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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)

ANNOUNCEMENT

(1) SUBSCRIPTION AGREEMENT
(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE
AND
(3) PROPOSED ISSUE OF CONVERTIBLE BONDS

Financial Advisor to the Company

J.P.Morgan

On 19 January 2014, the Company entered into the Subscription Agreement with the Investor, according to which the Company agrees to issue 238,560,162 Placing Shares at the subscription price of HKD10.79916 and the Convertible Bonds in amount of HKD3,091,500,000 to the Investor (or its nominee), and the Investor agrees to subscribe (or procure its nominee to subscribe) for the Placing Shares and the Convertible Bonds.

The Placing Shares represent 12.5% of the current issued share capital of the Company as at the date of this announcement and will represent approximately 11.1% of the total issued share capital of the Company as enlarged by the Placing.

Assuming full conversion of the Convertible Bonds and no adjustment to the conversion price, the Conversion Shares will represent 12.5% of the current issued share capital of the Company as at the date of this announcement and will, together with the Placing Shares, represent approximately 20.0% of the total issued share capital of the Company as enlarged by the Placing and the full conversion of the Convertible Bonds.

The subscription of the Placing Shares and the Convertible Bonds by the Investor is subject to certain conditions precedent and the Investor's termination rights as set out below under the headings "Conditions Precedent of the Placing", "Conditions Precedent of the Issue of the Convertible Bonds" and "The Investor's Right of Termination".

The maximum amount of net proceeds (after deduction of all applicable costs and expenses) from the Placing and issue of the Convertible Bonds will be approximately HKD5.6 billion. The Company shall use the net proceeds from the issue of the Placing Shares and the Convertible Bonds for developing the dealership network and for general working capital purposes.

The Placing Shares will be issued under the General Mandate. The issue of the Convertible Bonds is subject to the approval of the Shareholders at a general meeting of the Company. A circular, which will contain further details of the issue of the Convertible Bonds, together with the notice of the general meeting, will be dispatched to the Shareholders in due course.

Since completion of the subscription of the Placing Shares and the issue of the Convertible Bonds is subject to the satisfaction of certain conditions precedent and the Investor's termination rights, the Placing and/or the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 19 January 2014, the Company entered into the Subscription Agreement with the Investor according to which, the Company agrees to issue 238,560,162 Placing Shares at the subscription price of HKD10.79916 per Placing Share and the Convertible Bonds in amount of HKD3,091,500,000 to the Investor (or its nominee), and the Investor agrees to subscribe (or procure its nominee to subscribe) for the Placing Shares and the Convertible Bonds. Details of the Subscription Agreement are set out as follows.

The Company

Zhongsheng Group Holdings Limited

The Investor

Jardine Strategic Holdings Limited

Placing Shares

The Investor agrees to subscribe for (or to procure its nominee to subscribe for), and the Company agrees to issue to the Investor (or its nominee), the Placing Shares on the terms and conditions set out in the Subscription Agreement.

Convertible Bonds

The Investor agrees to subscribe for (or to procure its nominee to subscribe for), and the Company agrees to issue to the Investor (or its nominee) HKD3,091,500,000 2.85 per cent. convertible bonds due 2017 convertible into Shares on the terms and conditions set out in the Subscription Agreement and the Convertible Bonds Conditions.

The Company's Lock-up Undertaking

The Company has undertaken that for a period from the date of the Subscription Agreement to the date which is 90 days after the Convertible Bonds Completion Date (both dates inclusive), neither the Company nor any person acting on its behalf will, other than the Placing Shares and the Convertible Bonds to be issued pursuant to the Subscription Agreement:

- (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any (a) Shares, (b) securities of the same class as the Convertible Bonds or the Shares, (c) any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Convertible Bonds, the Shares or securities of the same class as the Convertible Bonds or the Shares, or (d) other instruments representing interests in the Convertible Bonds, the Shares or other securities of the same class as either of them;
- (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Shares;
- (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in paragraph (i), (ii), or this paragraph (iii) is to be settled by delivery of Shares or other securities, in cash or otherwise; or
- (iv) announce or otherwise make public an intention to do any of the transactions described in paragraph (i) to (iii) above.

The Company has further undertaken that for a period from the date of the Subscription Agreement to the Convertible Bonds Completion Date (both dates inclusive), neither the Company nor any person acting on its behalf will make any changes to the Company's share capital, other than the Placing Shares and the Convertible Bonds to be issued pursuant to the Subscription Agreement.

The Investor's Lock-up Undertaking

The Investor has undertaken to the Company that without the prior written consent of the Company, it will not and will procure that its Affiliates shall not, whether directly or indirectly, at any time during the period of 18 months starting from and inclusive of the Initial Completion Date, dispose of any of the Placing Shares or Conversion Shares (except for any disposal to an Affiliate of the Investor or any disposal pursuant to a general or partial offer for the Shares, a scheme of reconstruction under applicable insolvency laws in relation to the Company, or a compromise, scheme of arrangement, amalgamation or merger which a majority of the Directors have recommended to the Shareholders).

The Investor has also undertaken to the Company that after expiry of the abovementioned lock-up period, the Investor will not, and will procure that its Affiliates shall not, without the prior written consent of the Company, directly or indirectly dispose of any Placing Shares or Conversion Shares to any entity (or any Affiliate of such entity) the business of which includes the ownership and operation of automobile dealerships in the PRC but which does not include Affiliates of the Investors nor financial investors, except for any disposal pursuant to a general or partial offer for the Shares, a scheme of reconstruction under applicable insolvency laws in relation to the Company, or a compromise, scheme of arrangement, amalgamation or merger which a majority of the Directors have recommended to the Shareholders.

The Investor has further undertaken to the Company that the Convertible Bonds or interests in such Convertible Bonds are transferable only to the Affiliates of the Investor.

The Investor's Right of Termination

If at any time prior to payment of the aggregate subscription price for the Placing Shares to the Company:

- (i) the Company is in breach of its obligations under the Subscription Agreement;
- (ii) the Company is in breach of any representation, warranties or undertakings given by it in the Subscription Agreement in any material respect;
- (iii) there shall develop, occur, exist or come into effect a suspension of dealings in any of the Shares or listing of any of the Shares on the Stock Exchange for a consecutive period of two trading days or more;
- (iv) a statute, rule, regulation, order, decree, ruling or injunction has been enacted, entered, promulgated, endorsed, threatened or is pending by or before any governmental entity or regulatory authority which in any material respect restricts, prohibits or threatens to restrict or prohibit the consummation of any of the transactions contemplated by the Subscription Agreement or the Convertible Bonds Conditions;
- (v) there is any change which gives rise to a material adverse effect; or

- (vi) there shall have occurred any of the following:
- (a) a suspension or material limitation in trading in securities generally on the Stock Exchange;
 - (b) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or
 - (c) the outbreak or escalation of hostilities in Hong Kong or the PRC or the declaration by Hong Kong or the PRC of a national emergency or war;

then the Investor shall be entitled (but not bound) by written notice to the Company to elect to treat such event, breach or failure as terminating the Subscription Agreement notwithstanding any other provisions of the Subscription Agreement.

If at any time prior to payment of the principal amount of the Convertible Bonds to the Company any of the events set out above occurs, then the Investor shall be entitled (but not bound) by written notice to the Company to elect to treat such event, breach or failure as terminating its obligations under the Subscription Agreement to subscribe for the Convertible Bonds, notwithstanding any other provisions of the Subscription Agreement.

THE PLACING

According to the Subscription Agreement, the Investor agrees to subscribe for (or to procure its nominee to subscribe for), and the Company agrees to issue to the Investor (or its nominee), the Placing Shares. Details of the Placing are as follows:

Numbers of Placing Shares

The Placing Shares comprise 238,560,162 ordinary shares of HKD0.0001 each in the share capital of the Company to be issued by the Company.

The Placing Shares represent 12.5% of the current total issued share capital of the Company as at the date of this announcement and approximately 11.1% of the total issued share capital of the Company as enlarged by the Placing.

The aggregate nominal value of the Placing Shares under the Placing will be HKD23,856.

Placing Price

The Placing Price of HKD10.79916 per Share represents:

- (i) a discount of approximately 6.3% to the closing price of HKD11.52 per Share as quoted on the Stock Exchange on 17 January 2014, being the last trading day prior to the publication of this announcement;

- (ii) a discount of approximately 7.0% to the average closing price of HKD11.61 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 17 January 2014; and
- (iii) a discount of approximately 3.2% to the average closing price of HKD11.16 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 17 January 2014.

The Placing Price was determined after arm's length negotiation between the Company and the Investor which has taken into account the recent market price of the Shares and the current market conditions.

Conditions Precedent of the Placing

Completion of the subscription and issue of the Placing Shares and the Placing is conditional on:

- (i) obtaining the approval from the Stock Exchange for the listing of, and permission to deal in, the Placing Shares;
- (ii) publication of this announcement; and
- (iii) on the Initial Completion Date:
 - (a) the representations, warranties and undertakings of the Company in the Subscription Agreement being true, accurate and correct in all material respects and not misleading at, and as if made on, such date; and
 - (b) the Company having performed or satisfied all of its agreements, undertakings and obligations under the Subscription Agreement to be performed on or before such date in all material respect.

The Company shall promptly give notice to the Investor (i) if it becomes aware that any of the abovementioned conditions may not be satisfied and (ii) of the satisfaction of the abovementioned conditions and provide copies of documents evidencing such satisfaction, where appropriate, in any event, within two Business Days of becoming aware of the same. The Investor may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the abovementioned conditions.

If the abovementioned conditions are not satisfied or waived on or before ten (10) Business Days from the date of the Subscription Agreement, the Investor may in its sole and absolute discretion terminate the Subscription Agreement.

Completion

Subject to the satisfaction of the conditions to the Placing, the completion of the Placing is expected to take place on the Initial Completion Date, or such other date as agreed to in writing between the Company and the Investor provided that if dealings in any of the Shares or listing of any of the Shares on the Stock Exchange is suspended on the Initial Completion Date, the completion of the Placing shall be delayed until the next date on which dealings in, and the listing of, the Shares on the Stock Exchange are not suspended.

Effect of the Placing on the Shareholding Structure

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing on the Initial Completion Date:

Name of Shareholder	As at the date of this announcement		On the Initial Completion Date	
	No. of ordinary Shares	Approximate percentage of issued share capital	No. of ordinary Shares	Approximate percentage of issued share capital
Blue Natural Development Ltd. (Note 1)	132,832,000	6.96	132,832,000	6.19
Light Yield Ltd. (Note 2)	152,678,504	8.00	152,678,504	7.11
Mountain Bright Limited (Note 3)	486,657,686	25.50	486,657,686	22.67
Vintage Star Limited (Note 4)	486,657,686	25.50	486,657,686	22.67
Shareholdings of companies jointly controlled by Mr. Huang Yi and Mr. Li Guoqiang	1,258,825,876	65.96	1,258,825,876	58.64
the Investor	0	0	238,560,162	11.11
Public Shareholders	649,655,419	34.04	649,655,419	30.25
Total	1,908,481,295	100.00	2,147,041,457	100.00

Notes:

1. Blue Natural Development Ltd. is owned by Light Yield Ltd. (62.3%), which is wholly-owned by Mr. Huang Yi, and Vest Sun Ltd. (37.7%), which is wholly-owned by Mr. Li Guoqiang. Mr. Huang Yi and Mr. Li Guoqiang are directors of Blue Natural Development Ltd.
2. Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.
3. Mountain Bright Limited is wholly owned by RBC Trustees (CI) Limited 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 RBC Trustees (CI) Limited as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

General Mandate to Issue the Placing Shares

The Placing Shares will be issued and allotted by the Company pursuant to the general mandate obtained at the 2013 annual general meeting of the Company on 18 June 2013, under which the Directors are authorized to allot and issue up to 381,696,259 new Shares under an issuance mandate. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

Corporate Approvals

The Company has obtained necessary corporate approvals for the Placing, being the General Mandate and the relevant Board approval.

The Placing is not subject to the approval of the Shareholders.

Ranking of the Placing Shares

The Placing Shares will rank *pari passu* in all respects with the existing Shares in issue as at the Initial Completion Date including the right to receive all dividends declared, made, or paid on or after the Initial Completion Date.

ISSUE OF THE CONVERTIBLE BONDS

Pursuant to the Subscription Agreement, the Investor agrees to subscribe for (or to procure its nominee to subscribe for), and the Company agrees to issue to the Investor (or its nominee), the Convertible Bonds on the Convertible Bonds Conditions. Details of the issue of the Convertible Bonds are as follows:

Conditions Precedent of the Issue of the Convertible Bonds

Completion of the issue of the Convertible Bonds is conditional on:

1. completion of the Placing having occurred;
2. the resolution approving the issue of the Convertible Bonds having been duly approved by the Shareholders;
3. the Stock Exchange granting listing of, and permission to deal in, the Conversion Shares;
4. the Company providing evidence satisfactory to the Investor that the RMB1,250,000,000 4.75% senior notes due 21 April 2014 issued by the Company on 25 April 2011 have been repaid in full in accordance with their terms;
5. a legal opinion dated the Convertible Bonds Completion Date from the Company's PRC counsel (in a form satisfactory to the Investor) having been delivered at the Company's own cost to the Investor setting out, amongst other things, the business of the Company and confirming that the issue of the Convertible Bonds would not result in an event of default or a breach of the terms and conditions of any of the Company's Existing PRC Indebtedness;

6. where applicable, written consent from the relevant lenders, creditors or investors in respect of the Company's Existing PRC Indebtedness to the issue of the Convertible Bonds having been delivered to the Investor in the form and substance to its reasonable satisfaction;
7. a certificate from the chief financial officer of the Company dated the Convertible Bonds Completion Date having been delivered to the Investor stating that the Company is in compliance with all of the Company's Existing PRC Indebtedness, including as a result of the issue of the Convertible Bonds; and
8. on the Convertible Bonds Completion Date:
 - (i) the representations, warranties and undertakings of the Company in the Subscription Agreement being true, accurate and correct in all material respects and not misleading at, and as if made on, such date; and
 - (ii) the Company having performed or satisfied all of its agreements, undertakings and obligations under the Subscription Agreement to be performed on or before such date in all material respects.

The Company shall promptly give notice to the Investor (i) if it becomes aware that any of the abovementioned conditions may not be satisfied and (ii) of the satisfaction of the abovementioned conditions and provide copies of documents evidencing such satisfaction, where appropriate, in any event, within two Business Days of becoming aware of the same. The Investor may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the abovementioned conditions (except conditions 1 and 2).

If the conditions set out above are not satisfied or waived on or before 30 April 2014, the Investor may in its sole and absolute discretion terminate its obligation under the Subscription Agreement to subscribe for the Convertible Bonds.

Principal Terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarized below:

<i>Aggregate principal amount</i>	HKD3,091,500,000
<i>Denomination</i>	HKD500,000
<i>Issue Date</i>	To be determined by the Investor and the Company (subject to the fulfillment or waiver of the conditions precedent under the Subscription Agreement)
<i>Issue price</i>	100%
<i>Interest</i>	The Convertible Bonds bear interest from and including the issue date at the rate of 2.85 per cent. per annum payable semi-annually in arrear

<i>Maturity Date</i>	Third anniversary of the date of issue of the Convertible Bonds
<i>Status</i>	The Convertible Bonds constitute direct, unsubordinated, unconditional and (subject to the negative pledge and other covenants mentioned below) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to the negative pledge and other covenants mentioned below, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
<i>Transfer</i>	The Convertible Bonds or interests in such Convertible Bonds are transferable only to any Affiliate of the Investor.
<i>Conversion Period</i>	Subject to and upon compliance with the Convertible Bonds Conditions, the conversion right in respect of a Convertible Bond may be exercised, at the option of the holder thereof, at any time on or after 180 days after the issue date up to the close of business on the date falling ten days prior to the maturity date as mentioned above
<i>Contingent Mandatory Conversion</i>	At any time after 18 months from issue date, but not less than seven days prior to their maturity date, the Company may, having given a notice of conversion to the Bondholders within 10 trading days of the occurrence of the trigger event as mentioned below, mandatorily convert all but not some only of the Convertible Bonds outstanding into Shares at the prevailing Conversion Price on the date specified in the Company's notice, provided that no such conversion may be made unless the closing price of the Shares, for 20 out of 30 consecutive trading days ending on a date not more than ten days prior to the date of such notice, was at least 130 per cent. of the applicable Conversion Price then in effect.
<i>Number of Conversion Share issuable</i>	The number of Shares to be issued on exercise of conversion right will be determined by dividing the principal amount of the Convertible Bond to be converted by the Conversion Price in effect on the relevant conversion date.
<i>Conversion Price</i>	The initial conversion price of HKD12.95899 per Conversion Share was arrived at after an arm's length negotiation between the Company and the Investor.

The price of HKD12.95899 represents (i) a premium of approximately 12.5% over the closing price of the Shares of HKD11.52 as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 11.6% over the average closing price of HKD11.61 per Share for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 20.0% over the placing Price.

Conversion Shares

If all the Convertible Bonds are converted at the initial Conversion Price of HKD12.95899 each, there will be 238,560,258 Conversion Shares (subject to adjustment), representing approximately 12.5% of the issued share capital of the Company as at the date of this announcement, and 10.0% of the issued share capital of the Company as enlarged by the Placing Shares and the Conversion Shares.

Redemption at maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Convertible Bond on the maturity date at its principal amount together with accrued and unpaid interest thereon.

Redemption for taxation reasons

the Company may, having given not less than 45 nor more than 60 days' notice to the Bondholders redeem all but not some only of the Convertible Bonds for the time being outstanding on the date specified in the notice at their principal amount, together with accrued but unpaid interest to such date if (i) the Company will become obliged to pay additional amounts in respect of payments of interest on the Convertible Bonds as a result of any change in the laws or regulations of the Cayman Islands or Hong Kong in relation to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the execution of the Convertible Bonds Conditions, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

Redemption on Relevant Event

Following the occurrence of a Relevant Event, the Bondholders will have the right to require the Company to redeem each Convertible Bond at its principal amount, together with accrued and unpaid interest to such date.

Negative pledge and other covenants

The Company will not, and will ensure that none of its subsidiaries will create, or have outstanding, any encumbrance upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness, or any guarantee or indemnity in respect of any relevant indebtedness, without at the same time or prior thereto according to the Convertible Bonds the same security as is created or subsisting to secure any such relevant indebtedness, guarantee or indemnity or such other security as shall be approved by a resolution passed by the Majority Bondholders. The Company is also subject to certain covenants.

Events of Default

The Convertible Bonds are subject to routine events of defaults, such as non-payment, failure to deliver shares, breach of other obligations, insolvency of the Company and its principal subsidiaries, cross default of the Company and its principal subsidiaries, enforcement proceeding, security being enforced, winding up against the Company or its principal subsidiaries, cessation, nationalization, authorisation and consents, illegality and any other analogous events.

Effect on the Shareholding Structure

Set out below is the shareholding structure of the Company as at the date of this announcement and upon completion of the Placing and full conversion of the Convertible Bonds assuming no adjustment to the conversion price:

Name of Shareholder	As at the date of this announcement		On the Convertible Bonds Completion Date	
	No. of ordinary Shares	Approximate percentage of issued share capital	No. of ordinary Shares	Approximate percentage of issued share capital
Blue Natural Development Ltd. (Note 1)	132,832,000	6.96	132,832,000	5.57
Light Yield Ltd. (Note 2)	152,678,504	8.00	152,678,504	6.40
Mountain Bright Limited (Note 3)	486,657,686	25.50	486,657,686	20.40
Vintage Star Limited (Note 4)	486,657,686	25.50	486,657,686	20.40
Shareholdings of companies jointly controlled by Mr. Huang Yi and Mr. Li Guoqiang	1,258,825,876	65.96	1,258,825,876	52.77
the Investor	0	0	477,120,420	20.00
Public Shareholders	649,655,419	34.04	649,655,419	27.23
Total	1,908,481,295	100.00	2,385,601,715	100.00

Notes:

1. Blue Natural Development Limited is owned by Light Yield Ltd. (62.3%), which is wholly-owned by Mr. Huang Yi, and Vest Sun Ltd. (37.7%), which is wholly-owned by Mr. Li Guoqiang. Mr. Huang Yi and Mr. Li Guoqiang are directors of Blue Natural Development Ltd.
2. Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.
3. Mountain Bright Limited is wholly owned by RBC Trustees (CI) Limited 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 RBC Trustees (CI) Limited as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

Corporate Approvals

The issue of the Convertible Bonds is subject to the approval of the Shareholders at a general meeting of the Company.

INFORMATION OF THE INVESTOR

The Investor is a holding company which takes long-term strategic investments in multinational businesses, particularly those with an Asian focus, and in other high quality companies with existing or potential links with the Investor group. Its principal attributable interests are in Jardine Matheson (56%), Hongkong Land (50%), Dairy Farm (78%), Mandarin Oriental (74%) and Jardine Cycle & Carriage (73%), which in turn has a 50% interest in Astra. The Investor is 83% held by Jardine Matheson. The Investor is incorporated in Bermuda and has a premium listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Investor's interests are managed from Hong Kong by Jardine Matheson Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Investor and its ultimate beneficial owners are independent third parties to the Company and are not connected persons of the Company.

USE OF PROCEEDS

The maximum amount of net proceeds (after deduction of all applicable costs and expenses) from the Placing and issue of the Convertible Bonds will be approximately HKD5.6 billion. The Company shall use the net proceeds from the issue of the Placing Shares and the Convertible Bonds for developing the dealership network and for general working capital purposes.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Investor has a diversified business portfolio with very rich experience in automobile and automobile dealership industry of the Mainland market as well as in-depth understanding of this industry. The combination of the Company's leading position in China's automobile dealership market, coupled with the Investor's experience in this sector across Asia and its long-term vision, represents a powerful long-term strategic partnership and we are very confident with our substantial and sustainable development in the future.

The directors of the Company (including the independent non-executive directors) consider that the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

There has not been any equity fund raising activity or any issue of equity securities of the Company in the 12 months preceding the date of this announcement.

CONVENTION OF EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting will be held by the Company to approve the following resolutions:

- (i) that the directors of the Company be authorised to issue the Convertible Bonds (on the Convertible Bonds Conditions as set out in the Subscription Agreement) to the Investor (or its nominee) and to issue Shares to the holder(s) of the Convertible Bonds upon their conversion in accordance with the Convertible Bonds Conditions; and
- (ii) that a person nominated by the Investor be elected as a non-executive director of the Company.

A circular, which will contain further details of the issue of the Convertible Bonds, together with the notice of the general meeting, will be despatched to the Shareholders in due course. The circular will include a unanimous and unqualified recommendation from the directors of the Company that Shareholders vote in favour of the resolutions.

CONTROLLING SHAREHOLDERS' UNDERTAKING

The ultimate controlling shareholders of the Company, Mr. Huang Yi and Mr. Li Guoqiang, have irrevocably undertaken to the Investor that (1) they shall exercise, and procure the registered holders of the 1,258,825,876 Shares in which they hold beneficial interest to exercise, the voting rights attaching to such Shares to vote in favour of the resolutions at the extraordinary general meeting to be convened as mentioned above; and (2) they shall not, and shall procure the registered holders not to, sell, transfer, cancel, dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of such Shares until after the earlier of the conclusion of the abovementioned extraordinary general meeting or 30 April 2014.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for listing of, and permission to deal in, the Placing Shares and the Conversion Shares on the Stock Exchange.

FINANCIAL ADVISOR

J.P. Morgan is the financial advisor of the Company in relation to the proposed transaction under the Subscription Agreement.

SINCE COMPLETION OF THE SUBSCRIPTION OF THE PLACING SHARES AND ISSUE OF CONVERTIBLE BONDS IS SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS PRECEDENT AND THE INVESTOR'S TERMINATION RIGHTS, THE PLACING AND/OR THE ISSUE OF THE CONVERTIBLE BONDS MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

TERMS AND DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Affiliate”	in relation to a person, any entity that directly or indirectly Controls such person or is directly or indirectly Controlled by such person, or any entity that is under direct or indirect common Control with such person
“Board”	the board of directors of the Company
“Bondholder”	the person in whose name a Convertible Bond is registered on the register of Bondholders of the Company
“Business Day”	a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong and on which the Stock Exchange is open for business of dealing in securities
“Company”	Zhongsheng Group Holdings Limited, a limited liability company incorporated under the laws of Cayman Islands whose registered address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Control”	possession, directly or indirectly, of the power to direct or cause the direction of the operations and management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise, and “Controlled” and “Controls” shall be construed accordingly

“Conversion Price”	initially being HKD12.95899 per Conversion Share subject to adjustment
“Conversion Shares”	the Shares to be issued on the conversion of the Convertible Bonds in accordance with the Subscription Agreement
“Convertible Bonds”	HKD3,091,500,000 2.85 per cent. convertible bonds due 2017, which are convertible into Shares in accordance with the terms and conditions as set out in the Subscription Agreement and the Convertible Bonds Conditions
“Convertible Bonds Completion Date”	two Business Days after the date on which the Company notifies the Investor that all conditions to the subscription of the Convertible Bonds have been fulfilled or waived or such other date as agreed to in writing between the Company and the Investor
“Convertible Bonds Conditions”	the terms and conditions of the Convertible Bonds as set out in the Subscription Agreement
“Existing PRC Indebtedness”	any Financial Indebtedness owed by the Company and any of its subsidiaries which is incorporated, registered or resident in the PRC to any lenders (including branches) or other creditors incorporated, registered or resident in the PRC, including without limitation, (i) RMB denominated short term bank loans and facilities entered into by subsidiaries of the Company with local branches of PRC banks; and (ii) RMB denominated short term corporate bonds issued by Zhongsheng (Dalian) Group Co. Ltd., in each case, which remain outstanding on the date of the issue of the Convertible Bonds
“Financial Indebtedness”	any obligation (whether present or future, actual or contingent) for the payment or repayment of money which has been borrowed or raised, including without limitation all obligations evidenced by bonds, debentures, notes or similar debt instruments, and all obligations in respect of any letter of credit, banker’s acceptance, leasing or similar credit transactions
“General Mandate”	the general mandate granted by the shareholders of Company with respect of the issuance of up to 381,696,259 Shares under an issuance mandate, representing 20% of the issued share capital of Company as at the annual general meeting of the Company on 18 June 2013
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Investor”	Jardine Strategic Holdings Limited, a limited liability company incorporated under the laws of Bermuda whose registered address is at Jardine House, 33-35 Reid Street, Hamilton, Bermuda
“Initial Completion Date”	five Business Days after the date of the Subscription Agreement or such later date which is two Business Days after the date on which the Company notifies the Investor that all conditions in respect of the subscription of the Placing Shares have been fulfilled or waived in accordance with the Subscription Agreement
“Last Trading Day”	17 January 2014
“Majority Bondholders”	means, at any time, any one or more holders holding Convertible Bonds or being proxies or representatives in respect of Convertible Bonds and representing, in the aggregate, more than 50 per cent. of the aggregate principal amount of all Convertible Bonds then outstanding
“Placing”	the placing of 238,560,162 Shares to the Investor pursuant to the Subscription Agreement
“Placing Price”	HKD10.79916 per Placing Share
“Placing Shares”	238,560,162 new Shares
“PRC”	the People’s Republic of China, which (for the purpose of this announcement) excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Relevant Event”	means (1) a Delisting Event; (2) a Change of Control; or (3) a Key Business Event. A “ Delisting Event ” occurs when (i) the Shares cease to be traded on the Stock Exchange or (ii) trading in the Shares is suspended for more than ten consecutive days on which normal trading of securities is carried out A “ Change of Control ” occurs when Mr Huang Yi and Mr Li Guoqiang, cease to be the ultimate beneficial holders of, and unconditionally control the Voting Rights attaching to, in aggregate more than 50 per cent. of the Voting Rights in the Company

A “**Key Business Event**” occurs if there is a substantial change in the general nature of the Company’s business or the business of any of its subsidiaries, including where the Company, or any of its subsidiaries, fails to maintain their principal dealership relationships with any of Mercedes-Benz, Toyota, Nissan and Audi

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	shareholders of the Company
“Shares”	ordinary shares with a par value of HK\$0.0001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement entered into between the Company and the Investor on 19 January 2014, pursuant to which the Company agrees to issue the Placing Shares and the Convertible Bonds to the Investor (or its nominee), and the Investor agrees to subscribe (or procure its nominee to subscribe) for the Placing Shares and the Convertible Bonds

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

Hong Kong, 19 January 2014

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 and Mr. Si Wei; 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.