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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)

**Discloseable Transaction and
Connected Transaction Announcement
Acquisition of the Remaining 20% Equity Interest in
Loong Wah Motors (Cayman) Co., Ltd.**

Reference is made to Previous Announcement. The Board is pleased to announce that, on 2 March 2012, the Transferee (a wholly-owned subsidiary of the Company) acquired from the Transferor the remaining 20% equity interest in the Target Company (the “**Acquisition**”). Further details of the Acquisition are provided in this announcement.

Discloseable Transaction

Pursuant to Rule 14.22 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. However, since the Target Company has become a subsidiary of the Company after the Previous Acquisitions, pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, revenue and profits of the Target Company have been applied to the calculation of the applicable percentage ratios in the Previous Acquisitions, and the Company has disclosed accordingly pursuant to Chapter 14 of the Listing Rules. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are higher than 5% but lower than 25%, the Acquisition shall constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Connected Transaction

The Transferor is the Company’s Connected Person. Pursuant to Rule 14A.25 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are higher than 5%, the Acquisition constitutes a connected transaction of the Company under Rule 14A.17 of the Listing Rules, and is subject to reporting, announcement and independent Shareholders’ approval requirements.

The Company has obtained the written approval for the Acquisition from Mr. Huang Yi and Mr. Li Guoqiang, the controlling Shareholders, who as at the latest practicable date, jointly beneficially owned as to 65.34% of the issued share capital of the Company. Pursuant to Rule 14A.43 of the Listing Rules, since (i) the Company's controlling Shareholders have approved the Acquisition in writing; and (ii) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, it is not necessary and the Company will not convene an extraordinary general meeting in connection with the Acquisition. The Company expects to despatch a circular to the Shareholders on or before 23 March 2012, in which it will provide, among others, other information related to the Acquisition.

INTRODUCTION

Reference is made to the announcement of Zhongsheng Group Holdings Limited (the "**Company**") published on 30 September 2011 in connection with the acquisition of equity interest in Loong Wah Motors (Cayman) Co., Ltd. (the "**Previous Announcement**") dated 30 September 2011. After the completion of the above-mentioned acquisition, the Target Company has become a subsidiary of the Company. The Board is pleased to announce that on 2 March 2012, the Transferee (a wholly-owned subsidiary of the Company) acquired from the Transferor the remaining 20% equity interest in the Target Company. After the completion of this Acquisition, the Company has acquired 100% equity interest in the Target Company.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are as follows:

- Date** : 2 March 2012
- Parties** : Zhongsheng Holdings Company Limited as the Transferee;
and
Mr. Fong Chi Keung as the Transferor
- Since the Transferor held more than 10% of the equity interest in the Target Company, being a substantial shareholder of the subsidiary of the Company, the Transferor is a Connected Person of the Company pursuant to Rule 14A.11 of the Listing Rules.
- Subject Matter** : Acquisition of 2,000 ordinary shares in the Target Company held by the Transferor, accounting for 20% of the equity interest in the Target Company.
- Consideration** : The total consideration is RMB222,440,000.

Payment Terms : The consideration of the Acquisition shall be paid in full by the Transferee in RMB or equivalent Hong Kong dollars in installments to the account designated by the Transferor.

The Transferee shall pay to the Transferor a deposit of RMB30,000,000 in connection with the equity transfer.

The Transferee shall pay to the Transferor the balance of the equity transfer consideration of RMB192,440,000 or its equivalent Hong Kong dollars on the closing date after completion of the delivery arrangements under the Equity Transfer Agreement.

Other Key Terms and Conditions : The Transferee and the Transferor agree to adjust the scope of acquisition of the Target Company by excluding the Wenzhou Company (a FAW-Toyota dealership) and the Leqing Company (a FAW-Toyota dealership) from the scope of acquisition and adjust the total consideration of the acquisition accordingly. The adjusted total consideration for acquisition of 100% equity interest of the Target Company is approximately RMB1,126,517,000, including the consideration of RMB222,440,000 for the Acquisition.

BASIS OF CONSIDERATION

The total consideration for the Acquisition is RMB222,440,000 payable in cash which will be satisfied by the Company's internal resources. The consideration was agreed between the Company and the Transferor upon arm's length negotiation by taking into account a combination of factors, including the goodwill attached to the brands operated by the Target Group, its customer base, potential profitability and combined net asset value.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Sales of the Japanese brand luxury and mid-to-high-end automobiles have recorded a stable and continuing growth in China with great potentials for future development. In line with the Company's development strategy of expanding its Japanese brand dealership distribution network in coastal regions such as Zhejiang and Guangdong, for the purpose of strengthening its market leading position in those areas as well as better utilising the regional scale and customer resources, the Acquisition of the remaining equity interest in the Target Company is aimed at strengthening the Company's management and operation of the Target Group so as to strengthen and expand the Company's market share and competitive advantages in the above-mentioned areas.

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

FURTHER DETAILS ON THE ACQUISITION

The following table sets out the details of the shareholding structure of the Target Company before and after the completion of the Acquisition.

	Before the Completion of the Acquisition	After the Completion of the Acquisition
Target Company	<ul style="list-style-type: none">• Transferor held a 20% equity interest; and• Transferee held a 80% equity interest	<ul style="list-style-type: none">• Transferee will hold 100% equity interest

FINANCIAL INFORMATION OF THE TARGET GROUP

The table below sets out certain unaudited financial information (prepared under the HKFRSs) of the Target Group on the aggregate basis for the years ended 31 December 2009 and 2010 as well as the six months ended 30 June 2011.

	<i>(in RMB million)</i>		
	For the year ended 31 December 2009 (unaudited)	For the year ended 31 December 2010 (unaudited)	For the six months ended 30 June 2011 (unaudited)
Revenue	2,311	2,990	1,500
Profit before taxation	73	50	45
Profit after taxation	46	29	33
	As at 31 December 2009 (unaudited)	As at 31 December 2010 (unaudited)	As at 30 June 2011 (unaudited)
Net assets	339	373	406

Note: The financial information of the Target Group provided in above table is slightly different from the financial information disclosed in Previous Announcement as Leqing Company and Wenzhou Company have been excluded from the scope of acquisition.

LISTING RULES IMPLICATIONS

Discloseable Transaction

Pursuant to Rule 14.22 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. However, since the Target Company has become a subsidiary of the Company after the Previous Acquisitions, pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, revenue and profits of the Target Company have been applied to the calculation of the applicable percentage ratios in the Previous Acquisitions, and the Company has disclosed

accordingly pursuant to Chapter 14 of the Listing Rules. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are higher than 5% but lower than 25%, the Acquisition shall constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Connected Transaction

The Transferor is the Company's Connected Person by being a substantial shareholder in the subsidiary of the Company. Pursuant to Rule 14A.25 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are higher than 5%, the Acquisition constitutes a connected transaction of the Company under Rule 14A.17 of the Listing Rules, and is subject to reporting, announcement and independent Shareholders' approval requirements.

The Company has obtained the written approval for the Acquisition from Mr. Huang Yi and Mr. Li Guoqiang, the controlling Shareholders, who as at the latest practicable date, jointly beneficially owned as to 65.34% of the issued share capital of the Company. Pursuant to Rule 14A.43 of the Listing Rules, since (i) the Company's controlling Shareholders have approved the Acquisition in writing; and (ii) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, it is not necessary and the Company will not convene an extraordinary general meeting in connection with the Acquisition. The Company expects to despatch a circular to the Shareholders on or before 23 March 2012, in which it will provide, among others, other information related to the Acquisition.

GENERAL INFORMATION

The Company is a leading national automobile dealership group in China and operates automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus, Porsche, Audi, Lamborghini and imported Volkswagen and mid-to-high end automobile brands including Toyota, Nissan and Honda, with 140 dealerships being operated in cities with relatively affluent populations in the northeastern, eastern and northern China, southern coastal regions of China, as well as selected inland cities of China as at the date of this announcement.

The Target Company mainly engages in businesses relating to automobile sales and services in regions including Zhejiang and Guangdong in China, and operates dealerships for brands including Lexus, FAW-Toyota, GZ-Toyota and Infiniti.

DEFINITIONS

Unless the context requires otherwise, the capitalized terms used in the announcement shall have the following meanings:

“Acquisition”	the acquisition contemplated under the Equity Transfer Agreement
“Board”	the board of directors of the Company

“Company”	Zhongsheng Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 881)
“Connected Person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Transferee and the Transferor on 2 March 2012 in connection with the further purchase of the 20% equity interest in the Target Company
“Group”	the Company and its subsidiaries
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leqing Company”	Leqing Loong Wah Toyota Motors Sales and Services Co., Ltd., a non-wholly owned subsidiary of the Target Company in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Acquisitions”	the transactions in which the Transferee in succession acquires 80% equity interest in the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the shares of the Company
“Target Company”	Loong Wah Motors (Cayman) Co., Ltd., a company incorporated in the Cayman Islands with limited liability
“Target Group”	Target Company and its subsidiaries
“Transferee”	Zhongsheng Holdings Company Limited, a wholly-owned subsidiary of the Company, incorporated in Hong Kong with limited liability
“Transferor”	Mr. Fong Chi Keung, Mr. Fong was a founder of the Target Company

“Wenzhou Company” Wenzhou Huatong Toyota Motors Sales and Services Co., Ltd., a non-wholly owned subsidiary of the Target Company in the PRC

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

Hong Kong, 2 March 2012

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.