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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

Acquisition of 100% Equity Interest in Fuzhou Huarui Automobile Sales Service Co., Ltd. and Fuzhou Grand Rich Da Trade Co., Ltd.

The Board is pleased to announce that from 10 July 2010 to 16 September 2010, the Group and the Transferors entered into a series of Equity Transfer Agreements in relation to the acquisition of 100% equity interest in the Target Companies. The Target Companies and their subsidiaries mainly engage in businesses relating to automobile sales and services, hold a total of six 4S dealerships and distribute DF-Nissan brand automobiles in China. Further details of the Acquisition are set out in this announcement.

Since the Transferors are not the Company's Connected Persons under the Listing Rules and for the purpose of the Acquisition, the maximum percentage ratio in respect of the Acquisition under the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules and is therefore, subject to the reporting and announcement requirements under the Listing Rules but is exempted from Shareholders' approval.

INTRODUCTION

The Board is pleased to announce that from 10 July 2010 to 16 September 2010, the Transferees (the Company's indirect wholly-owned subsidiaries) and the Transferors entered into a series of Equity Transfer Agreements (collectively, the "**Equity Transfer Agreements**") in relation to the acquisition of 100% equity interest in the Target Companies. The Target Companies, together with their respective subsidiaries mainly engage in businesses relating to automobile sales and services, hold a total of six 4S dealerships and distribute DF-Nissan brand automobiles in China.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENTS

Agreement Name	Date	Transferor	Transferee	Subject Matter	Consideration
Fuzhou Huarui Automobile Sales Service Co., Ltd. Equity Transfer Agreement and Fuzhou Grand Rich Da Trade Co., Ltd. Equity Transfer Agreement (collectively the “ Equity Transfer Agreement 1 ”)	10 July 2010	Fujian Yatai Automobile Parts Co., Ltd. (“ Transferor 1 ”)	Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (“ Transferee 1 ”)	The 45% equity interest in Target Company 1 and the 22.05% equity interest in Target Company 2 held by the Transferors	RMB80 million
Equity Transfer Agreement (“ Equity Transfer Agreement 2 ”)	13 August 2010	Xiamen Ruibao Automobile Sales Co., Ltd. (“ Transferor 2 ”)	Beijing Zhongsheng Enterprise Management Co., Ltd. (“ Transferee 2 ”)	The 35% equity interest in Target Company 1 and the 17.15% equity interest in Target Company 2 held by the Transferors	RMB86 million
Fuzhou Huarui Automobile Sales Service Co., Ltd. Equity Transfer Agreement, Fuzhou Grand Rich Da Trade Co., Ltd. Equity Transfer Agreement and Memorandum of Understanding (collectively the “ Equity Transfer Agreement 3 ”)	The two equity transfer agreements entered into on 16 September 2010 and the Memorandum of Understanding entered into on 10 September 2010	Sanming Chemical Construction Material Co., Ltd. (“ Transferor 3 ”)	Transferee 1	The 20% equity interest in Target Company 1 and the 9.8% equity interest in Target Company 2 held by the Transferors	RMB31 million

Note:

1. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Transferors and their ultimate beneficial owners are third parties independent of the Company and the Connected Persons of the Company and not related to them at all.

Total Consideration of the Equity Transfer Agreements : RMB197 million

Payment Terms of the Equity Transfer Agreements : The consideration of the Equity Transfer Agreement 1 has been paid by the Transferee 1 in cash in a lump sum within 30 days upon execution of the Equity Transfer Agreement 1.

The consideration of the Equity Transfer Agreement 2 has been/ shall be paid by the Transferee 2 in cash by instalments. As at the date of this announcement, RMB21,000,000 has been paid by Transferee 2 and the remaining balance of RMB65,000,000 will be paid on or before 31 January 2011 subject to the terms and conditions as stipulated in the Equity Transfer Agreement 2.

The consideration of the Equity Transfer Agreement 3 has been paid by the Transferee 3 in cash in a lump sum within 10 days upon execution of the Equity Transfer Agreement 3.

As the Acquisition is conducted in three phases, the equity transfer consideration payable to Transferor 1 and Transferor 3 has been paid in full as at the date of this announcement.

Upon the completion of the Acquisition, the Target Companies will become subsidiaries of the Company.

BASIS OF CONSIDERATION

The total consideration for the Acquisition is RMB197 million payable in cash which has been/ will be satisfied by the Company's internal resources. The consideration was agreed between the Company and the Transferors upon arm's length negotiation by taking into account a combination of factors, including the goodwill attached to the brand(s) of automobiles distributed by the Target Companies, customer base, potential earning capacity and net asset value.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In view of the strong demand for automobiles sales in China, in line with the Company's development strategy of expanding its 4S dealership distribution network in Fujian Province, for the purposes of enhancing the Company's position in the areas where the Target Companies

operate and provide services to the customers in the above-mentioned area, the Company entered into the Equity Transfer Agreements to expand the Company's operational scale and competitive advantages in Fujian Province. Following the Acquisition, the Company will further enlarge its market share in Fujian Province on the basis of its current presence in the domestic market.

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreements are fair and reasonable and the entering into of the Equity Transfer Agreements are 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 Companies before and after the completion of the Acquisition pursuant to the Equity Transfer Agreements.

	Before the Acquisition	After the Acquisition	Total equity interest of the Target Companies attributable to the Group after the Acquisition
Target Company 1	Transferor 1 held a 45% equity interest	Transferee 1 will directly hold a 65% equity interest; and Transferee 2 will directly hold a 35% equity interest	100% equity interest
	Transferor 2 held a 35% equity interest		
	Transferor 3 held a 20% equity interest		
Target Company 2	Transferor 1 held a 22.05% equity interest	Transferee 1 will directly hold a 31.85% equity interest; Transferee 2 will directly hold a 17.15% equity interest; and The Group will indirectly hold a 51% equity interest through Target Company 1	100% equity interest
	Transferor 2 held a 17.15% equity interest		
	Transferor 3 held a 9.8% equity interest		
	Target Company 1 held a 51% equity interest		

FINANCIAL INFORMATION OF THE TARGET COMPANIES

The table below sets out certain unaudited financial information (prepared under the PRC GAAP) of the Target Companies on the aggregate basis for the financial years ended 31 December 2008 and 2009 as well as the six months ended 30 June 2010.

“Board”	the board of directors of the Company
“Company”	Zhongsheng Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange under the stock code of 881
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	the agreements entered into between the Group and the Transferors on 10 July 2010, 13 August 2010, 10 September 2010 and 16 September 2010 respectively in relation to the proposed acquisition of equity interest in the Target Companies
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong 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 of Hong Kong Limited
“PRC GAAP”	People’s Republic of China Generally Accepted Accounting Principles
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the shares of the Company
“Target Companies ”	Target Company 1 and Target Company 2
“Target Company 1”	Fuzhou Huarui Automobile Sales Service Co., Ltd.(福州華瑞汽車銷售服務有限公司), a company incorporated in the PRC with limited liability
“Target Company 2”	Fuzhou Grand Rich Da Trade Co., Ltd.(福州廣裕達貿易有限公司), a company incorporated in the PRC with limited liability

“Transferee 1”	Dalian Zhongsheng Aotong Automobile Sales Co., Ltd.(大連中升奧通汽車銷售有限公司), a Company’s indirect wholly owned subsidiary incorporated in the PRC
“Transferee 2”	Beijing Zhongsheng Enterprise Management Co., Ltd.(北京中升企業管理有限公司), a Company’s indirect wholly owned subsidiary incorporated in the PRC
“Transferees”	Transferee 1 and Transferee 2
“Transferor 1”	Fujian Yatai Automobile Parts Co., Ltd.(福建省亞太汽車配件有限公司), a company incorporated in the PRC with limited liability
“Transferor 2”	Xiamen Ruibao Automobile Sales Co., Ltd.(廈門瑞寶汽車銷售有限公司), a company incorporated in the PRC with limited liability
“Transferor 3”	Sanming Chemical Construction Material Co., Ltd.(福建省三明化工建材有限公司), a company incorporated in the PRC with limited liability
“Transferors”	Transferor 1, Transferor 2 and Transferor 3
“4S dealership(s)”	A dealership authorized to sell the products of a single brand of automobiles. Such dealership intergrates four standard automobile related businesses: sales, spare parts, service and survey
“%”	per cent

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

Hong Kong, 29 September 2010

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