



Jardines

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MEDIA RELEASE

For immediate release

Jardine Matheson Strengthens Strategic Partnership with Zhongsheng Group

1 July 2021 – Today, Jardine Matheson announced that it has reached an agreement with Zhongsheng Group Holdings Limited (“Zhongsheng”), a leading automobile distribution group in China whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, to strengthen the strategic partnership between the two companies.

Under this agreement, Jardine Matheson will transfer to Zhongsheng its Mercedes-Benz auto dealership business operating in the Chinese mainland under the Zung Fu brand. The total consideration of this transaction is US\$1.3 billion which will be settled by Zhongsheng in both new Zhongsheng shares and cash. Upon closing of the transaction, Jardine Matheson is expected to increase its shareholding in Zhongsheng to 21.25%, solidifying its position as the second largest shareholder of Zhongsheng, after the founders. Completion of the transaction is subject to certain customary conditions, including consent by Mercedes-Benz, approval by shareholders of Zhongsheng as well as relevant regulators on the Chinese mainland.

Jardine Matheson’s auto dealership business in China consists of its ownership of the Zung Fu Group and its stake in Zhongsheng. Combining Zung Fu’s Chinese mainland business with Zhongsheng will enable Jardine Matheson to consolidate its investment in the sector in a single, larger integrated platform to better position its Chinese mainland business for growth in a dynamic environment, operating with the advantage of scale.

“We see tremendous potential for both Zhongsheng and Jardines to benefit from the strengthening of our strategic relationship. By integrating and aligning with one of China’s premier automobile distribution groups, Jardines will enjoy an enhanced presence in China’s rapidly evolving auto sector,” said John Witt, Group Managing Director of Jardine Matheson.

As a strategic shareholder in Zhongsheng, Jardines will continue to be represented on the board of directors of Zhongsheng through two non-executive directors.

Speaking of the strategic partnership, Huang Yi, Chairman of Zhongsheng said “We are excited about the synergies to be generated from this strategic partnership and look forward to deepening our co-operation with Jardines across China. The addition of Zung Fu China will greatly enhance our presence in Southern and Western China as well as allow us to benefit from Zung Fu’s market-leading operational and management expertise.”

Jardines and Zhongsheng will ensure a smooth transition, sustaining the high-quality operations and premium-standard service to customers which are a hallmark of both companies.

Jardines' automotive businesses are an important part of the Group, comprising its significant motor interests outside China, its strategic partnership with Zhongsheng in the Chinese mainland, and its Zung Fu operations in Hong Kong and Macau.

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About Jardine Matheson

Jardine Matheson is a diversified Asian-based group with unsurpassed experience in the region, having been founded in China in 1832. Jardine Matheson operates principally in China and Southeast Asia through a large number of subsidiaries and affiliates. These companies are active in the fields of motor vehicles and related operations, property investment and development, food retailing, health and beauty, home furnishings, engineering and construction, transport services, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

About Zhongsheng Group

Zhongsheng is a leading national automobile distribution group in China principally engaged in providing one-stop services including sales of new and second-hand automobiles, after-sales, refitting, parts and accessories, financial, insurance and leasing services. It currently operates automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan and Honda.

Advisors

Morgan Stanley Asia Limited is serving as financial advisor and Linklaters is serving as legal counsel to Jardine Matheson in relation to this transaction.

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