New Bonds may be redeemed at the option of the Company in whole, but not in part, on 30 December 2027, on giving not less than 15 business days’ nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at 100 per cent. 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 15 business days' nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), redeem the New Bonds in whole, but not in part, at 100 per cent. of their principal amount and together with interest accrued to (but excluding), the redemption date 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 23 July 2024; and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, in accordance with the Terms and Conditions.

Redemption for  
Change of Control  
Triggering Event: Bondholders have the right to require the Company to redeem all or some only of their New Bonds at 101 per cent. of their principal amount and together with interest accrued to (but excluding), the change of control redemption date upon the occurrence of a Change of Control Triggering Event.

A “**Change of Control Triggering Event**” shall mean the occurrence of a Change of Control (as defined below) *provided that* if the New Bonds are on the rating date rated by one or more rating agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a rating decline (such Change of Control and rating decline not having been cured prior to the expiry of the Change of Control period), in accordance with the Terms and Conditions. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

A “**Change of Control**” occurs when (i) the Permitted Holders jointly, directly or indirectly, cease to beneficially or legally own at least 40.0 per cent. 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, and permission to deal in, the New Bonds.
- Clearing Systems:** The New Bonds will be represented by beneficial interests in the Global Bond Certificate, which will be registered in the name of a nominee of, and deposited on or about 30 July 2024 with a common depository for, Euroclear and Clearstream.
- Status:** The New 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 New 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 New Bonds equally and rateably therewith; or (b) providing such other security for the New Bonds as shall be approved by an extraordinary resolution (as defined in the Trust Deed) of the Bondholders.

## **USE OF PROCEEDS**

The gross proceeds from the Bonds Issue will amount to U.S.\$594.81 million. The net proceeds from the Bonds Issue after deduction of commission and expenses will be used for refinancing existing offshore indebtedness (including without limitation, for funding the purchase of the 2026 Bonds tendered pursuant to the Offer).

## **REASONS FOR AND BENEFITS OF THE BONDS ISSUE**

The Board considers that the Bonds 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 Bonds 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 dealership group in the PRC principally engaged in providing automobile services including sales of new and pre-owned automobiles, after-sales, spare parts and automobile accessories, financial, insurance and automobile registration services. It has dealership agreements to operate its 4S (i.e.

sales, spare parts, service and survey) dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche and Volvo and mid-to-high end automobile brands including Toyota, Nissan and Honda.

**Completion of the Bonds 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 Bonds 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:

<b>"Board"</b>	The board of Directors.
<b>"Bondholder(s)"</b>	Holder(s) of the New Bonds from time to time.
<b>"Bonds Issue"</b>	the issuance of the New Bonds by the Company.
<b>"Clearstream"</b>	Clearstream Banking S.A.
<b>"Company"</b>	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.
<b>"Director(s)"</b>	The director(s) of the Company.
<b>"Euroclear"</b>	Euroclear Bank SA/NV.
<b>"Global Bond Certificate"</b>	A global bond certificate representing the New Bonds to be issued.
<b>"Group"</b>	The Company and its subsidiaries.
<b>"HK\$"</b>	The lawful currency of Hong Kong.
<b>"Hong Kong"</b>	The Hong Kong Special Administrative Region of the PRC.
<b>"Hong Kong Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited.

<b>“Issue Date”</b>	30 July 2024, or such other date, not being later than 13 August 2024, as the Company and the Joint Lead Managers may agree.
<b>“Joint Lead Managers”</b>	Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited.
<b>“New Bonds”</b>	The U.S.\$600 million in aggregate principal amount of 5.98 per cent. bonds due January 2028 to be issued by the Company.
<b>“NDRC”</b>	The National Development and Reform Commission of the PRC or its local counterparts.
<b>“NDRC Administrative Measures”</b>	The Administrative Measures for the Review and Registration of Medium- and Long- Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and effective from 10 February 2023.
<b>“Offering Circulars”</b>	The preliminary offering circular dated 22 July 2024 and the final offering circular dated 23 July 2024.
<b>“Permitted Holder(s)”</b>	Any or all of Mr. Huang Yi and Mr. Li Guoqiang, their respective estate, any of their respective spouse or immediate family member or any of their respective legal representatives of any of the foregoing, any of their respective affiliates of the persons specified in the foregoing, and any person both the capital stock and voting stock of which (or in the case of a trust, the beneficial interests in which) are wholly owned by persons specified in the foregoing, in accordance with the Terms and Conditions.
<b>“PRC”</b>	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).
<b>“Securities Act”</b>	The United States Securities Act of 1933, as amended.
<b>“Share(s)”</b>	The ordinary share(s) with par value of HK\$0.0001 each in the share capital of the Company.
<b>“Shareholder(s)”</b>	The holder(s) of the Shares.

“ <b>Subscription Agreement</b> ”	The subscription agreement dated 23 July 2024 entered into among the Company and the Joint Lead Managers in respect of the Bonds Issue.
“ <b>Terms and Conditions</b> ”	The terms and conditions in relation to the New Bonds.
“ <b>Trust Deed</b> ”	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.
“ <b>Trustee</b> ”	The Bank of New York Mellon, London Branch.
“ <b>United States</b> ”	The United States of America.
“ <b>U.S.\$</b> ”	United States dollar, the lawful currency of the United States.

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

Hong Kong, 24 July 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Zhang Zhicheng, Mr. Tang Xianfeng, Ms. Yu Ning and Ms. Zhou Xin; the non-executive directors of the Company are Mr. Chan Ho Yin and Mr. Sun Yanjun; 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.*