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Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 881)

4.75% SENIOR NOTES DUE 2014 AND DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 11 April 2011 in relation to its proposal to conduct an international offering of the Notes to professional investors outside the United States.

The Board is pleased to announce that on 14 April 2011, Hong Kong time, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with BOC International and Haitong International in connection with the issue of RMB1,250,000,000 4.75% senior notes due 2014.

The estimated net proceeds of the Notes Issue, after deduction of underwriting commissions and other estimated expenses, will amount to approximately RMB1,223,000,000. The Company intends to use the net proceeds from the Notes (i) for the expansion of its distribution network of 4S dealerships, both through organic growth and selective acquisitions, alliances, joint ventures and other strategic investments; and (ii) for general corporate and working capital purposes. To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, the Company intends to deposit the net proceeds into short-term demand deposits with authorized financial institutions.

Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

INTRODUCTION

Reference is made to the announcement of the Company dated 11 April 2011 in relation to its proposal to conduct an international offering of the Notes to professional investors outside the United States.

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THE PURCHASE AGREEMENT

Date

14 April 2011

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) certain subsidiaries of the Company as Subsidiary Guarantors of the Company's obligations under the Notes;
- (c) BOC International; and
- (d) Haitong International.

BOC International, as the global coordinator, and BOC International and Haitong International, as the joint bookrunners and joint lead managers, are managing the Proposed Notes Issue.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, BOC International and Haitong International are independent third parties and are not connected persons of the Company.

The Notes and the related guarantee by the relevant subsidiaries of the Company have not been, and will not be, registered under the U.S. Securities Act. The Notes will only be offered to professional investors (other than U.S. persons) in reliance on the exemption from the registration requirements of the U.S. Securities Act outside the United States in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue Notes in the aggregate principal amount of RMB1,250,000,000 which will mature in 2014, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 4.75% per annum, payable semi-annually in arrears on 21 April and 21 October of each year, commencing 21 October 2011.

Ranking of the Notes

The Notes will be general obligations of the Company and on the issue date will be guaranteed by the Subsidiary Guarantors on a senior basis subject to certain limitations. The Notes will be (i) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes and (ii) at least *pari passu* in right of payment with all other unsecured unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law).

Events of default

The events of default under the Notes include, among others, default in the payment of principal or interest, and default in the performance or breach of certain covenants under the Indenture or the Notes.

Covenants

The Notes, the Indenture and subsidiary guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things, incur or guarantee certain additional indebtedness or create liens.

Special Performance Obligation of Substantial Shareholders

Huang Yi and Li Guoqiang, co-founders of the Company, after notes issue, remain holders of 40% of Shares in the aggregate in the Company.

REASONS FOR THE NOTES ISSUE

The Company intends to use the net proceeds from the Notes (i) for the expansion of its distribution network of 4S dealerships, both through organic growth and selective acquisitions, alliances, joint ventures and other strategic investments; and (ii) for general corporate and working capital purposes. To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, the Company intends to deposit the net proceeds into short-term demand deposits with authorized financial institutions.

LISTING

Approval in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the official list of the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been, or will be, sought in Hong Kong.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“BOC International”	BOCI Asia Limited
“Company”	Zhongsheng Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Haitong International”	Haitong International Securities Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the senior notes expected to be issued by Zhongsheng Group Holdings Limited
“Offering Memorandum”	the offering memorandum dated 11 April 2011 in relation to the Proposed Notes Issue
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan area
“Proposed Notes Issue”	the proposed issue of Notes
“Purchase Agreement”	the agreement dated 14 April 2011 entered into between, among others, the Company, Subsidiary Guarantors, BOC International and Haitong International in relation to the Proposed Notes Issue
“RMB”	Renminbi, or yuan, the lawful currency of the PRC
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) with par value of HK\$0.0001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to guarantee the

Company's obligations under the Notes

“U.S.” or “United States”

the United States of America, its territories and possessions and all areas subject to its jurisdiction

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

Hong Kong, 14 April 2011

As at the date of this announcement, the executive directors of the Company are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Du Qingshan and Mr. Yu Guangming; the non-executive director of the Company is Mr. Leng Xuesong; and the independent non-executive directors of the Company are Mr. Shigeno Tomihei, Mr. Ng Yuk Keung and Mr. Shen Jinjun.