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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)

FURTHER INFORMATION IN RELATION TO
(I) PROPOSED REPURCHASE OF
THE ZERO COUPON CONVERTIBLE BONDS DUE 2023
(II) PROPOSED ISSUE OF HK\$4,560 MILLION ZERO COUPON
CONVERTIBLE BONDS DUE 2025

Dealer Managers
Joint Global Coordinators and Joint Bookrunners

BofA SECURITIES 

Morgan Stanley

Reference is made to the announcements of the Company dated 12 May 2020 and 13 May 2020 in relation to the proposed repurchase of the Existing Convertible Bonds and the proposed issue of the 2025 Convertible Bonds. Unless the context otherwise requires, capitalised words and expressions used herein shall have the same meanings as defined in the announcement dated 13 May 2020 (the “**Announcement**”).

FURTHER INFORMATION IN RELATION TO (I) PROPOSED REPURCHASE OF THE ZERO COUPON CONVERTIBLE BONDS DUE 2023 AND (II) PROPOSED ISSUE OF HK\$4,560 MILLION ZERO COUPON CONVERTIBLE BONDS DUE 2025

The Company would like to provide further information in relation to the proposed repurchase of the Existing Convertible Bonds and proposed issue of the 2025 Convertible Bonds as set out below.

I. Proposed Repurchase of the Zero Coupon Convertible Bonds due 2023

On 12 May 2020, the Company entered into the Dealer Manager Agreement in connection with the Repurchase whereby the Dealer Managers have been appointed to, amongst others, assist the Company in collecting indications of interest from holders of the Existing Convertible Bonds who are willing to sell some or all of their Existing Convertible Bonds to the Company.

The Board announces that, based on the Reference Share Price of HK\$35.7750, being the share price representing the greater of (i) the closing price of the Shares on 12 May 2020 (i.e. HK\$34.80) and (ii) VWAP (being the arithmetic average of the volume weighted average price per Share on 13 May 2020 (i.e. HK\$35.7474) and 14 May 2020 (i.e. HK\$35.8025)), the Repurchase Price of the Existing Convertible Bonds has been set at 128.09% of the principal amount of the Existing Convertible Bonds.

As at the date of this announcement, the Company has, through the Dealer Managers, received commitments from holders of the Existing Convertible Bonds to sell approximately HK\$3,315 million in aggregate principal amount of the Existing Convertible Bonds to the Company. The remaining outstanding Existing Convertible Bonds amount to approximately HK\$1,385 million (the “**Remaining Outstanding Existing Convertible Bonds**”).

The Company may, through the Dealer Managers, continue to purchase the Existing Convertible Bonds from time to time in the open market or otherwise pursuant to the terms and conditions of the Existing Convertible Bonds.

II. Proposed Issue of HK\$4,560 Million Zero Coupon Convertible Bonds Due 2025

On 12 May 2020, the Company and the Managers have entered into the Bond Subscription Agreement whereby the Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the 2025 Convertible Bonds to be issued by the Company in an aggregate principal amount of HK\$4,560 million.

The Board announces that, based on the Reference Share Price of HK\$35.7750, being the share price representing the greater of (i) the closing price of the Shares on 12 May 2020 (i.e. HK\$34.80) and (ii) VWAP (being the arithmetic average of the volume weighted average price per Share on 13 May 2020 (i.e. HK\$35.7474) and 14 May 2020 (i.e. HK\$35.8025)), the conversion price of the 2025 Convertible Bonds has been set at HK\$45.61 per Share (the “**Conversion Price**”).

The Conversion Price is subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, capitalisation of profits or reserves, capital distributions (for the avoidance of doubt no adjustment shall be made to the Conversion Price for the payment of the cash dividend of HK\$0.45 per Share for the year ended 31 December 2019 with ex-dividend date of 15 June 2020), rights issue of Shares, options, warrants or other rights to subscribe for or purchase Shares at less than 93% of the current market price, rights issues of other securities, issues of Shares, options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares at less than 93% of the current market price, modification of rights of conversion at less than 93% of the current market price, other issues of cash any securities with rights of conversion into, or exchange or subscription for, Shares at less than 93% of the current market price, other offers to Shareholders, change of control and other events as described in the Terms and Conditions.

Application will be made to the Hong Kong Stock Exchange for the listing of the 2025 Convertible Bonds, and application has been made to the Hong Kong Stock Exchange for the listing of, and permission, to deal in the Shares which may fall to be issued by the Company on the conversion of the 2025 Convertible Bonds.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

Assuming full conversion of the Remaining Outstanding Existing Convertible Bonds at the conversion price of HK\$30.0132 per Share, the Remaining Outstanding Existing Convertible Bonds will be convertible into 46,146,362 Shares (the “**Existing Conversion Shares**”), representing approximately 2.03% of the issued share capital of the Company as at the date of this announcement and approximately 1.99% of the issued share capital of the Company as enlarged by the issue of the Existing Conversion Shares. The Existing Conversion Shares to be issued upon conversion of the Remaining Outstanding Existing Convertible Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Assuming full conversion of the 2025 Convertible Bonds and that the Conversion Price is HK\$45.61 per Share, the 2025 Convertible Bonds will be convertible into 99,978,074 Shares (the “**2025 Conversion Shares**”), representing approximately 4.40% of the issued share capital of the Company as at the date of this announcement and approximately 4.22% of the issued share capital of the Company as enlarged by the issue of the 2025 Conversion Shares. The 2025 Conversion Shares to be issued upon conversion of the 2025 Convertible Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

The following table summarises the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming full conversion of the Remaining Outstanding Existing Convertible Bonds at the conversion price of HK\$30.0132 per Share; (iii) assuming full conversion of the 2025 Convertible Bonds at the Conversion Price; and (iv) assuming full conversion of the Remaining Outstanding Existing Convertible Bonds and the 2025 Convertible Bonds at their respective conversion prices:

Shareholders	Existing (as of the date of this announcement)		Assuming the Remaining Outstanding Existing Convertible Bonds are fully converted into Shares at a conversion price of HK\$30.0132 per Share		Assuming the 2025 Convertible Bonds are fully converted into Shares at the Conversion Price		Assuming the Remaining Outstanding Existing Convertible Bonds are fully converted into Shares at a conversion price at HK\$30.0132 per Share and the 2025 Convertible Bonds are fully converted into Shares at the Conversion Price	
	% of issued share capital of the Company		% of issued share capital of the Company		% of issued share capital of the Company		% of issued share capital of the Company	
	<i>(approximate)</i>		<i>(approximate)</i>		<i>(approximate)</i>		<i>(approximate)</i>	
	<i>No. of Shares</i>		<i>No. of Shares</i>		<i>No. of Shares</i>		<i>No. of Shares</i>	
Light Yield Ltd. ⁽¹⁾	152,678,504	6.72	152,678,504	6.59	152,678,504	6.44	152,678,504	6.31
Blue Natural Development Ltd. ⁽²⁾	186,042,000	8.19	186,042,000	8.03	186,042,000	7.84	186,042,000	7.69
Mountain Bright Limited ⁽³⁾	486,657,686	21.42	486,657,686	21.00	486,657,686	20.52	486,657,686	20.13
Vintage Star Limited ⁽⁴⁾	486,657,686	21.42	486,657,686	21.00	486,657,686	20.52	486,657,686	20.13
Companies jointly controlled by Mr. Huang Yi and Mr. Li Guoqiang	1,312,035,876	57.76	1,312,035,876	56.61	1,312,035,876	55.32	1,312,035,876	54.27
JSH Investment Holdings Limited	453,412,844	19.96	453,412,844	19.56	453,412,844	19.12	453,412,844	18.75
Holders of the Existing Convertible Bonds	—	—	46,146,362	1.99	—	—	46,146,362	1.91
Holders of the 2025 Convertible Bonds	—	—	—	—	99,978,074	4.22	99,978,074	4.14
Other Public Shareholders	506,249,235	22.28	506,249,235	21.84	506,249,235	21.35	506,249,235	20.94
Total	2,271,697,955	100.00	2,317,844,317	100.00	2,371,676,029	100.00	2,417,822,391	100.00

Notes:

- (1) Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.
- (2) Blue Natural Development Ltd. is owned by Light Yield Ltd. (62.3%) and Vest Sun Ltd. (37.7%). Mr. Huang Yi and Mr. Li Guoqiang (a Director and President of the Company) are directors of Blue Natural Development Ltd.
- (3) Mountain Bright Limited is wholly-owned by UBS TC (Jersey) Ltd. 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 UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.
- (5) The Company is subject to maintaining a minimum public float of 17.24% as agreed by the Hong Kong Stock Exchange pursuant to Rule 8.08(1)(a) of the Listing Rules. Please refer to the prospectus of the Company dated 16 March 2010 and the Company's announcement dated 26 March 2010 for further details. It is expected that the Company will be able to maintain its public float upon full conversion of the Remaining Outstanding Existing Convertible Bonds and full conversion of the 2025 Convertible Bonds.

USE OF PROCEEDS

The estimated net proceeds (after deduction of commission and expenses) from the issue of the 2025 Convertible Bonds, amount to approximately HK\$4,519 million, which will be used (1) to fund the Repurchase; for (2) the repayment of the Group's offshore debt and (3) offshore working capital purpose.

GENERAL MANDATE

The issue of the 2025 Convertible Bonds and the New Shares is not subject to Shareholders' approval. The 2025 Convertible Bonds and the New Shares will be issued pursuant to the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 10 June 2019 which authorised the Directors to allot and issue a maximum of 454,339,591 Shares (representing 20% of the total issued share capital of the Company as at the date of the aforesaid annual general meeting of the Company). As at the date of this announcement, (i) no portion of the General Mandate has been utilised; and (ii) the General Mandate is sufficient for the allotment and issue of the New Shares.

Completion of the Bond Issue is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Bond Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “THE BOND SUBSCRIPTION AGREEMENT” in the Announcement for further information. As the Company may or may not obtain the necessary approvals from the Hong Kong Stock Exchange and the Bond 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.

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

Hong Kong, 14 May 2020

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. David Alexander Newbigging and Mr. Hsu David; 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.