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

GLOBAL OFFERING

Sole Global Coordinator

Morgan Stanley

Joint Sponsors
(in alphabetical order)

Morgan Stanley   UBS Investment Bank

Joint Bookrunners and Joint Lead Managers

Morgan Stanley   UBS Investment Bank   BOC INTERNATIONAL

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

ZHONGSHENG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	***286,160,000 Shares (subject to adjustment and the Over-allotment Option)***
Number of Hong Kong Offer Shares	:	***30,650,000 Shares (subject to adjustment)***
Number of International Offer Shares	:	***255,510,000 Shares (subject to adjustment and the Over-allotment Option)***
Maximum Offer Price	:	***HK$12.83 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.004%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)***
Nominal value	:	***HK$0.0001 per Share***
Stock code	:	***881***

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date, which is expected to be on or around Friday, 19 March 2010 and in any event, not later than Wednesday, 24 March 2010. The Offer Price will be not more than HK$12.83 and is currently expected to be not less than HK$9.54. If, for any reason, the Offer Price is not agreed by Wednesday, 24 March 2010 between the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Bookrunners (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the estimated Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In the case of such reduction, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.zs-group.com.cn. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the estimated Offer Price range is so reduced, such applications can be subsequently withdrawn. Details of the arrangement will then be announced by us as soon as practicable. For further information, see the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Bookrunners (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section entitled "Underwriting — Grounds for Termination" in this prospectus.

16 March 2010

Application lists open[2]	11:45 a.m. on Friday, 19 March 2010
Latest time to lodge **WHITE** and **YELLOW** application forms	12:00 noon on Friday, 19 March 2010
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[3]	11:30 a.m. on Friday, 19 March 2010
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 19 March 2010
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, 19 March 2010
Application lists close	12:00 noon on Friday, 19 March 2010
Expected Price Determination Date	after 12:00 noon on Friday, 19 March 2010

(1):

Announcement of:

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer Shares

to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Thursday, 25 March 2010

(2):

Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.zs-group.com.cn** (see paragraph entitled "Results of Allocations" in the section entitled "How to Apply for Hong Kong Offer Shares") from	Thursday, 25 March 2010

(3):

A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**[5] and the Company's website at **www.zs-group.com.cn**[6] from. . . . . Thursday, 25 March 2010

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function . . . . Thursday, 25 March 2010

Despatch of share certificates/White Form e-Refund payment instructions/ refund cheques on or around[7] . . . . Thursday, 25 March 2010

Dealings in Shares on the Hong Kong Stock Exchange to commence on . . . . 9:30 a.m. on Friday, 26 March 2010

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 25 March 2010, the application lists will not open on that day. See the paragraph entitled "Effect of Bad Weather on the Opening of the Application Lists" in the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus.

(3) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section entitled "How to Apply for Hong Kong Offer Shares — Applying by giving electronic application instructions to HKSCC" in this prospectus.

(5) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the Hong Kong Stock Exchange's website **www.hkexnews.hk**.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) e-Refund payment instructions/refund cheques will only be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

Share certificates are expected to be issued on Thursday, 25 March 2010 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

You should read carefully the sections entitled "Underwriting", "How to Apply for Hong Kong Offer Shares", and "Structure of the Global Offering" in this prospectus for details relating to the structure of the Global Offering, how to apply for Hong Kong Offer Shares and the expected timetable, including, among other things, conditions, effect of bad weather, and the despatch of refund cheques and share certificates.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Zhongsheng Group Holdings Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information not given or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, employees and personnel or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OVERVIEW

We are a leading national automobile dealership group in China by revenue from 2006 to 2008, according to ACMR. Our 4S dealerships[(1)] are concentrated in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as selected inland areas. We have grown rapidly from 15 4S dealerships at the beginning of 2006 to 47 4S dealerships as of 31 December 2009.

We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan, Honda and GM. Each of our 4S dealerships is designated to sell one brand of automobiles and to operate at a single point of sales only.

We were the first company being granted dealership rights by Toyota, and one of the first authorized dealerships for Lexus and Audi in China. We are one of the largest automobile dealership groups in China in terms of sales volume and number of 4S dealerships for Toyota and Lexus — Toyota and Lexus are our two largest automobile brands in terms of sales.

Through our "one-stop automobile shop" business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our 4S dealerships. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. Each of the new automobile sales business and after-sales businesses has its own features in terms of business model and revenue and profitability contribution to our Group. For further details of our new automobile sales and after-sales businesses, please refer to the paragraphs entitled "New Automobile Sales" and "After-sales Businesses" under the section entitled "Business" in this prospectus.

Our revenue for the three years ended 31 December 2006, 2007 and 2008 was RMB6,472.0 million, RMB9,103.1 million and RMB10,548.6 million, respectively, representing a CAGR of approximately 27.7% during such periods. Our revenue for the nine months ended 30 September 2009 was RMB9,212.6 million. Revenue generated from the sales of our mid-to-high end automobile brands[(2)] accounted for approximately 55.3%, 58.5%, 65.8% and 70.6% of our new automobile sales revenue for

Notes:

(1) In this prospectus, the term "4S dealership" refers to a dealership authorized to sell the products of a single brand of automobiles. Such dealership integrates four standard automobile-related businesses: sales, spare parts, service and survey, among which survey refers to the function of collecting market information for the automakers.

(2) In this prospectus, the term "revenue generated from the sales of automobiles" refers to the sales revenue generated from the sales of automobiles before deducting the applicable sales tax, unless indicated otherwise.

the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, respectively, while revenue generated from the sales of our luxury automobile brands accounted for approximately 44.7%, 41.5%, 34.2% and 29.4% of our new automobile sales revenue for the same periods. The gross profit margin of our sales of mid-to-high end brand automobiles was 5.5%, 5.5%, 4.0% and 4.1%; the gross profit margin of our sales of luxury brand automobiles was 4.5%, 7.8%, 5.5% and 6.1%; and the gross profit margin of our after-sales businesses was 33.4%, 34.9%, 40.3% and 44.1% during the same periods, respectively. Revenue generated from our new automobile sales business accounted for approximately 95.9%, 94.7%, 91.9% and 90.4% and the revenue generated from our after-sales businesses accounted for approximately 4.1%, 5.3%, 8.1% and 9.6% of our revenue during the same periods. Our profit attributable to equity holders of the parent for the three years ended 31 December 2006, 2007 and 2008 was RMB147.6 million, RMB284.3 million and RMB218.7 million, respectively, representing a CAGR of approximately 21.7% during such periods. Our profit attributable to equity holders of the parent for the nine months ended 30 September 2009 was RMB287.4 million.

Based on the information provided by ACMR, we accounted for approximately 1.0%, 1.1% and 1.2% of the Chinese passenger car market in terms of total revenue(1) in 2006, 2007 and 2008, respectively. Our Group was ranked sixth, fifth and fourth among all the passenger car dealerships in terms of revenue in 2006, 2007 and 2008, respectively, in the PRC.

As a leading national automobile dealership group in the PRC with a strong portfolio of luxury and mid-to-high end automobile brands and strategic positioning as a "one-stop automobile shop", we believe that we are well-placed to benefit from the growth of China's middle-class and the continued rise in the per capita disposable income of Chinese consumers, and to further consolidate our market leadership position.

OUR COMPETITIVE STRENGTHS

We believe the following are our key competitive strengths:

- We are a leading national automobile dealership group in the PRC by revenue, with a strong presence of 4S dealerships in cities with relatively affluent populations in multiple regions
- We have a diversified portfolio of luxury and mid-to-high end automobile brands
- Our customer-focused philosophy and store-level operational expertise have resulted in our highly-ranked 4S dealerships with consistent quality service and satisfactory customer experience
- We have strong and established working relationships with leading automakers
- Our large scale operations allow us to achieve economies of scale
- We are able to grow rapidly both organically and through acquisition

Note:

(1) The revenue referred to in the ACMR Survey includes revenue from new car sales business, after-sales businesses and used car business. All revenue referred therein includes VAT.

- We have an experienced senior management team, a deep bench of high-caliber store managers, and access to reliable source of skilled technical personnel

- We have efficient information technology systems to support our business

OUR STRATEGIES

Our aim is to consolidate and retain our position as a leading national automobile dealership group in the PRC. We intend to achieve these goals through a business strategy with the following key aspects:

- Increasing the size of our 4S dealership network through both organic growth and acquisitions

- Further increasing productivity and profitability as well as promoting customer service quality of each of our 4S dealerships

- Utilizing our existing resources and customer base in new automobile sales to promote our after-sales businesses, including retailing spare parts, providing repair, maintenance and detailing services, and retailing automobile accessories

- Expanding our business operations by developing used automobile sales business to complement our existing businesses

- Enlarging our employee talent pool to support our continued growth

SUMMARY FINANCIAL INFORMATION

The following tables set out our summary combined income statement and combined statements of financial position from our combined financial statements included in Appendix I to this prospectus, which have been prepared in accordance with the HKFRS promulgated by the HKICPA, which sets forth Hong Kong Accounting Standards and interpretations.

The following table sets forth our combined income statements for the periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Revenue	6,472,043	9,103,134	10,548,577	8,133,630	9,212,624
Cost of sales and services provided	(6,074,757)	(8,382,066)	(9,771,214)	(7,516,264)	(8,444,162)
Gross profit	397,286	721,068	777,363	617,366	768,462
Other income and gains, net	24,162	27,361	33,412	23,107	39,409
Selling and distribution costs	(154,187)	(215,054)	(274,317)	(198,567)	(227,051)
Administrative expenses	(64,705)	(87,115)	(118,861)	(86,010)	(108,297)
Profit from operations	202,556	446,260	417,597	355,896	472,523
Finance costs	(31,065)	(50,744)	(104,443)	(81,830)	(57,808)
Share of profits of jointly-controlled entities	5,860	6,873	4,520	4,029	4,545
Profit before tax	177,351	402,389	317,674	278,095	419,260
Tax	(27,035)	(98,933)	(83,265)	(72,116)	(113,601)
Profit for the year/period	150,316	303,456	234,409	205,979	305,659
Attributable to:					
Equity holders of the parent	147,643	284,325	218,702	192,884	287,431
Non-controlling interests	2,673	19,131	15,707	13,095	18,228
	150,316	303,456	234,409	205,979	305,659
Earnings per share attributable to equity holders of the parent	N/A	N/A	N/A	N/A	N/A

The following table sets out our combined statements of financial position as at the dates indicated:

	31 December			30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	351,539	460,462	548,779	776,876
Land use rights	173,782	191,710	256,987	408,678
Prepayments	9,000	16,287	33,273	53,346
Intangible assets	753	87,617	100,561	258,612
Goodwill	—	65,501	76,566	200,492
Interest in jointly-controlled entities	9,782	16,655	21,175	35,990
Available-for-sale investment	—	—	—	100
Held-to-maturity investments	6,028	5,618	5,291	5,287
Deferred tax assets	7,173	3,516	3,132	4,810
Total non-current assets	558,057	847,366	1,045,764	1,744,191
CURRENT ASSETS				
Financial assets at fair value through profit or loss	12,870	—	—	—
Inventories	427,143	705,577	1,133,415	890,577
Trade receivables	39,433	54,925	61,443	110,510
Prepayments, deposits and other receivables	486,468	706,221	724,823	1,027,457
Amounts due from related parties	10	10	459	1,563
Term deposits and pledged bank deposits	254,735	260,437	210,720	438,404
Cash in transit	20,654	29,603	29,690	46,493
Cash and cash equivalents	380,738	344,997	964,245	996,572
Total current assets	1,622,051	2,101,770	3,124,795	3,511,576

	31 December 2006 RMB'000	31 December 2007 RMB'000	31 December 2008 RMB'000	30 September 2009 RMB'000
CURRENT LIABILITIES				
Trade and bills payables	410,987	645,582	835,699	1,238,098
Other payables and accruals	185,867	220,363	273,201	345,891
Amounts due to related parties	143,062	172,151	156,774	1,308
Bank loans and other borrowings	877,564	1,033,475	1,157,543	1,513,158
Income tax payable	19,432	50,407	27,733	58,739
Total current liabilities	1,636,912	2,121,978	2,450,950	3,157,194
NET CURRENT (LIABILITIES)/ ASSETS	(14,861)	(20,208)	673,845	354,382
TOTAL ASSETS LESS CURRENT LIABILITIES	543,196	827,158	1,719,609	2,098,573
NON-CURRENT LIABILITIES				
Deferred tax liabilities	—	20,507	33,838	98,117
NET ASSETS	543,196	806,651	1,685,771	2,000,456
EQUITY				
Equity attributable to equity holders of the parent				
Share capital	—	—	—	—
Reserves	498,487	757,489	1,633,098	1,933,771
	498,487	757,489	1,633,098	1,933,771
Non-controlling interests	44,709	49,162	52,673	66,685
Total equity	543,196	806,651	1,685,771	2,000,456

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2009

Estimated combined profit attributable to equity holders of the parent [1][2]	not less than RMB452 million (approximately HK$514 million)
Unaudited pro forma estimated earnings per Share [3]	not less than RMB0.242 (approximately HK$0.275)
Unaudited pro forma estimated earnings per Share [4]	not less than RMB0.243 (approximately HK$0.276)

Notes:

(1) The bases on which the above profit estimate for the year ended 31 December 2009 have been prepared are summarized in Appendix III to this prospectus.

(2) The estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 prepared by our Directors is based on the audited combined results of our Group for the nine months ended 30 September 2009 and our Group's unaudited combined results for the two months ended 30 November 2009 and an estimate of the combined results of our Group for the remaining one month ended 31 December 2009 on the basis that the current group structure had been in existence throughout the whole financial year ended 31 December 2009. The estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by our Group as set out in the Accountants' Report in Appendix I to this prospectus.

(3) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 by a total of 1,866,492,795 Shares in issue taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range (without taking into account the Over-allotment Option and options which may be granted under the Share Option Scheme).

(4) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 by a total of 1,861,277,295 Shares in issue taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range (without taking into account the Over-allotment Option and options which may be granted under the Share Option Scheme).

DIVIDEND POLICY

We may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in general meeting may approve and make any declaration of dividends, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as appear to them to be justified by our profits. No dividend shall be declared or payable except out of our profits or reserves set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for such purpose in accordance with the Cayman Companies Law and our Articles of Association. Any declaration of dividends may or may not reflect our prior declarations of dividends and any dividend recommendation will be at the absolute discretion of our Board.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. Some of our subsidiaries in China, which are foreign-invested enterprises, set aside part of their net profit as statutory reserves, in accordance with the requirements of relevant PRC laws and the provisions of their respective articles of association. These portions of our subsidiaries' net profits are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Our Board has absolute discretion in determining whether to declare any dividend for any period and, if it decides to declare a dividend, the amount of dividend to declare. We currently intend to pay dividends of no more than 30% of our profits available for distribution of each accounting year beginning from the year ended 31 December 2009. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. The determination to pay dividends, however, will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering in the amount of approximately HK$2,552 million (assuming an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range), approximately HK$3,008 million (assuming an Offer Price of HK$11.19 per Share, being the mid-point of the estimated Offer Price range) and approximately HK$3,461 million (assuming an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range), after deducting the underwriting fees and expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised. We intend to use these net proceeds for the following purposes:

- Approximately 70% (or approximately HK$1,787 million, HK$2,106 million and HK$2,424 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the expansion of our distribution network of 4S dealerships, both through organic growth and selective acquisitions, alliances, joint ventures and other strategic investments. We have plans to add approximately 33 4S dealerships in the northeastern coastal region, 21 4S dealerships in the eastern coastal region, 13 4S dealerships in the southern coastal region, and 21 4S dealerships in selected inland areas of China, by the end of 2011. We have plans to establish approximately 28 new 4S dealerships by the end of 2010, 14 of which are under construction. For each new 4S dealership, we estimate an average capital expenditure of approximately RMB40 million to RMB80 million, among which approximately RMB20 million to RMB40 million will be used for purchase of land use rights, approximately RMB15 million to RMB30 million will be used for property construction, purchase and renovation cost, and approximately RMB5 million to RMB10 million will be used for procuring repairing equipment required for after-sales businesses. The estimated expenditures for each new 4S dealership are in line with the historical expenditures we incurred and we intend to utilise the net proceeds as well as our working capital to cover such estimated expenditures. Each 4S dealership has a staffing requirement of approximately 120 to 140 employees.

- Approximately 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the continued upgrading, maintenance and refurbishment of 4S dealerships, 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the establishment of additional quick service shops, 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the establishment of additional automobile accessories exhibition centers, and 8% (or approximately HK$204 million, HK$241 million and HK$277 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the development of our used automobile sales business.

- Approximately 10% (or approximately HK$255 million, HK$301 million and HK$346 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for funding our general corporate purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the purposes described above on a pro rata basis.

If the Over-allotment Option is exercised in full, we estimate we would receive additional net proceeds in the amount of approximately HK$395 million (assuming an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range), approximately HK$464 million (assuming an Offer Price of HK$11.19 per Share, being the mid-point of the estimated Offer Price range) and approximately HK$531 million (assuming an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range), which we intend to apply as additional funding for the purposes described above on a pro rata basis.

Although from time to time we identify certain potential strategic investments and acquisition targets for preliminary evaluation and assessment, as at the Latest Practicable Date, we do not have any finalized and definitive understanding, commitment or agreement and we have not engaged in any related negotiations or entered into any letter of intent (legally binding or otherwise), with respect to any acquisitions, alliances, joint ventures or strategic investments. We may or may not proceed with any or all of these investments and/or acquisitions.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions. Our PRC legal advisers, King & Wood, have confirmed that no provision for PRC enterprise income tax should be required for interest income from the proceeds of the Global Offering and other income sourced outside the PRC, as our Group does not intend to deposit the proceeds of the Global Offering or any other income sourced outside the PRC in PRC banks or financial institutions. When the net proceeds from the Global Offering are received, our Group will apply for the relevant approvals from the PRC Government authorities under existing applicable PRC laws, rules and regulations, to remit proceeds from the Global Offering to our PRC subsidiaries, businesses and operations.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business; (ii) risks relating to the PRC automobile industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering. Additional risks and uncertainties presently not known to us or not expressed or implied below, or that we currently deem immaterial could also harm our business, financial condition and operating results.

Risks relating to our business

- The success of our business significantly depends on the automakers
- We rely on our dealership agreements with the automakers for the rights to operate our 4S dealerships and for our supply of new automobiles and spare parts
- Our business operations are subject to restrictions imposed by, and significant influence from the automakers
- We rely on dealership arrangements with our major suppliers of new automobiles to generate a significant portion of our revenue and profit
- There can be no assurance that we will continue to receive rebates from the automakers
- We are dependent on third parties for the supplies of automobile accessories
- Our ability to meet consumer demands for new automobiles, spare parts and automobile accessories, is dependent in part on our ability to maintain a reasonable level of inventory of these products
- Our sales may be affected by seasonality
- We are dependent on our management team, and our business may be severely disrupted if we lose their services
- We are dependent on the continued service of, and our ability to attract, train, motivate and retain, our store management, sales personnel and automotive engineers and technicians
- We may not be able to obtain adequate financing on acceptable terms
- The global financial crisis which commenced in 2008 had negative repercussions on the global economy, including the automobile industry. If the economic downturn continues, it may continue to adversely affect our business, liquidity, financial conditions, results of operations and prospects
- We rely on computer equipment and software systems to manage our operations
- Several of our operating subsidiaries do not have requisite approvals and licenses for operating repair, maintenance and leasing businesses

- We do not have valid titles or rights to use certain properties and the required permits for construction and development on certain properties occupied by us

- We cannot assure you that we will continue to receive the preferential tax treatment currently enjoyed by our Group

- There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities

- Under the New EIT Law, we may be classified as a "resident enterprise" of China. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders

- Implementing our growth strategy may expose us to certain risks

- We recorded net current liabilities as at 31 December 2006 and 2007 and we cannot assure you that we will not experience the same again in the future

Risks relating to the PRC automobile industry

- Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile industry

- Strict or stricter fuel economy standards and emission standards, high fuel prices and taxes on automobile consumption may restrict the supply of and/or reduce the demand for automobiles, spare parts and automobile accessories in the PRC

- Any failure to comply with applicable laws, rules and regulations governing the automobile dealership industry may adversely affect our business

- We are dependent on the automakers and our other suppliers to adhere to all relevant laws and regulations and to avoid material disputes

- There is uncertainty on the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups in the PRC

Risks relating to conducting business in the PRC

- The business operation and future growth of our Group rely on the GDP and consumption growth in the PRC market and may be adversely affected by changes in the economic, political and social conditions, globally and in the PRC

- Political and economic policies of the PRC Government may affect our business and results of operations and may result in our inability to sustain our growth and expansion plans

- Government control of currency conversion and future movements in foreign exchange rates may adversely affect our financial condition and results of operations, and our ability to remit dividends

- PRC regulations regarding investment and loans by offshore holding companies to PRC entities may delay or prevent our Company from using the proceeds of the Global Offering to make additional capital contributions or loans to members of our Group

- The legal system of the PRC is not fully developed, and there are inherent uncertainties which may affect the protection afforded to our business and our Shareholders

- Our ability to pay dividends and utilize cash resources in our subsidiaries is dependent upon our PRC subsidiaries' earnings and distributions

- Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident shareholders to liability under PRC law

- It may be difficult to effect service of process upon, or to enforce against, us or our Directors or members of our senior management who reside in the PRC, in connection with judgments obtained in non-PRC courts

- The outbreak of any severe contagious diseases in the PRC, if uncontrolled, could adversely affect our business and results of operations

- The state of the PRC's political relationships with other nations may affect the performance of our operations

Risks relating to the Global Offering

- An active trading market for our Shares may not develop, and their trading prices may fluctuate significantly

- As the Offer Price of our Offer Shares is higher than our net tangible assets per Share, you will experience immediate dilution to your attributable net tangible assets per Share

- Any potential sale of Shares by our existing Shareholders could have an adverse effect on our share price

- Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our independent Shareholders

- Certain facts and statistics in this prospectus relating to the PRC, the PRC economy, the PRC automobile market and the PRC automobile dealership industry may not be reliable

- Forward-looking statements contained in this prospectus are subject to risks and uncertainties

- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

AUTOMOBILE RECALLS

During the Track Record Period, the automakers conducted automobile recalls for a number of their automobile models that we sold, including several of the recent large scale recalls experienced by several automakers in the global market, such as a recent large scale global recall by Toyota. The United States regulators have launched a preliminary investigation on Toyota and the president of Toyota Motor Corporation testified in front of the United States House of Representatives in February 2010.

In addition, Lexus automobiles have also been recalled recently. Given that Toyota and Lexus are our two largest automobile brands in terms of sales and accounted for approximately 44.3%, 47.1%, 53.0% and 51.2% (in the case of Toyota), and 30.5%, 34.1%, 24.7% and 16.7% (in the case of Lexus) of our revenue generated from new automobile sales for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively, our customers' confidence in the quality and safety of the automobiles may be severely impaired due to the recalls, and any product defects or automobile recalls may have an adverse effect on our Group's reputation.

We are not liable for any damages caused by the automobiles under the recalls. We will provide assistance for automobile recalls conducted by the automakers and charge fees for our services. Any work done in connection with the recalls is not charged to the customer but to the automaker, using claim or reimbursement forms provided by the automaker.

However, as at the Latest Practicable Date, the automobiles we offered are not involved in recent recalls other than one automobile model of Toyota brand. We confirm that the recent recalls have not led to any significant drop in our new automobile sales and have not caused any significant increase in the cancellation of orders placed by our customers. As at the Latest Practicable Date, such recalls have not caused any material adverse impact on our business, and our operational and financial performance.

However, there is a risk that automobile recalls may have an adverse effect on our Group's reputation which may in turn affect our results of operations and financial condition in the future. Please refer to the sections entitled "Risk Factors — We are dependent on the success and conduct of the automakers — Product defects and automobile recalls" for details of the risk associated with automobile recalls conducted by the automakers and "Our Business — After-sales businesses — Automobile recalls" for details of the automobile recalls conducted by the automakers which commenced during the Track Record Period.

GLOBAL OFFERING STATISTICS[1]

	Based on an Offer Price of HK$9.54 per Share	Based on an Offer Price of HK$12.83 per Share
Market capitalization of our Shares[2]	HK$17,806 million	HK$23,880 million
Prospective price/earnings multiple pro forma fully diluted[3]	34.6 times	46.5 times
Unaudited pro forma adjusted combined net tangible asset value per Share[4]	HK$2.37	HK$2.86

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme.

(2) The calculation of market capitalization is based on 1,866,492,795 Shares (assuming an Offer Price of HK$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares (assuming an Offer Price of HK$12.83, being the higher end of the estimated Offer Price range) expected to be in issue and outstanding following the Global Offering taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company.

(3) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the estimated earnings per Share on a pro forma fully diluted basis at the estimated Offer Prices of HK$9.54 and HK$12.83 per Share taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company.

(4) The unaudited pro forma adjusted combined net tangible asset value per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus and on the basis of a total of 1,866,492,795 Shares (assuming an Offer Price of HK$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares (assuming an Offer Price of HK$12.83, being the higher end of the estimated Offer price range) in issue following completion of the Global Offering taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company.

In this prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

"ACMR"	All China Marketing Research Co., Ltd., an independent specialist Chinese market research company
"ACMR Survey"	a Chinese passenger car market research report prepared by ACMR. We paid a total fee of RMB265,000 for this report
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s), and **GREEN** application form(s), or where the context so requires, any of such forms as used in the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on 9 February 2010 and as amended from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Aston Orient"	Aston Orient Ltd., a limited liability company incorporated in the BVI on 12 November 2007, currently wholly-owned by Mr. Huang Yi
"Audit Committee"	the audit committee of the Board
"Banking Ordinance"	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) as amended, supplemented, or otherwise modified from time to time
"Beverly Stars"	Beverly Stars Enterprises Ltd., a limited liability company incorporated in the BVI on 24 September 2007, currently wholly-owned by Mr. Huang Yi
"Billion Great"	Billion Great Corporation Limited ("億雄有限公司"), a limited liability company incorporated in Hong Kong on 21 November 2007, currently an indirect wholly-owned subsidiary of our Company
"Blue Natural"	Blue Natural Development Ltd., a limited liability company incorporated in the BVI on 16 October 2007, currently 37.7% owned by Vest Sun and 62.3% owned by Light Yield
"Board"	the board of Directors
"BOCI"	BOCI Asia Limited
"Boxing"	Boxing Company Limited, a limited liability company incorporated in Hong Kong on 27 February 1981, an Independent Third Party

"Bright Friends"	Bright Friends International Limited, a limited liability company incorporated in the BVI on 22 March 2007, currently an indirect wholly-owned subsidiary of our Company
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant, or a CCASS Investor Participant
"Charming Elements"	Charming Elements Holdings Ltd., a limited liability company incorporated in the BVI on 16 October 2007, currently an indirect wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented, or otherwise modified from time to time
"Company" and "our Company"	Zhongsheng Group Holdings Limited, an exempted company incorporated in the Cayman Islands on 23 June 2008 with limited liability
"Compliance Committee"	the compliance committee of the Board

"connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules, and for the purposes of this prospectus, refers to Mr. Huang Yi, Mr. Li Guoqiang, Light Yield, Vest Sun and Blue Natural
"CSRC"	China Securities Regulatory Commission
"Dalian SAFE"	Dalian City branch of the PRC State Administration of Foreign Exchange
"Dalian Xinshengrong"	Dalian Xinshengrong New Industrial Co., Ltd. ("大連新盛榮新實業有限公司"), a limited liability company incorporated in the PRC on 12 April 2007, currently an indirect wholly-owned subsidiary of our Company
"Dalian Yuzeng"	Dalian Yuzeng Industrial Co., Ltd. ("大連裕增實業有限公司"), a limited liability company incorporated in the PRC on 22 January 2008, a holding company of four 4S dealerships, including one which is under construction, and currently an indirect wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of the Company
"Elegance Extreme"	Elegance Extreme International Limited, a limited liability company incorporated in the BVI on 6 December 2007, currently 85% owned by Blue Natural and 15% owned by General Atlantic
"GDP"	gross domestic product
"General Atlantic"	General Atlantic Partners (Dalian), L.P., a Bermuda exempted limited partnership. General Atlantic is an investment entity in the General Atlantic private equity group, a global growth equity firm founded in the U.S. in 1980. As at the Latest Practicable Date, General Atlantic had 15% interest in our Group
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GNL 07"	GNL 07 Limited, a limited liability company incorporated in Hong Kong on 8 December 2006, an Independent Third Party
"Green Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited

"Group", "we" and "us"	our Company and the subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of the present subsidiaries, the present subsidiaries of our Company
"HKFRS"	Hong Kong Financial Reporting Standards promulgated by HKICPA
"HKICPA"	The Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hokuryo Holdings"	Hokuryo Holdings Company Limited ("北菱集團有限公司"), an investment holding company incorporated in Hong Kong on 11 February 1993, currently an indirect wholly-owned subsidiary of our Company
"Hokuryo (Hong Kong)"	Hokuryo (Hong Kong) Company Limited ("北菱（香港）有限公司), an investment holding company incorporated in Hong Kong on 1 September 1997, currently an indirect wholly-owned subsidiary of our Company
"Hokuryo International"	Hokuryo International Limited ("北菱國際有限公司"), an investment holding company incorporated in the BVI on 27 September 2007, currently an indirect wholly-owned subsidiary of our Company
"Hong Kong" and "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	30,650,000 Offer Shares being initially offered for subscription in the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of Hong Kong Offer Shares for subscription in Hong Kong at the Offer Price (plus brokerage, Hong Kong Stock Exchange trading fee, and SFC transaction levy) on and subject to the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited

"Hong Kong Underwriters"	the Underwriters of the Hong Kong Public Offering whose names are set out under the section entitled "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 15 March 2010 entered into between, among others, us, the Joint Bookrunners and the Hong Kong Underwriters relating to the Hong Kong Public Offering
"Independent Third Party"	a person or company that is not connected with any member of our Group, the directors, the chief executives and the substantial shareholders (as defined in the Listing Rules) of our Company or subsidiaries and their respective associates
"International Offer Shares"	255,510,000 Offer Shares at the Offer Price under the International Offering, and any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to re-allocation, as described in the section entitled "Structure of the Global Offering" in this prospectus
"International Offering"	the placing of the International Offer Shares at the final Offer Price to professional, institutional, and other investors, as described in the section entitled "Structure of the Global Offering" in this prospectus
"International Underwriters"	the Underwriters of the International Offering who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or about 19 March 2010 between, among others, us, the Joint Bookrunners and the International Underwriters relating to the International Offering
"JD Power"	J.D. Power and Associates, a global marketing information services firm founded in 1968, which conducts surveys of customer satisfaction, product quality, and buyer behavior for industries
"Joint Bookrunners"	Morgan Stanley, UBS and BOCI for the Global Offering
"Joint Easygain"	Joint Easygain Group Ltd., a limited liability company incorporated in the BVI on 17 August 2007, currently wholly-owned by Mr. Huang Yi
"Joint Sponsors"	Morgan Stanley and UBS
"Joint Lead Managers"	Morgan Stanley, UBS and BOCI

"Latest Practicable Date"	5 March 2010, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Light Yield"	Light Yield Ltd., a limited liability company incorporated in the BVI on 17 October 2007, currently wholly-owned by Mr. Huang Yi
"Listing"	the listing of our Shares on the Hong Kong Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on 26 March 2010, on which dealings in the Shares first commence on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock market (excluding the option market), operated by the Hong Kong Stock Exchange, independent from and operated in parallel with the Growth Enterprise Market
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, conditionally adopted on 9 February 2010 and as amended from time to time
"Ministry of Transport"	the PRC Ministry of Transport
"MOFCOM" or "MOFTEC"	the PRC Ministry of Commerce, or its predecessor the Ministry of Foreign Trade and Economic Cooperation, as appropriate to the context
"Morgan Stanley"	Morgan Stanley Asia Limited
"Mr. Huang Yi" or "Mr. Huang"	Huang Yi, ("黃毅"), one of the two founders of our Group
"Mr. Li Guoqiang" or "Mr. Li"	Li Guoqiang, ("李國強"), one of the two founders of our Group
"NDRC"	National Development and Reform Commission of the PRC
"Noble Villa"	Noble Villa Investments Ltd., an investment holding company incorporated in the BVI on 23 July 2008, currently a wholly-owned subsidiary of our Group
"Nomination Committee"	the nomination committee of the Board
"NYSE"	the New York Stock Exchange

"Offer Price"	the offer price per Offer Share (exclusive of brokerage of 1%, the Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%) at which the Offer Shares are to be subscribed pursuant to the Hong Kong Public Offering and the International Offering
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where appropriate, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
"Olympia Well"	Olympia Well Limited ("奧祥有限公司"), a limited liability company incorporated in Hong Kong on 20 November 2007, currently an indirect wholly-owned subsidiary of our Company
"Over-allotment Option"	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Bookrunners on behalf of the International Underwriters, pursuant to which our Company may be required to issue and allot up to an aggregate of 42,924,000 additional Shares at the Offer Price to, among other things, cover the over-allocations (if any) in the International Offering, as described in the section entitled "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China, the central bank of the PRC
"PBOC Rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the China inter-bank foreign exchange market rate of the previous day and with reference to current exchange rates on the world financial markets
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government", "Chinese Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
"PRC National Statistics Bureau"	the National Bureau of Statistics of China
"Price Determination Date"	the date, expected to be on or about 19 March 2010, on which the Offer Price will be determined, and in any event not later than 24 March 2010
"principal share registrar"	Butterfield Fulcrum Group (Cayman) Limited, the principal share registrar and transfer office of our Shares in the Cayman Islands

"QIBs"	"qualified institutional buyers" within the meaning of Rule 144A under the U.S. Securities Act
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reorganization"	the pre-listing reorganization of our Group, as more fully described in the sub-section entitled "Pre-Listing Reorganization" in the section entitled "Our History and Reorganization" in this prospectus
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the PRC State Administration of Foreign Exchange
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share Option Scheme"	the share option scheme conditionally adopted by our Company, further details of which are described in "Appendix VII — Statutory and General Information" to this prospectus
"Share(s)"	ordinary share(s) with par value of HK$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Snatch Prize"	Snatch Prize Limited, a limited liability company incorporated in Hong Kong on 10 January 1984, an Independent Third Party
"Sole Global Coordinator"	Morgan Stanley
"State Council"	the State Council of the PRC
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Super Charm"	Super Charm Limited ("超懋有限公司"), a limited liability company incorporated in Hong Kong on 21 November 2007, currently an indirect wholly-owned subsidiary of our Company
"Takeovers Code"	the Code on Takeovers and Mergers and Share Repurchases in Hong Kong

"Title Certificates"	long-term land use right certificates and/or building ownership certificates or real estate certificates
"Track Record Period"	the period comprising the three financial years of our Group ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009
"UBS"	UBS AG, Hong Kong Branch
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "US" or "U.S."	the United States, as defined in Regulation S under the US Securities Act
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"VAT"	value added tax pursuant to Provisional Rules Governing Value Added Tax of the PRC (中華人民共和國增值稅暫行條例)
"Vest Sun"	Vest Sun Ltd., a limited liability company incorporated in the BVI on 18 September 2007, currently wholly-owned by Mr. Li Guoqiang
"Well Snape"	Well Snape Holdings Limited, a limited liability company incorporated in the BVI on 1 November 2007, currently an indirect wholly-owned subsidiary of our Company
"White Form eIPO"	applying for Hong Kong Offer Shares to be issued in your own name by submitting applications online through the designated website at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"WTO"	the World Trade Organization
"Yangtze River Delta"	refers collectively to Shanghai Municipality, Jiangsu Province and Zhejiang Province
"Zhongsheng Dalian"	Zhongsheng (Dalian) Holdings Co., Ltd. ("中升（大連）集團有限公司"), a limited liability company incorporated in the PRC on 16 July 1998, currently an indirect wholly-owned subsidiary of our Company

"Zhongsheng Holdings"	ZhongSheng Holdings Company Limited ("中升集團有限公司"), a limited liability company incorporated in Hong Kong on 22 October 1996, currently an indirect wholly-owned subsidiary of our Company
"Zhongsheng International"	Zhongsheng International Limited ("中升國際有限公司"), a limited liability company incorporated in the BVI on 11 June 2003, currently an indirect wholly-owned subsidiary of our Company
"Zhongsheng Tacti"	Zhongsheng Tacti Auto Service (Dalian) Co., Ltd. ("中升泰克提汽車服務（大連）有限公司"), a foreign investment enterprise incorporated in the PRC on 27 July 2009, in which Zhongsheng Holdings holds a 50% interest

In this prospectus:

- the English names of PRC nationals, entities, departments, facilities, certificates, titles, etc., are translations of their Chinese names. If there is any inconsistency, the Chinese name shall prevail;
- unless expressly stated or otherwise required by the context, all data are as at the Latest Practicable Date;
- unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option; and
- certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains certain definitions of automakers, automobile brands and technical terms used in this prospectus in connection with our Company and our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

"3S dealership"	a dealership authorized to sell the products of a single brand of automobiles. Such dealership integrates three standard automobile-related businesses: sales, spare parts and service. It does not contain the function of survey which forms part of the integrated businesses in a 4S dealership
"4S dealership"	a dealership authorized to sell the products of a single brand of automobiles. Such dealership integrates four standard automobile-related businesses: sales, spare parts, service and survey, among which survey refers to the function of collecting market information for the automakers in order for the automakers to adjust their market strategies accordingly. In China, the majority of automobiles are retailed through 4S dealerships. Typically, a 4S dealership only conducts sales at one point of sales
"Audi"	refers to Audi AG and FAW-Audi collectively
"automobile accessory exhibition center"	dedicated automobile accessory display and sales center or showroom
"Development Permits"	the consents, permits and approvals for development, including construction permits necessary for the development of properties in the PRC
"DF-Honda"	the brand of automobiles manufactured by the PRC joint venture corporation, Dongfeng Honda Co., Ltd., established jointly by Honda Motor Co., Ltd. and Dongfeng Motor Group Co., Ltd.
"DF-Nissan"	the brand of automobiles manufactured by the PRC joint venture corporation, Dongfeng Motor Co., Ltd., established jointly by Nissan Motor Co., Ltd. and Dongfeng Motor Group Co., Ltd.
"FAW-Audi"	the brand of automobiles manufactured by the PRC joint venture corporation, FAW-VW Automobile Co., Ltd., established jointly by FAW Group Corporation, Volkswagen AG, Audi AG and Volkswagen Automobile (China) Investment Co., Ltd.
"FAW-Toyota"	the brand of automobiles manufactured by the PRC joint venture corporation, Tianjin FAW Toyota Motor Co., Ltd., established jointly by FAW Group Corporation, Tianjin FAW Xiali Automobile Co., Ltd., Toyota Motor Corporation and Toyota Motor (China) Investment Co., Ltd.

"GM"	the brand of automobiles manufactured by General Motors Corporation or its PRC joint venture corporation, Shanghai General Motors Co., Ltd.
"GZ-Honda"	the brand of automobiles manufactured by the PRC joint venture corporation, Guangzhou Honda Automobile Co., Ltd., established jointly by Honda Motor Co., Ltd. and Guangzhou Automobile Group Co., Ltd.
"GZ-Toyota"	the brand of automobiles manufactured by the PRC joint venture corporation established jointly by Toyota Motor Corporation and Guangzhou Automobile Group Co., Ltd.
"Honda"	refers to Honda Motor Co., Ltd., DF-Honda and GZ-Honda collectively
"Kunming Exhibition Center"	the automobile accessories exhibition center established by our Group in Kunming City
"Lexus"	the brand of automobiles produced by the luxury automobile division of Toyota Motor Corporation, Lexus
"Mercedes-Benz"	the brand of automobiles produced by the Mercedes-Benz division of Daimler AG
"Nissan"	refers to Nissan Motor Co., Ltd., DF-Nissan and ZZ-Nissan collectively
"quick service shop"	our automobile repair, maintenance and detailing services shop established in the vicinity of our 4S dealerships to provide quick minor repair, maintenance and detailing services
"Toyota"	refers to Toyota Motor Corporation, FAW-Toyota and GZ-Toyota collectively
"ZZ-Nissan"	the brand of automobiles manufactured by the PRC joint venture corporation established jointly by Nissan Motor Co., Ltd., Dongfeng Motor Joint Stock Co., Ltd. and Dongfeng Motor Group Co., Ltd.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Offer Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

The success of our business significantly depends on the automakers

As the new automobile sales business accounts for a substantial portion of our revenue, we significantly depend on the automakers in several aspects. Automakers may act in a manner or be subject to events that in turn could cause us to incur costs, expenses or experience delivery delays. As a result, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. We depend on the automakers for, among other things:

Supply of high-quality and popular new automobiles and spare parts

Our new automobile sales are influenced by the automakers' abilities to anticipate changes in consumer tastes, preferences and requirements, including those driven by cultural or environmental changes, and to manufacture and deliver to us in sufficient quantities and on a timely basis, a desirable, high-quality and price competitive mix of new automobiles and spare parts to sell to our customers.

The automakers may be affected by a variety of factors, including economic downturns or recessions, increases in interest rates, and/or poor product mix or unappealing design, resulting in a change in demand for their automobiles or spare parts. The automakers may also alter their annual output due to reasons mentioned above, thus altering the supply of automobiles to all their 4S dealerships, including us. The automakers may also fail to supply us with the automobiles we expect to receive under our allocated sales quota. If the automakers are materially affected and their abilities to design, market or manufacture new automobiles or spare parts are impacted, or if the automakers decide unilaterally to alter the supply of automobiles to us, our business operation will be disrupted and our results of operations, financial condition and growth prospects may be materially and adversely affected.

Product defects and automobile recalls

The automakers may be adversely affected by product defects and automobile recalls. During the Track Record Period, the automakers conducted automobile recalls for a number of their automobile models that we sold. Several automakers have experienced large scale recalls of certain types of automobiles in the global market, including a recent large scale global recall by Toyota. The United States regulators have launched a preliminary investigation on Toyota and the president of Toyota Motor Corporation testified in front of the United States House of Representatives in February 2010. As at the Latest Practicable Date, the automobiles we offered are not involved in recent recalls other than one automobile model of Toyota brand. Such recalls have not caused any material adverse impact on our business, our operational and financial performance as at the Latest Practicable Date. However, we cannot assure you that such recalls will not materially and adversely affect our revenue and results of operations in the future. Please refer to the section entitled "Our Business — After-sales businesses — Automobile recalls" in this prospectus for details of the automobile recalls conducted by the automakers during the Track Record Period.

We cannot assure you that there will not be future automobile recalls affecting the automakers or the models we sell, nor that the automakers will conduct future automobile recalls in the same manner as in the past, in particular, a number of recalls of Toyota and Lexus automobiles have been conducted recently. Our customers' confidence in the quality and safety of the automobiles may be impaired due to the recalls, and any product defects or automobile recalls may have an adverse effect on the automakers and our Group's reputation. As a result, the recalls may lead to cancellation of orders placed by our customers and drop in demand for our automobiles, which in turn may materially and adversely affect our results of operations and financial condition. Given that Toyota and Lexus are our two largest automobile brands in terms of sales and accounted for approximately 44.3%, 47.1%, 53.0% and 51.2% (in the case of Toyota), and 30.5%, 34.1%, 24.7% and 16.7% (in the case of Lexus) of our revenue generated from new automobile sales for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively, we cannot assure you that the recalls by the automakers will not materially and adversely affect our results of operations, financial condition and growth prospects going forward.

Advertising, marketing and promotional activities of the automakers

Our new automobile sales business is strongly influenced by the promotional and marketing activities of the automakers designed to spur consumer demand for automobiles. The automakers periodically offer discounts, complimentary products or services, and/or extended product warranties.

The automakers assist us with our advertising, marketing and promotional activities and the production of flyers, brochures and other promotional and point-of-sale materials, as well as other items for our 4S dealerships. In addition, we rely on the automakers for the training of our sales personnel and automotive engineers and technicians to a certain extent. The repair and maintenance services we provide our customers under automobile warranties are part of the automakers' marketing plans and the costs for such services are billed to the relevant automaker instead of the customer.

As a result, changes in these promotional and marketing activities by the automakers may materially and adversely affect our results of operations, financial condition and growth prospects.

We rely on our dealership agreements with the automakers for the rights to operate our 4S dealerships and for our supply of new automobiles and spare parts

We rely on the automakers for the rights to operate our 4S dealerships and for the supply of new automobiles and spare parts. Sales of new automobiles account for a substantial portion of our revenue. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, revenue from our new automobile sales business accounted for 95.9%, 94.7%, 91.9% and 90.4% of our Group's revenue, respectively. Our rights to operate our 4S dealerships and the supply of new automobiles and spare parts are governed by the dealership agreements we entered into with the automakers.

All of our dealership agreements are non-exclusive, must generally be renewed periodically and typically have a term of one year. The automakers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and changes in ownership or management structure that affect our ability to meet our contractual obligations without their prior consent. Please see the section entitled "Business — Our 4S Dealerships" in this prospectus for more information on our dealership agreements.

There can be no assurance that we will be able to renew our dealership agreements on a timely basis, on commercially acceptable terms, or at all, or that our dealership agreements will not be terminated by the automakers for various reasons, including changing their business strategies or taking direct control of the distribution of their automobiles in the PRC.

There can be no assurance that the automakers will not make any decision to restrict, limit or reduce the number of 4S dealerships available to us as part of any change in their future strategies. Should the automakers decide to restrict, limit or reduce the number of 4S dealerships they allow us to operate, or fail to renew or terminate our dealership agreements, our results of operations, financial condition and growth prospects may be materially and adversely affected.

Our business operations are subject to restrictions imposed by, and significant influence from the automakers

The automakers may subject our business operations to various restrictions including:

— setting geographical limitation on our business, restricting our ability to establish or acquire new 4S dealerships;

— precluding us from obtaining additional dealership rights for failing to meet the relevant automaker's performance criteria including criteria relating to sales results, customer satisfaction ratings and store presentation at our 4S dealerships;

— setting price guidelines for the retail sale of their new automobiles or certain spare parts;

— restricting our ability to provide guarantees or other forms of security, thus adversely impacting our ability to obtain financing for our business; and

— influencing the management of our 4S dealerships.

The restrictions imposed by, and significant influence from, the automakers on our business could materially and adversely affect our results of operations, financial condition and growth prospects.

We rely on dealership arrangements with our major suppliers of new automobiles to generate a significant portion of our revenue and profit

During the Track Record Period, Toyota and Lexus (the luxury automobile division of Toyota Motor Corporation), were the two largest automobile brands in our new automobile portfolio based on revenue and volume, and in the case of Toyota, accounting for 44.3%, 47.1%, 53.0% and 51.2%, and in the case of Lexus, accounting for 30.5%, 34.1%, 24.7% and 16.7%, of our revenue generated from new automobile sales for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively. Our Toyota and Lexus automobiles are supplied by members or affiliates of the same corporate group, Toyota Motor Corporation. Should Toyota Motor Corporation and/or certain of its subsidiaries or divisions terminate or not renew their arrangements with our Group, our results of operations, financial condition and growth prospects may be materially and adversely affected.

There can be no assurance that we will continue to receive rebates from the automakers

Our purchase arrangements with the automakers often include volume-based rebates, which are decided with reference to the units of new automobiles purchased, and are adjusted based on our satisfaction of certain targets set by the relevant automakers, including sales targets, customer satisfaction indices, and dealership presentation standards. For the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, we recorded rebates of approximately RMB47.0 million, RMB173.5 million, RMB171.2 million and RMB218.7 million, respectively. There can be no assurance that the automakers will continue to grant us rebates, or that they will pay any rebate under existing purchase arrangements. Should some or all of the automakers cease to offer such rebates, or alter the conditions by which such rebates are granted, our financial condition and results of operations may be materially and adversely affected.

We are dependent on third parties for the supplies of automobile accessories

We are dependent on independent suppliers for the automobile accessories we sell. The success of our after-sales businesses is dependent on these suppliers' abilities to anticipate changes in consumer tastes, preferences and requirements and deliver to us in sufficient quantities and on a timely basis a desirable, high-quality and price competitive mix of automobile accessories to sell to our customers. If our suppliers' products fail to meet our customers' expectations or if we are unable to stock a sufficient range of products, or if our suppliers increase their prices due to increasing demand for their products from other dealerships, our profit margins of these products may be affected, which in turn could materially and adversely affect our results of operations and financial condition.

Our ability to meet consumer demands for new automobiles, spare parts and automobile accessories, is dependent in part on our ability to maintain a reasonable level of inventory of these products

We aim to stock a reasonable level of inventory of new automobiles, spare parts and automobile accessories, to respond to customer demand effectively and maintain a diverse range of products at our 4S dealerships and at our automobile accessories exhibition centers. We aim to actively control our inventory turnover efficiency, as slow-moving inventories may be more difficult to sell, be returned to suppliers and/or result in higher levels of write-offs, thereby increasing our overall cost of sales and reducing our profit margins. If we overstock inventory, our required working capital may increase and we may incur additional financing costs. If we understock inventory, our ability to meet our customers' demands may be affected, which may in turn affect our reputation, cause us to forgo revenue, and materially and adversely affect our results of operations and financial condition.

Our sales may be affected by seasonality

All of our revenue is derived from our operations in the PRC. We believe that there is a seasonal pattern in the spending behavior of PRC consumers. Periods prior to major holidays in the PRC, such as the Chinese New Year and the National Day holiday in October, have typically coincided with higher revenue recorded for our new automobile sales business. As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between the same periods in different financial years, may not be meaningful and should not be relied upon as indicators of our performance.

We are dependent on our management team, and our business may be severely disrupted if we lose their services

We believe that our success is largely dependent upon the continued service of the members of our management team, who are critical to establishing our corporate strategies and focus, and ensuring our continued growth. In particular, our founders, Mr. Huang Yi and Mr. Li Guoqiang, both have over 20 years' experience and expertise in the PRC automobile industry, are crucial to our success.

Our continued success will depend on our ability to attract and retain a qualified and competent management team in order to manage our existing operations and support our expansion plans. We do not maintain keyman insurance for members of our management team. Although we have entered into employment agreements and non-competition agreements with certain members of our management team, the loss of the services of any member of our management team and/or the failure to recruit suitable or comparable replacements on a timely basis could have a significant impact on our ability to manage our business effectively and may reduce our competitiveness, and in turn materially and adversely affect our results of operations, financial condition and growth prospects. We cannot assure you that we will be able to retain our management team or attract and integrate suitable or comparable replacements on a timely basis or at all to meet our needs.

We are dependent on the continued service of, and our ability to attract, train, motivate and retain, our store management, sales personnel and automotive engineers and technicians

We are dependent on the continued service of, and our ability to attract, train, motivate and retain, our store management, sales personnel and automotive engineers and technicians for the performance and continued success of our business. Due to the strong growth of the PRC economy and the PRC automobile industry, the competition for such personnel is intense. There can be no assurance that we will be able to attract, train, motivate and retain the necessary personnel to grow and develop our business, continue to deliver high-quality sales or customer service, or open new 4S dealerships, quick service shops or automobile accessories exhibition centers. Our financial condition, management and results of operations may be materially and adversely affected if we fail to attract and retain the experienced personnel we need.

We may not be able to obtain adequate financing on acceptable terms

Our businesses require significant capital expenditure. In addition to purchasing automobiles, spare parts, automobile accessories, and other automobile-related products, we also require capital to establish and acquire new 4S dealerships, refurbish and maintain existing 4S dealerships, quick service shops and automobile accessories exhibition centers and upgrade our information technology and billing systems.

Our capital expenditures for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 were RMB178.0 million, RMB152.3 million, RMB204.9 million and RMB219.5 million, respectively.

Our business also requires adequate financing for our increasing level of inventory and prepayments for new automobiles that we purchase from the automakers. We expect our financing costs to increase as our inventory level and prepayments for new automobiles increase due to the continuing expansion of our businesses.

We have experienced a decline in average selling price of our new automobiles during the Track Record Period and a slowdown in the growth of new automobile sales volume in 2008 as a result of the global economic downturn. Therefore, there can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans. We have generally relied on cash generated from our operations as well as bank loans to fund our operations and expansion. Our ability to obtain adequate external financing will depend on a number of factors, including our financial performance and results of operations, as well as other factors beyond our control including the global and PRC economies, interest rates, applicable laws, rules and regulations, and the conditions of the PRC automobile market, the PRC automobile dealership industry and the geographical regions we operate in. If we are unable to obtain financing in a timely manner, at a reasonable cost or on reasonable terms, the implementation of our expansion plans may be delayed and our competitive position and growth prospects may be adversely affected.

In addition, we may sell additional equity or debt securities or obtain credit facilities in the future to meet our requirements for capital. The sale of additional equity securities or securities convertible to our equity securities would dilute our Shareholders' interests. The additional debt would also result in increased debt servicing obligations and may also result in covenants limiting our shareholding structure, business and/or operations.

The global financial crisis which commenced in 2008 had negative repercussions on the global economy, including the automobile industry. If the economic downturn continues, it may continue to adversely affect our business, liquidity, financial conditions, results of operations and prospects

The global financial crisis which commenced in 2008 caused substantial volatility in the capital markets and a downturn in the global and PRC automobile industries. Demand for our automobiles and other products may decrease if the level of consumption in the PRC is affected by these changing market conditions, which would adversely impact cash flow generated from our operations. In addition, some of the automakers may also be adversely impacted with declines in profits and production output. Furthermore, the availability of credit to entities, such as ourselves, operating within emerging markets, is significantly influenced by levels of investor confidence in such markets as a whole and any factors that may impact market confidence could affect the costs or availability of funding for entities within any of these markets. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and a tightening of credit terms. If this economic downturn continues or there are prolonged disruptions to the credit markets, this could limit our ability to borrow funds from our current or other funding sources or cause the continued access to funds to become more expensive, and our business may be exposed to a downturn in sales that might be caused by such tightening of credit conditions, and our results of operations, financial condition and prospects may be materially and adversely affected.

We rely on computer equipment and software systems to manage our operations

We are dependent on an integrated information management system to manage, supervise and improve ordering, inventory and logistics management and financial and cash management, minimize the costs of maintaining inventory and to improve our overall sales performance. We intend to keep upgrading our existing information technology systems across our distribution network to operate a uniform platform which complements the expansion of our business. In late 2008, we completed the roll-out of our enterprise resource planning system, or ERP, which maintains in a single database the data needed for a variety of business functions such as quota, inventory, financial, human resources and customer relationship management. As our ERP system is newly installed, we cannot assure you that, the transition to our new ERP system, or any future upgrades to our ERP system will not cause disruptions to our business and operations. If our computer equipment or software systems fail, our businesses and operations may be disrupted. Although we believe that our disaster recovery plan and data back-up systems are designed to handle system failures, there can be no assurance that we will be able to implement our disaster recovery plan on a timely basis or at all, or that our data back-up systems will not also be subject to failures. Any failure in our computer equipment and/or software systems could have a material adverse effect on our business, financial condition and results of operations. Our growth may also be restricted by the capacity of our computer equipment and/or software systems to meet the increased needs of larger scale operations.

Several of our operating subsidiaries do not have requisite approvals and licenses for operating repair, maintenance and leasing businesses

Pursuant to existing applicable PRC laws, rules and regulations, a foreign investment enterprise engaging in road transport services, including automobile repair and maintenance services and leasing, must obtain a project initiation approval ("**Project Initiation Approval**") from the Ministry of Transport and a road transport license ("**Road Transport License**") from the relevant local branch of the Ministry of Transport.

Under the Road Transport Regulations (中華人民共和國道路運輸條例) promulgated by the State Council on 30 April 2004 which became effective on 1 July 2004, prior to commencing an automobile maintenance and repair business or automobile leasing business, an operator must file an application with the local department of the Ministry of Transport and obtain a permission certificate to provide automobile maintenance and repair services or automobile leasing business.

Under the Foreign-invested Road Transport Services Regulations, a foreign-invested operator must obtain the approval of MOFCOM for its articles of association, and must submit its Certificate of Approval for Foreign-invested Enterprises and apply to the local counterpart of the Ministry of Transport for a Project Initiation Approval for its automobile maintenance and repair business, prior to commencing business. Under existing applicable PRC laws, rules and regulations, all the application documents received by the local transport bureaus should be forwarded to the Ministry of Transport, which is the ultimate authority for granting the Project Initiation Approvals, and a Project Initiation Approval should be granted by the Ministry of Transport prior to the issuance of a Road Transport License by the relevant local transport bureau.

As at the Latest Practicable Date, all of our operating subsidiaries engaging in automobile maintenance and repair services or leasing business held valid Road Transport Licenses or in the process of renewing Road Transport Licenses. One of our operating subsidiaries, namely Fuzhou Zhongsheng

Toyota Services had not obtained proper Project Initiation Approval. Fuzhou Zhongsheng Toyota Services has submitted its formal application in September 2009. The Company expects that such Project Initiation Approval will be obtained by the end of March 2010. Our PRC legal advisers, King & Wood, have advised that there is no substantial legal impediment for Fuzhou Zhongsheng Toyota Services to obtain the Project Initiation Approval as the local transport bureau has initially approved Fuzhou Zhongsheng Toyota Services' application and has transferred the relevant materials to the Ministry of Transport. Accordingly, the Group is unlikely to be exposed to any consequence of not obtaining the Project Initiation Approval. King & Wood have further advised that the current Road Transport License of Fuzhou Zhongsheng Toyota Services was granted by the local transport bureau, and the local transport bureau has not challenged its validity when processing Fuzhou Zhongsheng Toyota Services' application for Project Initiation Approval. On this basis, King & Wood have advised that the Road Transport License of Fuzhou Zhongsheng Toyota Services is unlikely to be revoked by the relevant transport authorities following the expected granting of the Project Initiation Approval and Fuzhou Zhongsheng Toyota Service's Road Transport License is and will continue to be valid despite the Road Transport License was obtained prior to the granting of the Project Initiation Approval. Please see the section entitled "Regulations — Automobile maintenance and repair services" in this prospectus for further details.

We do not have valid titles or rights to use certain properties and the required permits for construction and development on certain properties occupied by us

Any dispute or claim in relation to the title to the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may result in us having to relocate our business operations and may materially and adversely affect our operations, financial condition, reputation and future growth. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or to impose stricter requirements to obtain or maintain the title certificates required for the properties occupied by our Group.

Properties occupied by our Group primarily comprise 4S dealerships, garages and ancillary buildings. As at the Latest Practicable Date, certain properties we owned or leased did not have valid titles or rights. Please see the section entitled "Business — Our Properties" in this prospectus for further details.

Properties we own

As at the Latest Practicable Date, out of the 34 properties owned by us, two properties with an aggregate GFA of approximately 13,756.30 square meters, accounting for 6.26% of the aggregate GFA of our owned properties, have not been converted into state-owned construction land from collectively-owned land, which is required for the land use rights of those properties to be transferred to us under PRC laws, rules and regulations. As at the Latest Practicable Date, we operated two 4S dealerships on these two properties. The revenue generated from these two 4S dealerships for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 is set out as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2006	2007	2008	2009
Revenue (RMB'000)	5	465,898	435,948	287,839
Percentage to the total revenue (%)	0.0	5.1	4.1	3.1

We have submitted applications to convert these two properties into state-owned construction land to the relevant PRC land authorities. By accepting our applications, the relevant PRC land authorities have further confirmed that we could operate our 4S dealerships on these two properties, that they will not inflict punishment on our Company for using these two properties, and that they will assist us in relocating our 4S dealerships should we be unable to continue operations on these two properties. We have been advised by our PRC legal advisers, King & Wood, that our rights to use these two properties will not be adversely affected. We do not exercise any control over the administrative process of converting these two properties into state-owned construction land from collectively-owned land and there can be no assurance that the Title Certificates for such properties will be obtained on a timely basis or at all. Our failure to obtain the Title Certificates to the abovementioned properties may require us to seek alternative premises for our business operations, which may lead to disruptions in our business operations.

Properties we lease

As at the Latest Practicable Date, we leased 30 properties from Independent Third Parties with an aggregate GFA of approximately 136,281.68 square meters, among which:

- We leased one property as our administrative office with a GFA of approximately 2,978.98 square meters, accounting for 2.19% of the aggregate GFA of our leased properties, for which our landlord did not possess the Title Certificates as at the Latest Practicable Date.

- For one property with a GFA of approximately 5,800 square meters, accounting for 4.26% of the aggregate GFA of our leased properties, our landlord has entered into a land use rights transfer agreement with the relevant local land authority and is in the process of applying for the Title Certificates. As at the Latest Practicable Date, we operated one 4S dealership on this property. Our landlord has agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from this property.

- For three properties with an aggregate GFA of approximately 19,254.28 square meters, accounting for 14.13% of the aggregate GFA of our leased properties. We have requested that our landlords apply to the relevant PRC Government authorities for the outstanding Title Certificates or approvals for lease of their properties that we occupy. We do not exercise any control over our landlords' applications and there can be no assurance that the Title Certificates or approvals for lease of such leased properties will be obtained on a timely basis or at all. As at the Latest Practicable Date, we operated three 4S dealerships on these three properties. Our landlords have agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from their respective properties with defective Title Certificates.

- Four properties with an aggregate GFA of approximately 30,594 square meters, accounting for 22.45% of the aggregate GFA of our leased properties, are collectively-owned land and are not permitted to be leased to others for non-agricultural or commercial purposes under applicable PRC laws, rules and regulations. As at the Latest Practicable Date, we operated four 4S dealerships on these four properties. The land authorities have confirmed that we could operate our 4S dealerships on these four properties, they will not inflict punishment on our Company for using these four properties, as well as that they will assist us in relocating our 4S dealerships should we be unable to continue operation on these four properties. We have been advised by our PRC legal advisers, King & Wood, that our rights to use these four properties will not be adversely affected.

The revenue generated from the eight 4S dealerships located on our leased properties with defective Title Certificates for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 is set out as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2006	2007	2008	2009
Revenue (RMB'000)	7,189	204,111	652,800	838,998
Percentage to the total revenue (%)	0.1	2.2	6.2	9.1

If any of our leases were terminated as a result of being challenged by third parties or failure of our landlords to renew upon expiration, we may need to seek alternative premises and incur additional costs relating to such relocations. Although some of our landlords have agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from their respective properties with defective Title Certificates and our Directors believe that any relocation costs would not be significant, any such relocation could disrupt our operations and adversely affect our results of operations and financial position.

We cannot assure you that we will continue to receive the preferential tax treatment currently enjoyed by our Group

Certain subsidiaries of our Company enjoyed preferential corporate income tax rates which were lower than the standard tax rate during the Track Record Period as approved by the relevant tax authorities or operated in areas with preferential corporate income tax policies in the PRC. In addition, certain subsidiaries, being newly incorporated trading enterprises in the PRC, have obtained approvals from the relevant tax authorities in the PRC for their entitlement to exemption from corporate income tax for the first year after their respective incorporation date.

On 16 March 2007, China's new Enterprise Income Tax Law ("**New EIT Law**") was announced, followed by the announcement of the related detailed implementation regulations on 6 December 2007, with both taking effect on 1 January 2008. Under the New EIT Law, foreign-invested enterprises and domestic companies are subject to a uniform tax rate of 25%, which is lower than the previous uniform tax rate of 33%. Changes to the PRC taxation laws, rules and regulations mean that comparisons between our past post-tax financial results may not be meaningful and should not be relied upon as indicators of our future performance. Furthermore, there can be no assurance that there will be no further changes to the PRC tax laws that could adversely affect our Group. In addition, any increase in our EIT rate in the future due to the introduction of the New EIT Law could have an adverse effect on our financial condition and results of operations.

There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities

Under the New EIT Law, the profits of a foreign invested enterprise arising in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0%. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5.0% if a Hong Kong resident enterprise owns over 25% of a PRC company. Further, according to the Circular of State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties (關於印發《非居民享受稅收協定待遇管理辦法（試行）》的通知), which became effective on 1 October 2009, the 5% tax rate does not automatically apply. Approvals from competent local tax authorities are required before an enterprise can enjoy the relevant tax treatments relating to dividends under relevant taxation treaties. However, according to a tax circular issued by the State Administration of Taxation in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate enjoyed by the relevant offshore entity. We cannot assure you that the PRC tax authorities will not levy a higher withholding tax rate to dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries.

Under the New EIT Law, we may be classified as a "resident enterprise" of China. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders

Under the New EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise", meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the New EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. As no official interpretation or application of this new "resident enterprise" classification is currently available, it is unclear how the PRC tax authorities will determine whether an entity will be classified as a "resident enterprise".

If the PRC tax authorities determine that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest on offering proceeds and other income sourced from outside the PRC would be subject to PRC enterprise income tax at a rate of 25%, in comparison to no taxation in the Cayman Islands.

In addition to the uncertainty as to the application of the new "resident enterprise" classification, there can be no assurance that the PRC Government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the New EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the New EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as indicators of our future performance. If such changes occur and/or if such changes are applied retroactively, such changes could materially and adversely affect our results of operations and financial condition.

Implementing our growth strategy may expose us to certain risks

Our Group's operations have grown rapidly from 15 4S dealerships at the beginning of 2006 to 47 4S dealerships as of 31 December 2009, and our revenue and profit have grown accordingly. Our growth strategy is to consolidate and retain our position as a leading national automobile dealership group in the PRC by strategically expanding our 4S dealership network, growing each of our after-sales businesses and entering into other automobile-related businesses, including used automobile sales.

There are significant risks involved in our expansion plan, including whether we will be able to: (a) access adequate financial resources; (b) timely determine the magnitude of our expansion; (c) hire, train and maintain sufficient qualified staff; (d) negotiate the terms of new leases, concessions or land use rights successfully for properties in desired locations; (e) obtain appropriate licenses, permits and approvals from relevant PRC governmental authorities on a timely basis; and (f) enter into dealership agreements after a memorandum of cooperation is entered into between our operating entity and the automakers for a specific 4S dealership.

In addition, various factors beyond our control may significantly influence the results of our growth strategy, including general economic conditions in China, particularly in the automobile market and the automobile dealership industry and the specific geographical areas we operate in. Business or operational strategies and policies adopted by the automakers, other suppliers and competitors may also significantly influence the results of our growth strategy.

Our growth strategy includes establishing new 4S dealerships. There can be no assurance that we will be able to identify and secure suitable locations, or that we will be able to enter into new 4S dealership arrangements with the automakers on a timely basis or at all for such new 4S dealerships. The new 4S dealerships may result in additional indebtedness, costs and contingent liabilities and may fail to generate sufficient revenue for us to recover such debt, costs or liabilities. We also intend to grow by, among other strategies, acquiring existing 4S dealerships from third parties and improving their performance. There can be no assurance that we will be able to identify and secure suitable acquisition opportunities, or that we will be able to improve the performance of such acquired 4S dealerships on a timely basis.

The development of our used automobile sales business is also dependent on our ability to procure used automobiles, secure appropriate locations, properly evaluate the potential resale value of used automobiles, detect possible defects in used automobiles.

There can be no assurance that we will be able to sustain our revenue growth or profit margins at historical levels or that we will be able to manage our growth successfully. Should any or all of the risks in relation to our expansion plan eventuate, our results of operations, financial position, and growth prospects could be materially or adversely affected.

We recorded net current liabilities as at 31 December 2006 and 2007 and we cannot assure you that we will not experience the same again in the future

We had a net current liabilities position of approximately RMB14.9 million and RMB20.2 million, as at 31 December 2006 and 2007, respectively, due to the capital expenditure needed for the implementation of some of our growth strategies. We had a net current assets position of RMB673.8 million and RMB354.4 million as at 31 December 2008 and 30 September 2009. There can be no assurance that we will not experience a net current liabilities position in the future. If we have net current liabilities in the future, our working capital for our operations may be constrained.

RISKS RELATING TO THE PRC AUTOMOBILE INDUSTRY

Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile industry

Our business operations are located in the PRC, where market practice allows the automakers to grant non-exclusive dealership rights in the same geographical area. As a result, our results of operations may be affected not only by competition between the automakers in terms of quality, delivery time and price, but also by competition from other dealerships in the same region selling the same brands and models of automobiles as our Group.

An increased number of the automakers and dealers in the PRC automobile industry could impact our market share and result in a decrease in revenue and profit in new automobiles sales, repair maintenance and detailing services and automobile accessories sales, and our growth prospects may be adversely affected.

Strict or stricter fuel economy standards and emission standards, high fuel prices and taxes on automobile consumption may restrict the supply of and/or reduce the demand for automobiles, spare parts and automobile accessories in the PRC

The implementation and enforcement of strict or stricter fuel economy standards and emission standards for automobiles are likely to raise manufacturing and distribution costs for all the automakers. The automakers may raise their pricing guidelines for their automobiles, and consumer demand for automobiles (particularly more expensive automobiles such as the mid-to-high end and luxury brand automobiles retailed by our Group), spare parts, and automobile accessories may decline as a result.

The PRC Government currently subsidises the retail price of petrol. The PRC Government may adjust the domestic oil supply price by considering several factors, including change in global crude oil price. The PRC Government has adjusted the retail petrol price several times in 2009. The fluctuation of petrol prices have led to noticeable changes in the level of demand for fuel in the PRC and disparities in the cost and availability of petrol between different parts of China and made the cost of petrol in the PRC less predictable. If the demand for fuel increases in the PRC, fuel shortages or price increases may occur. Consumers may avoid increased or unpredictable costs or shortages and utilize alternative means of transport such as bicycles, public buses and subways, or purchase more fuel-efficient automobiles.

The PRC Government adopted an automobile consumption tax on 1 April 2006. The increase of applicable tax rates on automobiles with large cylinder capacities took effect on 1 September 2008 pursuant to the "Notice on Adjusting the Policy of the Consumption Tax on Passenger Vehicles" (關於調整乘用車消費稅政策的通知) as released by the PRC Ministry of Finance and the State Administration of Taxation. Certain of the automobiles we sell have large cylinder capacities and are subject to relatively higher automobile consumption tax rates.

In addition, the reduced automobile consumption tax rate applicable to automobile with an engine capacity of 1.6 liters or less has been increased from 5% to 7.5% with effect from 1 January 2010. We confirm that we have not yet experienced any material impact of the aforementioned policy on our general operations as at the Latest Practicable Date, and we consider that the increase of the reduced automobile consumption tax rate should not have any significant impact on our Group's operation and business performance given the contribution of revenue by automobile with capacity of 1.6 liters or less during the Track Record Period was not significant.

There can be no assurance that the PRC Government will not implement stricter fuel economy standards, emission standards, further increase fuel prices or automobile consumption tax rates, or impose additional restrictions or taxes, or reduce or abort automobile consumption tax cuts on the PRC automobile industry. We may not be able to pass on increased costs to consumers, or may face a decline in sales as a result of higher prices, and there may be a material and adverse effect on our revenue, profits, and growth prospects.

Any failure to comply with applicable laws, rules and regulations governing the automobile dealership industry may adversely affect our business

We operate in a highly regulated industry. We are required to maintain various approvals, licenses and permits for our operations that are specific to the automobile dealership industry. There can be no assurance that the PRC Government will not amend or revise existing laws, rules or regulations to require additional approvals, licenses or permits, or to impose stricter requirements to obtain or maintain the approvals, licenses or permits required for our business operations. Any loss of or failure to obtain or renew our approvals, licenses, or permits could disrupt our operations and any fines or other penalties imposed by the PRC Government could materially and adversely affect our results of operations, financial position and reputation. Please see the section entitled "Regulations" in this prospectus for more details.

We are dependent on the automakers and our other suppliers to adhere to all relevant laws and regulations and to avoid material disputes

We do not exercise any control over the operations of the automakers and other suppliers and we can provide no assurance of their compliance with all applicable laws, rules and regulations, or that they will not be subject to labor disputes or strikes. Any violation of applicable laws, rules and regulations by the automakers and suppliers may have negative consequences, including automobile and other product recall activities and negative publicity.

There is uncertainty on the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups in the PRC

Automobile distribution in China is a highly regulated industry. Prior to 2001, an automobile dealership group with 30 or more 4S dealerships in the PRC was not permitted to have foreign investment in excess of 49.0% ("**30 Dealerships Limitation**").

During China's accession to the World Trade Organization in 2001, China made a commitment to abolish the 30 Dealerships Limitation within five years of its accession[(1)]. Accordingly, each of the 2004 Edition of the Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄2004年修訂) ("**Catalogue**") promulgated by the NDRC and MOFCOM on 30 October 2004 which became effective on 1 January 2005, the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法) jointly promulgated by MOFCOM, NDRC and the State Administration for Industry and Commerce ("**SAIC**") on 21 February 2005 which became effective on 1 April 2005, and the Measures for the Administration on Foreign Investment in Commercial Sector《外商投資商業領域管理辦法》promulgated by the MOFCOM on 16 April 2004 which became effective on 1 June 2004, provides that the 30 Dealerships Limitation would terminate on 11 December 2006. However, the 2007 Edition of the Catalogue promulgated by the NDRC and MOFCOM on 30 November 2007 which became effective on 1 December 2007, included the 30 Dealerships Limitation. As such, there is uncertainty as to the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups with 30 or more 4S dealerships in the PRC.

Our PRC legal advisers, King & Wood, have advised that the Accession to WTO Agreement is an international treaty which was approved at the 17th meeting of the Standing Committee of the 9th National People's Congress, and the approval of China's accession to the WTO was endorsed by the President of the PRC; whereas the 2007 Edition of the Catalogue was a domestic regulation approved by

Note:

(1) China has entered into the Accession to WTO Agreement (中國加入世貿組織議定書) on 11 December 2001, which states that the 30 Dealerships Limitation as stipulated under Annex 9 "Schedule of Specific Commitments on Services" shall be eliminated after five years from the date of accession (i.e. 11 December 2006) when foreign chain store operators shall have the freedom of choice of any partners, legally established in China in accordance with PRC laws and regulations.

the relevant domestic ministries and might be revised or interpreted by the relevant authorities. King & Wood have advised that the Accession to WTO Agreement, which is an international treaty, should take precedence over domestic laws and regulations promulgated by the State Council or the relevant ministries or departments (including the 2007 Edition of the Catalogue). King & Wood have further advised that decisions of the approving authorities should not conflict with China's commitment to the WTO regarding the 30 Dealerships Limitation when handling any individual case. Such view has been confirmed by verbal consultations with the competent officials of the relevant approving authority conducted by our Company and King & Wood and supported by the fact that none of our 4S dealerships has encountered any restriction in obtaining approvals from the relevant PRC approving authorities for the incorporation, acquisition and/or operation of additional 4S dealerships of our Group, notwithstanding the number of our 4S dealerships has already exceeded the 30 Dealerships Limitation. Accordingly, King & Wood have advised that it is unlikely that MOFCOM will interpret the 30 Dealerships Limitation differently in the future, which would in turn impact on the approval of new establishment and acquisition of 4S dealerships by our Group.

We plan to establish and acquire additional 4S dealerships in the future and will seek approval from MOFCOM as required under PRC law. We currently operate more than 30 4S dealerships and we confirm that all the newly established or acquired 4S dealerships of our Group have obtained the requisite approvals from the MOFCOM or its local counterparts. King & Wood have advised that for the 47 4S dealerships operated by us as of 31 December 2009 in which our Group has a majority ownership, such ownership rights are legal and valid under PRC law. Our Group has not encountered any restriction in connection with the 30 Dealerships Limitation as at the Latest Practicable Date, and King & Wood have further advised that regardless of the future interpretation of the 30 Dealerships Limitation, the 30 Dealerships Limitation will not apply retrospectively to the existing dealerships operated by our Group and that the approvals granted to the dealerships of our Group would remain legal, valid and effective for the following reasons: (i) the application for the establishment or acquisition of the dealerships of our Group have been reviewed and approved by MOFCOM or its local counterparts where required; (ii) our Group has applied to appropriate authorities for the approvals in accordance with the relevant laws and regulations; (iii) our Group has provided all information required by the relevant laws and regulations to the relevant authorities; (iv) MOFCOM or its local counterparts have granted such approvals within their jurisdiction; and (v) the competent officials of the relevant approving authority have confirmed, in response to the verbal consultations conducted by our Company and King & Wood, that the 30 Dealerships Limitation was no longer enforced since 11 December 2006 and they approve the establishment and/or acquisition of foreign invested automobile dealerships in accordance with the Measures for the Administration on Foreign Investment in Commercial Sector and the Measures for the Implementation of the Administration of Branded Automobile Sales (both of which provide that the 30 Dealerships Limitation would have been terminated on 11 December 2006) as well as confirmed that our Group will not be penalized for exceeding the 30 Dealerships Limitation.

As such, King & Wood have further advised that the business and 4S dealership network of our Group which have already obtained the approvals from MOFCOM or its local counterparts will not be adversely affected, and that our Group will not be subject to any penalty for exceeding the 30 Dealerships Limitation.

However, we cannot assure you that the relevant PRC authorities will not interpret PRC laws, rules and regulations relevant to our corporate structure differently in the future. If MOFCOM or its local counterparts do not approve our establishment and/or acquisitions in the future, we will not be able to implement our growth strategy by further expanding our 4S dealership network through establishing and/or acquiring additional dealerships. We would only be able to operate our existing dealership which have already obtained the approval from MOFCOM or its local counterparts and further develop our business by increasing the productivity and profitability of our existing dealerships via re-investing our retained earnings in the network.

There can also be no assurance that the PRC Government will not amend or revise existing laws, rules or regulations, or promulgate new laws, rules or regulations, which may be applicable to us, and may materially and adversely affect our corporate structure and expansion strategy. Please also refer to the sections entitled "Regulations — Foreign Investment in Restricted Industries" and "Our Business — Legal Proceedings and Regulatory Compliance" in this prospectus.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The business operation and future growth of our Group rely on the GDP and consumption growth in the PRC market and may be adversely affected by changes in the economic, political and social conditions, globally and in the PRC

All of our revenue during the Track Record Period was derived from our operations in the PRC. We anticipate that the PRC will remain our primary market in the foreseeable future. One of our strategies is to expand our operations in the PRC. Should there be any adverse change in the GDP and/or consumer spending growth in the PRC, our results of operations, financial condition and growth prospects may be materially and adversely affected.

In the past twenty years, the PRC has been one of the world's fastest growing economies measured in terms of GDP. However, historically, the PRC Government has taken measures to attempt to slow economic growth to a more manageable level, especially with respect to the rate of growth in industrial production, bank credit, fixed investment and monetary supply. Furthermore, a slowdown in the economies of the United States, the European Union and certain Asian countries may significantly and adversely affect economic growth in the PRC.

Since early 2008, concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the markets in the future. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged recession on a global basis. These events have led the Chinese economy to experience a slowdown. We cannot predict the extent to which the changing global economic conditions will affect GDP and consumer spending in the PRC. In addition, consumer spending can be affected by factors such as changes or developments in economic and financial condition, and social and political stability in the PRC, and other factors which are beyond our control. Any changes in any of these conditions, or any changes in PRC laws, rules and regulations or other policies in reaction to the changing economic conditions could materially and adversely affect our Group.

Political and economic policies of the PRC Government may affect our business and results of operations and may result in our inability to sustain our growth and expansion plans

The PRC economy differs from the economies of most developed countries in a number of respects, including the degree of government involvement, control of capital investment, and the overall level of development. Before its adoption of reform and open door policies in 1978, China was primarily a planned economy. In recent years the PRC Government has been reforming the PRC economic system and the government structure. These reforms have resulted in significant economic growth and social progress. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not continue to benefit from all, or any, of these measures. In addition, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition and results of operations.

Government control of currency conversion and future movements in foreign exchange rates may adversely affect our financial condition and results of operations, and our ability to remit dividends

Currently, the Renminbi still cannot be freely converted into any other foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. we cannot assure you that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange ("**SAFE**"), but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange requirements. If we fail to obtain the approval from SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business results and financial condition, may be materially and adversely affected.

PRC regulations regarding investment and loans by offshore holding companies to PRC entities may delay or prevent our Company from using the proceeds of the Global Offering to make additional capital contributions or loans to members of our Group

Any capital contributions or loans which our Company, as an offshore entity, makes to PRC members of our Group that are foreign-invested enterprises, including the proceeds of the Global Offering, are subject to PRC regulations. Foreign investors must apply to SAFE or local SAFE departments for foreign loan registration certificates and foreign exchange settlements in order to provide shareholder loans to foreign-invested enterprises in the PRC. The aggregate amount of such foreign loans must not exceed the level prescribed by SAFE, or the funds may have to be returned by the foreign-invested enterprises. The recipient of a foreign loan must submit the foreign loan registration certificate to open and maintain a special foreign exchange account with the PBOC or another SAFE-approved bank, and may then repay the foreign loan with its own foreign exchange funds or by purchasing foreign exchange with RMB upon receiving SAFE approval. There can be no assurance that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals in a timely manner or at all, our ability to capitalize on the relevant PRC members of our Group or fund our operations or utilize the proceeds of the Global Offering in the manner described in the section entitled "Future Plans and Use of Proceeds" may be negatively affected, which could materially and adversely affect the liquidity of the relevant PRC member of our Group, our ability to grow, financial condition and results of operations.

The legal system of the PRC is not fully developed, and there are inherent uncertainties which may affect the protection afforded to our business and our Shareholders

Our business and operations in China are governed by the legal system of China. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC Government has promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commence, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistencies. Some of the laws and regulations are still at a developing stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national law. As a result, there is substantial uncertainty as to the legal protection available to us and investors in our Shares. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

As an investor holding our Shares, you hold an indirect interest in our operations in China through our Company. Our operations in China are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company law and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions.

Our ability to pay dividends and utilize cash resources in our subsidiaries is dependent upon our PRC subsidiaries' earnings and distributions

Our Company is a holding company. Our revenue is generated from our business operations conducted through our subsidiaries. Our Company's ability to make dividend payments and other distributions in cash, pay expenses, service any debts incurred, and finance the needs of other subsidiaries, depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws, rules and regulations, and restrictions on making payments to our Company contained in financing or other agreements. If any of our subsidiaries incurs debt in its own name, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that our Company receives from our subsidiaries, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. Our Company's future declaration of dividends may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year to their respective reserve funds in accordance with the requirements of relevant laws and provisions in their respective articles of associations, As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net income to us either in the form of dividends, loans or advances. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

Distributions by our PRC subsidiaries to our Company in forms other than dividends may be subject to government approval and taxes. Any transfer of funds from our Company to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration with, or approval of, the relevant PRC Government authorities. In addition, our PRC subsidiaries are not permitted to lend funds directly to each other under Chinese law. These limitations on the flow of funds between and amongst us and our PRC subsidiaries could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiaries in a timely manner, or at all.

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident shareholders to liability under PRC law

The Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents ("**SAFE Circular**") promulgated by SAFE on 21 October 2005 which became effective on 1 November 2005, and the implementing regulations in Notice 106 promulgated by SAFE on 29 May 2007 which became effective on the same day require PRC residents with direct or indirect offshore investments, including overseas special purpose vehicles, to file a Registration Form of Overseas Investments Contributed by Domestic Individual Residents and register with SAFE, and to update SAFE's records within 30 days of any major change in capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. Failure to register may result in the prohibition of distributions or contributions from capital reductions, share transfers or liquidations, from PRC entities to the relevant offshore entity in which the PRC resident has a direct or indirect investment.

Due to the uncertainty concerning the reconciliation of the notices with other approval requirements, it remains unclear how the SAFE Circular and Notice 106, and any future legislation concerning offshore or cross-border transactions will be interpreted, amended and implemented by the relevant PRC Government authorities. To the best of our knowledge, as at the Latest Practicable Date, our PRC Shareholders with offshore investments in our Group have registered with SAFE. Any failure by such relevant PRC Shareholders to register with SAFE may result in the prohibition of distributions or contributions from capital reductions, share transfers, or liquidations of our PRC subsidiaries, and may affect our ownership structure, acquisition strategy, business operations, and ability to make dividend payments to our Shareholders.

It may be difficult to effect service of process upon, or to enforce against, us or our Directors or members of our senior management who reside in the PRC, in connection with judgments obtained in non-PRC courts

Almost all of our assets and our subsidiaries are located in China. In addition, most of our Directors and senior management reside within China, and the assets of our Directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of our Directors and senior management, including matters arising under applicable securities laws. Moreover, a judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of courts in some jurisdictions is uncertain.

The outbreak of any severe contagious diseases in the PRC, if uncontrolled, could adversely affect our business and results of operations

The outbreak of any severe contagious disease in China, if uncontrolled, could adversely affect the overall business sentiments and environment in China, which in turn may lead to slower overall economic growth in China. As our sales are currently derived from our China operations, any contraction or slowdown in the economic growth of China will adversely affect our financial condition, results of operations and future growth.

In addition, if any of our employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt our operations, as we may be required to close some or all of our 4S dealerships or other businesses to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect our customers and suppliers, which could in turn adversely affect our operating results and financial condition.

The state of the PRC's political relationships with other nations may affect the performance of our operations

We retail automobiles, spare parts, automobile accessories and other automobile-related products supplied by a number of automakers and suppliers. A significant number of the automakers and suppliers are foreign entities with headquarters in Japan or members of the European Union, or are joint ventures incorporated in the PRC by such foreign entities.

China's political relationships with other nations, particularly those connected or associated with the automakers or other suppliers may affect both supply and demand for the relevant automaker or supplier's products. There can be no assurance that PRC consumers will not alter their brand preferences based on the state of political relations between China and the automaker or supplier's real or perceived country of origin. Any relevant political dispute and adverse response to it by PRC automobile consumers may cause a decline in our revenue and profits and materially and adversely affect our financial condition, results of operations and prospects for growth.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our Shares may not develop, and their trading prices may fluctuate significantly

Prior to the completion of the Global Offering, there has been no public market for our Shares. The initial offer price range of the Offer Shares, and the Offer Price, will be the result of negotiations between us and the Joint Bookrunners (on behalf of the Underwriters). The Offer Price may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that (i) an active trading market for our Shares will develop; or (ii) if it does develop, that it will be sustained following completion of the Global Offering; or (iii) that the market price of our Shares will not decline below the Offer Price.

As the Offer Price of our Offer Shares is higher than our net tangible assets per Share, you will experience immediate dilution to your attributable net tangible assets per Share

On the assumption that the Over-allotment Option is not exercised, and that no options are issued under the Share Option Scheme, taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company but without taking into account any changes in our net tangible assets after completion of the Global Offering other than to give effect to the sale of our Shares pursuant to the Global Offering and the partial exercise of the Anti-Dilution Right by General Atlantic, assuming an Offer Price of HK$9.54 (being the lower end of the estimated Offer Price range), and after deduction of estimated underwriting fees and listing related expenses, our pro forma net tangible assets per Share would be approximately HK$2.37, or a pro forma net tangible assets per Share of HK$2.86, assuming an offer price of HK$12.83 (being the higher end of the estimated Offer Price range). Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution representing the difference between the Offer Price and the pro forma net tangible assets per Share. If the Over-allotment Option is exercised or if we issue additional Shares in the future, purchasers of our Shares may experience further dilution.

Any potential sale of Shares by our existing Shareholders could have an adverse effect on our share price

Future sales of a substantial number of our Shares by our existing Shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders and General Atlantic are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholders and

General Atlantic to dispose of significant amounts of their Shares after the completion of the lock-up periods, we are not in a position to give any assurance that they will not dispose of any Shares they may own now or in the future.

Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our independent Shareholders

Following completion of the Global Offering, taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company, and assuming (i) the Over-allotment Option is not exercised; (ii) no Shares are issued under the Share Option Scheme; and (iii) the Offer Price of HK$9.54, being the lower end of the estimated Offer Price range, our Controlling Shareholders will own approximately 71.04% of our Shares in issue. Our Controlling Shareholders will be in a position to exert significant influence over the affairs of our Company, and will be able to influence the outcome of any shareholders' ordinary resolutions, irrespective of how other Shareholders vote. The interests of our Controlling Shareholders may not necessarily be aligned with our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company.

Certain facts and statistics in this prospectus relating to the PRC, the PRC economy, the PRC automobile market and the PRC automobile dealership industry may not be reliable

Certain facts and statistics in this prospectus relating to the PRC, the PRC economy, the PRC automobile market and the PRC automobile dealership industry have been derived from various official government publications which we generally believe to be reliable. However, we cannot guarantee the quality or reliability of such materials. While our Directors have taken reasonable care in extracting and reproducing such information, they have not been prepared or independently verified by us, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between government-published information and other market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled by the government on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics from government official publications with respect to China, the PRC economy and the PRC automobile dealership and related industries contained in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are "forward-looking" and uses forward looking terminology such as "anticipate," "believe," "expect," "may," "plan," "consider," "ought to," "should," "would" and "will." Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Purchasers and subscribers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company's plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward looking statements in addition to our on-going disclosure obligations pursuant to the Hong Kong Listing Rules or other requirements of the Hong Kong Stock Exchange. Investors should not place undue reliance on such forward looking information.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering. Prior to the date of this prospectus, there has been press and media coverage regarding us and the Global Offering, which included certain financial information, financial projections, valuations, capital expenditure and other information about us that do not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on any such information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain all the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, any of the Underwriters, and any of their respective directors, agents, employees or advisers or any other person or party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

RESTRICTIONS ON THE OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus, and the offering and sale of the Offer Shares, in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

LISTING

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, the Shares to be issued to General Atlantic in connection with its partial exercise of the Anti-Dilution Right, and any Shares which may be issued pursuant to the exercise of Over-allotment Option and options under the Share Option Scheme.

No part of our Share or loan capital is listed on or dealt in any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

DIVIDEND PAYABLE TO SHAREHOLDERS

Unless we determine otherwise, dividends will be paid to our Shareholders, as recorded in our share register, by ordinary post at our Shareholders' risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, any of the Underwriters, or any of their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering accepts responsibility for the tax affairs, or liabilities of, any person resulting from the subscription for, purchase, holding or disposing of, dealing in our Shares, or the exercise of any rights in relation to our Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal registrar, Butterfield Fulcrum Group (Cayman) Limited in the Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered with our Hong Kong Share Registrar in Hong Kong.

Dealings in the Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty. Please see the section entitled "Hong Kong Taxation — Stamp Duty" in Appendix VI to this prospectus for more details.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations of certain RMB amounts into HK$ as well as RMB amounts and HK$ amounts into US$ at specified rates.

Unless otherwise specified or for transactions that have occurred at historical exchange rates, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK$1.00: RMB0.8794

HK$7.7619: US$1.00

No representation is made that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed therein are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
HUANG Yi	Flat A, 1/F, House 3 No. 1 Plantation Road The Peak Hong Kong	Chinese
LI Guoqiang	Room 11-A, #10, A Block Xinghai Square Shahekou District Dalian City Liaoning Province PRC	Chinese
DU Qingshan	Room 35-3-2-1 Lantingshanshui Shahekou District Dalian City Liaoning Province PRC	Chinese
YU Guangming	Room 1–901 183 West Huaihai Road Shanghai PRC	Chinese
Non-executive Director		
LENG Xuesong	Building F Eden View Stanley Village Road Hong Kong	Chinese

Name	Residential Address	Nationality
Independent Non-executive Directors		
SHIGENO Tomihei	Room C-1805 Windsor Avenue 1 Guanghua West Road Chaoyang District Beijing PRC	Japanese
NG Yuk Keung	Flat E, 3/F Block 6, 69 Siu Lek Yuen Road Castello, Sha Tin New Territories Hong Kong	Chinese
SHEN Jinjun	Room 701, 27/F No.19 Times Garden South Road Shi Jingshan District Beijing PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator	Morgan Stanley Asia Limited 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Joint Sponsors (in alphabetical order)	Morgan Stanley Asia Limited 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	Morgan Stanley Asia Limited 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong BOCI Asia Limited 26th Floor, Bank of China Tower 1 Garden Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong Law and U.S. Law* Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong *As to PRC Law* King & Wood 40th Floor, Office Tower A Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District Beijing 100020 PRC

	As to Cayman Islands Law Conyers Dill & Pearman Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Underwriters and Joint Sponsors	*As to Hong Kong Law and U.S. Law* Clifford Chance 28th Floor, Jardine House Central Hong Kong *As to PRC Law* Jingtian & Gongcheng 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing 100025 PRC
Reporting accountants	Ernst & Young *Certified Public Accountants* 18th Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
Property valuers	Jones Lang LaSalle Sallmanns Limited 17/F, Dorset House, Taikoo Place 979 King's Road Quarry Bay Hong Kong

Receiving bankers	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong
	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Corporate headquarters	9th Floor, Zhongnan Building 18 Zhonghua West Road Ganjingzi District Dalian City Liaoning Province PRC
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	Room 3504–12 35th Floor, Sun Hung Kai Centre 30 Harbour Road Wanchai Hong Kong
Company secretary	Mr. Lai Hau Yin, *CPA, CPA(Aust)*
Authorized representatives	Mr. Huang Yi Flat A, 1/F, House 3 No. 1 Plantation Road The Peak Hong Kong Mr. Lai Hau Yin Room D, 32/F Tower 2, Greenfields 1 Fung Kam Street Yuen Long New Territories Hong Kong
Members of the Audit Committee	Mr. Ng Yuk Keung *(Chairman)* Mr. Shen Jinjun Mr. Leng Xuesong
Members of the Remuneration Committee	Mr. Shigeno Tomihei *(Chairman)* Mr. Li Guoqiang Mr. Shen Jinjun
Members of the Nomination Committee	Mr. Shen Jinjun *(Chairman)* Mr. Huang Yi Mr. Shigeno Tomihei

Members of the Compliance Committee	Mr. Du Qingshan *(Chairman)* Mr. Huang Yi Mr. Li Guoqiang
Principal share registrar and transfer office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance adviser	Taifook Capital Limited 25th Floor, New World Tower 16–18 Queen's Road Central Hong Kong
Principal bankers in China	Bank of China Limited — Liaoning Branch No. 9 Zhongshan Square Zhongshan District, Dalian City Liaoning Province PRC Industrial and Commercial Bank of China Limited — Dalian Sub-branch No. 5 Zhongshan Square Zhongshan District, Dalian City Liaoning Province PRC
Principal banker in Hong Kong	Shanghai Commercial Bank Limited Hennessy Road Branch Shop LG16, Lower Ground Floor C.C. Wu Building 302 Hennessy Road Wanchai Hong Kong

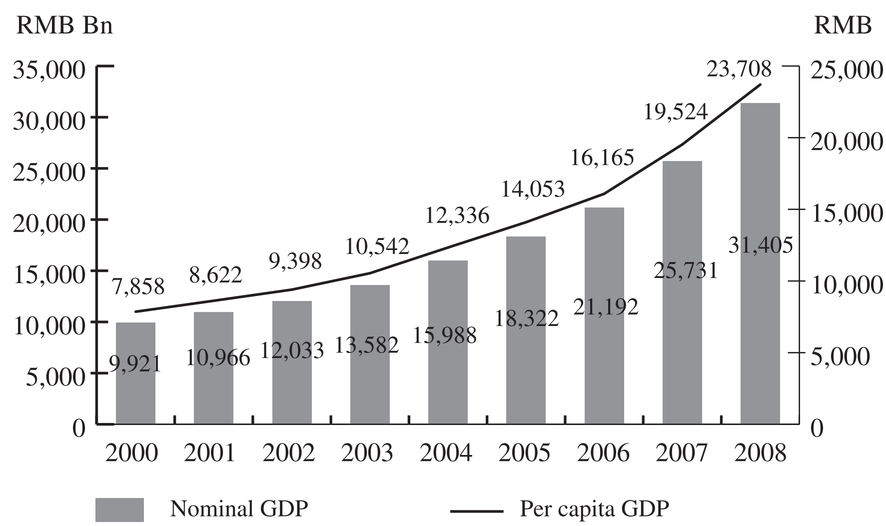
This section contains information and statistics relating to the industries that we operate in and certain related industry sectors. The information in the section below has been derived, in part, from various official government publications and our Directors and the Joint Sponsors have taken reasonable care in the reproduction of such information. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Joint Bookrunners, the Underwriters or any other parties involved in the Global Offering and no representation is given as to its accuracy.

RAPID ECONOMIC GROWTH IN THE PRC

Growth of the Chinese economy

The Chinese economy has expanded rapidly since the "reform and opening-up" policies initiated by the PRC Government in the late 1970s. Since then, the PRC Government has actively sought to become engaged in international trade. Economic growth was further promoted by the launch of special economic zones along coastal China in the early 1980s. According to the National Bureau of Statistics of China, the PRC's nominal GDP grew at a CAGR of approximately 15.5% from 2000 to 2008, demonstrating rapid expansion of the PRC economy. The chart below sets out the nominal GDP and nominal GDP per capita in the PRC during the period from 2000 to 2008.

Nominal GDP and Nominal GDP per Capita in the PRC

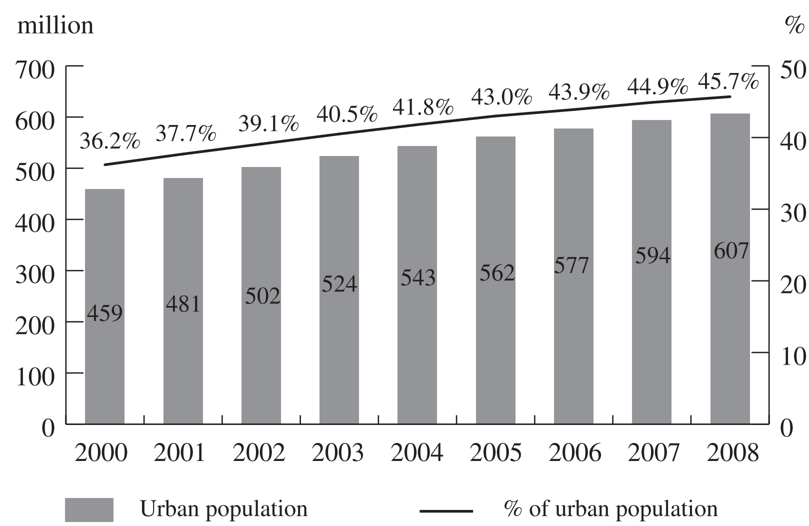


Source National Bureau of Statistics of China

Accelerating urbanization and increasingly affluent urban residents

Urbanization has accelerated in the PRC as a result of rapid economic growth. Populations in urban areas have swelled with the influx of people from rural and less developed areas. Between 2000 and 2008, the total urban population in the PRC increased by approximately 148 million or approximately 32.2%. In 2008, the total urban population in China was approximately 607 million and accounted for approximately 45.7% of the total population. The table below shows the growth of the urban population in the PRC during the period from 2000 to 2008.

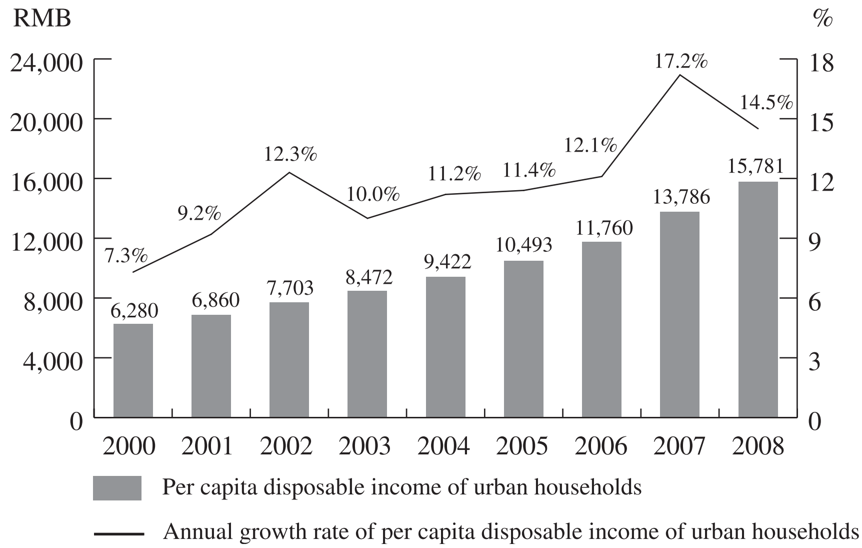
Growth of the Urban Population in the PRC



Source National Bureau of Statistics of China

The growth in GDP and the rate of urbanization have led to an improvement in living standards and an increase in purchasing power. Per capita annual disposable income levels of urban residents have increased substantially since 2000. During the period from 2000 to 2008, the per capita annual disposable income of urban households in the PRC increased from approximately RMB6,280 to RMB15,781, representing a CAGR of approximately 12.2%.

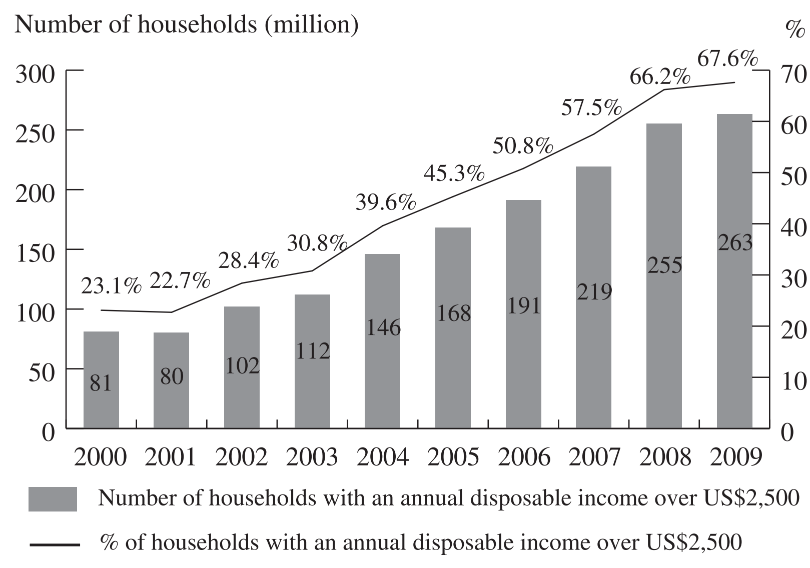
Per Capita Annual Disposable Income of Urban Households in the PRC



Source National Bureau of Statistics of China

The PRC's market for consumer goods has expanded rapidly in the past few years led by the PRC's strong economy, growing middle class and increasing affluence. For example, the number of households with an annual disposable income of over US$2,500 more than tripled, from approximately 81 million in 2000 to approximately 263 million in 2009. This income group accounted for 67.6% of total households in 2009, showing substantial increase from 23.1% in 2000.

Number of Households with Annual Disposable Income of Over US$2,500 in the PRC and percentage-wise thereof

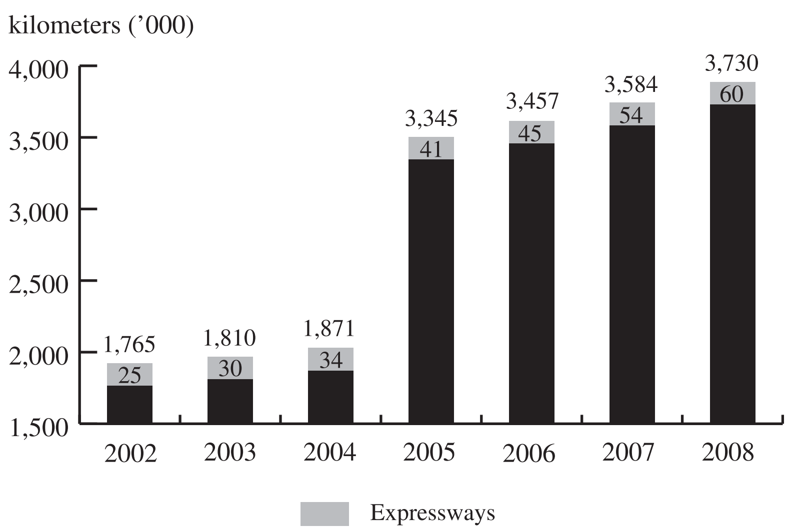


Source Euromonitor International ("**Euromonitor**") was not commissioned by our Company or the Joint Sponsors. Euromonitor is an Independent Third Party. Founded in 1972, Euromonitor is a privately owned company with offices in London, Chicago, Singapore, Shanghai and Vilnius. All information relating to "Number of Households with Annual Disposal Income of Over US$2,500 in the PRC and percentage-wise thereof" were derived from Euromonitor's database, which maintains a large number of internationally comparable country statistics.

Increased investment in improving transportation and other infrastructure

The growth in GDP and the rate of urbanization are related to the substantial investments by the PRC Government in the construction of transportation infrastructure. The length of China's highway network has grown at a CAGR of 13.3% from approximately 1.77 million kilometers in 2002 to approximately 3.73 million kilometers in 2008. Further, between 2002 and 2008, the length of China's expressways grew from approximately 25,100 kilometers in 2002 to approximately 60,300 kilometers in 2008, representing a 140.2% increase or a CAGR of 15.7%.(1)

Length of Highways in the PRC



Source National Bureau of Statistics of China

The increasing length of highways and expressways greatly facilitates inter-city travel. According to the PRC Government's Expressway Construction Plan (國家高速公路發展規劃), it is also projected that, by 2010, approximately 90% of the cities in the PRC with a population of more than 200,000 people will be linked by expressways. Improvement in transportation infrastructure is a key driver for the growth of automobile consumption in China.

Note:

(1) A highway is defined as public main road, especially roads connecting towns and cities. An expressway is defined as a road designed for high-speed travel, having few or no intersections.

THE PRC PASSENGER CAR MARKET[1]

The PRC passenger car industry has experienced tremendous growth. China has become a major player in the global passenger car market both in terms of production and sales volumes. Driven by growing individual wealth, favorable government policies, aggressive entrances by global automakers, declining automobile prices and the emergence of automobile financing, the Chinese passenger car market has been augmenting quickly. In 2006, approximately 4.5 million new passenger cars were sold in China, ranking China third in the world behind the U.S. and Japan. In 2009, China has become the largest passenger car market with over approximately 8.8 million new passenger cars sold. In the past seven years, the passenger cars produced domestically increased from approximately 2.0 million units in 2003 to 8.4 million units in 2009, representing a CAGR of approximately 26.8%. During the same period, the volume of new passenger car sales increased from approximately 2.1 million units to approximately 8.8 million units, representing a CAGR of approximately 27.2%, and the value of new passenger car sales grew from approximately RMB320 billion to RMB1,084 billion, representing a CAGR of approximately 22.6%. Given the robust growth, it is expected that the total sales of new passenger cars will grow at a CAGR of approximately 10.0% from approximately RMB1,084 billion in 2009 to RMB1.4 trillion in 2012.

Top 10 Passenger Car Markets[2]

Rank	Country	2006	2007	2008	2009	CAGR (06–09)
Number of new passenger cars sold/registered (million)						
1	**China**	**4.45**	**5.58**	**6.06**	**8.75**	**25.3%**
2	USA	7.79	7.60	6.81	5.46	-11.2%
3	Japan	4.64	4.40	4.23	3.92	-5.4%
4	Germany	3.47	3.15	3.09	3.81	3.2%
5	Brazil	1.56	1.98	2.67	3.01	24.6%
6	France	2.00	2.06	2.05	2.27	4.3%
7	Italy	2.33	2.49	2.16	2.16	-2.5%
8	UK	2.34	2.40	2.13	1.99	-5.2%
9	Korea	1.20	1.27	0.96	1.17	-0.8%
10	Spain	1.63	1.61	1.16	0.95	-16.5%

Source ACMR Survey

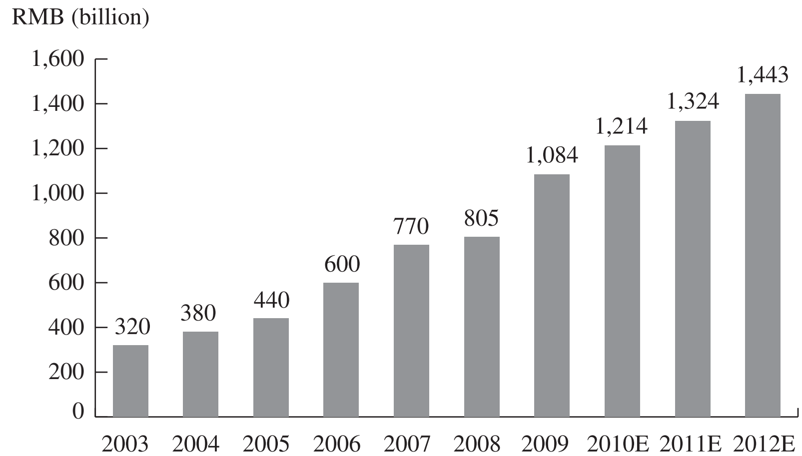
Assuming that the macroeconomic environment continues to develop in a steady manner, consumer market growth, including the market for private transportation, is expected to continue through 2020. The penetration rate of passenger cars in China was only approximately 2.0 per 100 people in 2008, far lower than the developed countries approximately 61.6 in Germany, 53.4 in France, 50.1 in UK, 47.8 in US and 47.5 in Japan. The low penetration rate indicates that China's passenger car market has great potential for growth.

Notes:

(1) Passenger car in this prospectus is defined to include basic passenger car, multi-purpose vehicle (MPV), and sport utility vehicle (SUV). All revenue in ACMR Survey includes VAT.

(2) Ranked by new car sales/registration volume in 2009

Sales and Sales Forecast of New Passenger Cars in China



Source ACMR Survey

ACMR was established in 1992 as a specialized company engaged in providing commercial information and market research. Since its incorporation, ACMR has been affiliated with the State Statistical Bureau of China ("**SSB**"). ACMR is authorized by SSB to mine and commercialise statistical data. The forecasts and projections from the ACMR Survey were based on ACMR's analysis of historical data and trends. This information was obtained by ACMR from various sources, including relevant PRC Government departments and established PRC industry organizations such as SSB, the China Association of Automobile Manufacturers ("**CAAM**") and the China Automobile Dealers Association ("**CADA**"). In the course of preparing the forecast and projection, ACMR has also consulted the PRC State Development and Reform Commission and CADA. Certain assumptions, for instance, the continuous growth of the PRC economy and the price of automobiles will remain stable are based on consultation with various industry organizations.

The following tables list the top ten PRC passenger vehicle manufacturers in 2009 and 2008 by sales volume respectively.

Top Ten Passenger Vehicle Manufacturers in the PRC (2009)

Manufacturer	Total Sales Volume (Units: thousand)
Shanghai Volkswagen Motors Co., Ltd.	728
Shanghai General Motors Co., Ltd	708
FAW-Volkswagen Automotive Co., Ltd	669
Beijing Hyundai Motor Co., Ltd	570
Dongfeng Nissan Passenger Vehicle Co., Ltd	519
Chery Automobile Co., Ltd.	484
BYD Co., Ltd	448
FAW Toyota Motor Sales Co., Ltd	417
Guangzhou Honda Motors Co., Ltd	366
Geely Holding Group	329

Top 10 Passenger Vehicle Manufacturers in the PRC (2008)

Manufacturer	Total Sales Volume (Units: thousand)
FAW-Volkswagen Automotive Co., Ltd	499
Shanghai Volkswagen Motors Co., Ltd.	490
Shanghai General Motors Co., Ltd	445
FAW Toyota Motor Sales Co., Ltd	366
Chery Automobile Co., Ltd.	356
Dongfeng Nissan Passenger Vehicle Co., Ltd	351
Guangzhou Honda Motors Co., Ltd	306
Beijing Hyundai Motor Co., Ltd	295
Geely Holding Group	222
Changan Ford Mazda Automobile Co. Ltd	205

Source ACMR Survey

Taken collectively, the automobile manufacturing industry in the PRC recorded aggregate revenues of approximately RMB1,188 billion in 2008, with a pre-tax profit of approximately RMB86.6 billion and an overall pre-tax profit margin of approximately 7.3%.

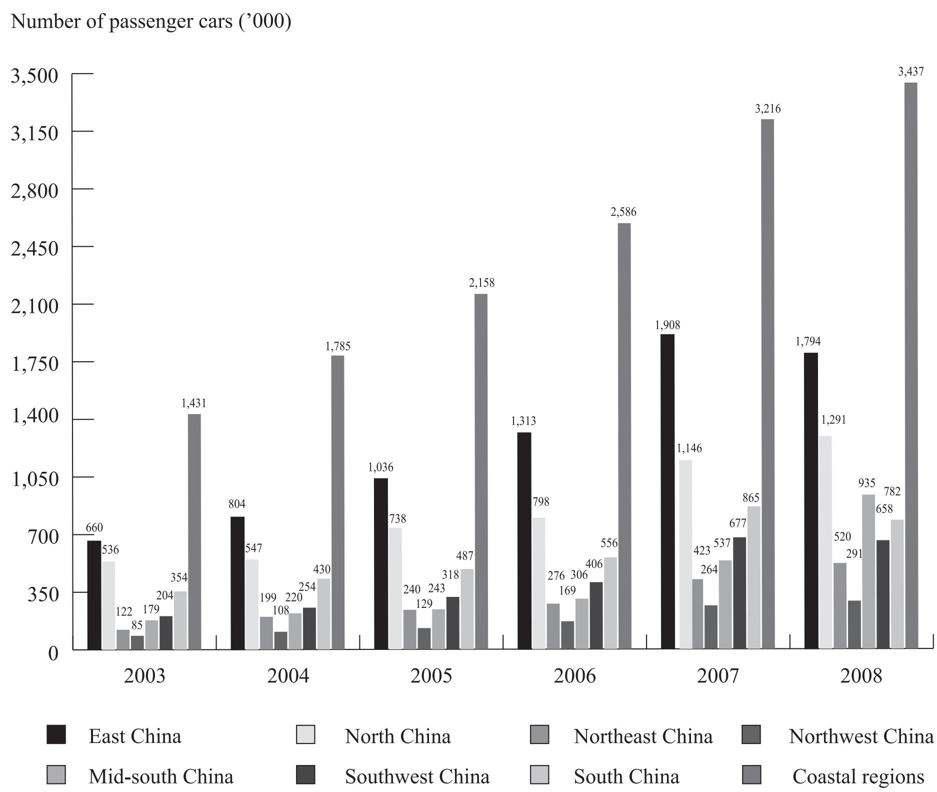
Features of the Chinese passenger car market

The Chinese passenger car market has been rapidly expanding, with a sales increase of approximately 6.7 million units from 2003 to 2009, and has the following features:

First, coastal regions, which include provinces in Northeast China, East China and South China, are the largest and fastest growing passenger car markets in China. In terms of geographical distribution, the Chinese passenger car market shows obvious geographical differentiation. The passenger car market in coastal regions in general is larger than that of the other parts of the country. Sales of passenger cars in coastal regions grew steadily from 2003 to 2008, accounting for about one-third of total passenger car sales in China. Rapid and steady economic growth, higher disposable income and more developed road infrastructures in coastal regions are the main drivers for higher passenger car consumption. High volumes of new passenger car sales in coastal regions indicate a large passenger car consumer base and strong growth potential for after-sales businesses, used passenger car sales and other passenger-car related businesses. According to ACMR, Dalian, the headquarter city of the Group, represented approximately 0.8% of the total China's passenger car licensing volume in 2008.

Geographical Division	Provinces Included
East China	Shanghai, Jiangsu, Shandong, Jiangxi, Zhejiang, Anhui
North China	Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia
Northeast China	Heilongjiang, Jilin, Liaoning
Northwest China	Xinjiang, Ningxia, Gansu, Shaanxi, Qinghai
Mid-south China	Henan, Hubei, Hunan
Southwest China	Guangxi, Sichuan, Guizhou, Yunnan, Tibet, Chongqing
South China	Fujian, Hainan, Guangdong
Coastal regions	Liaoning, Shandong, Jiangsu, Zhejiang, Guangdong, Fujian, Shanghai, Tianjin, Hebei

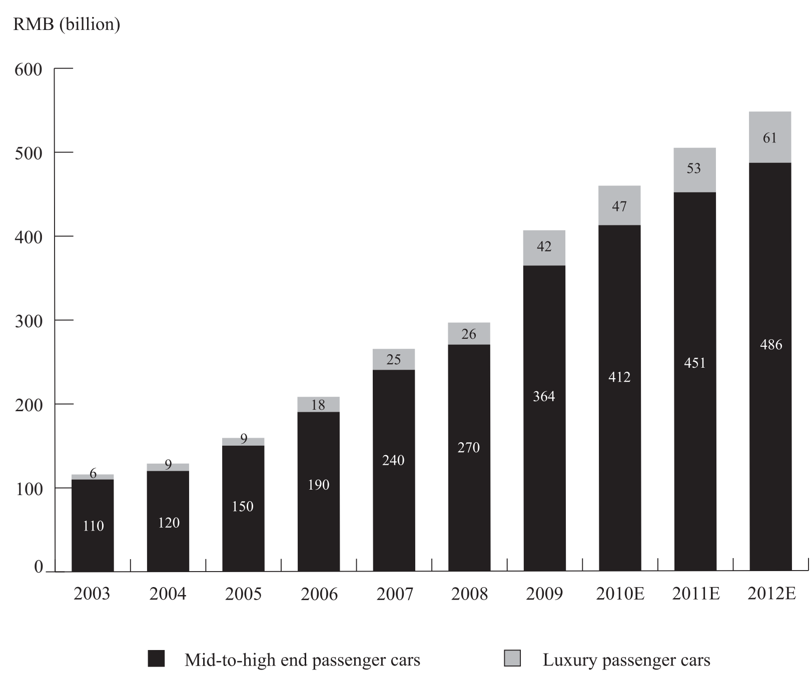
Comparison of Geographical Passenger Car Licensing Data



Source Automobile Output & Sales Express, ACMR Survey

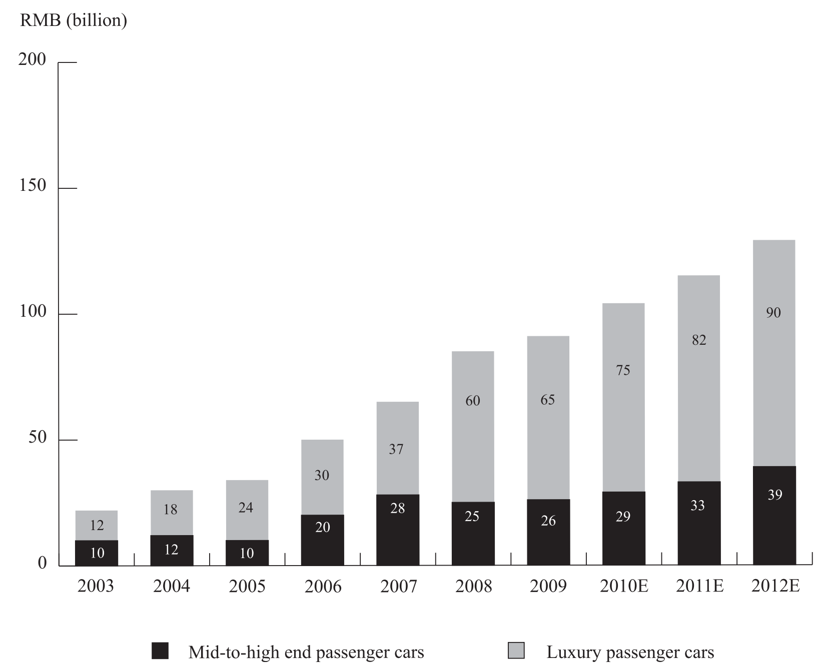
Second, mid-to-high end passenger cars typically priced above RMB200,000 and luxury passenger cars typically priced above RMB500,000 have shown higher growth than the industry average. In 2003, 511,275 units of mid-to-high end and luxury new passenger cars (domestic and imported) were sold in China. In 2009 the figure was 1,762,924 units, representing a CAGR of approximately 22.9%. From 2003 to 2009, sales of domestic mid-to-high end and luxury new passenger cars grew from approximately RMB116 billion to RMB406 billion, representing a CAGR of approximately 23.2%. It is expected that sales in this segment will grow at a CAGR of approximately 10.5% from approximately RMB406 billion in 2009 to RMB547 billion in 2012. Imported mid-to-high end and luxury brand passenger cars also witnessed strong sales growth, rising from approximately RMB22 billion in 2003 to RMB90 billion in 2009, representing a CAGR of approximately 26.5%. Sales in this segment are projected to grow at a CAGR of approximately 12.6% from approximately RMB90 billion in 2009 to RMB129 billion in 2012. As both the Chinese economy and its middle class are growing steadily, the demand for mid-to-high end and luxury passenger cars is expected to continue to rise.

Sales and Sales Forecast of Domestic Mid-to-high End and Luxury New Passenger Cars



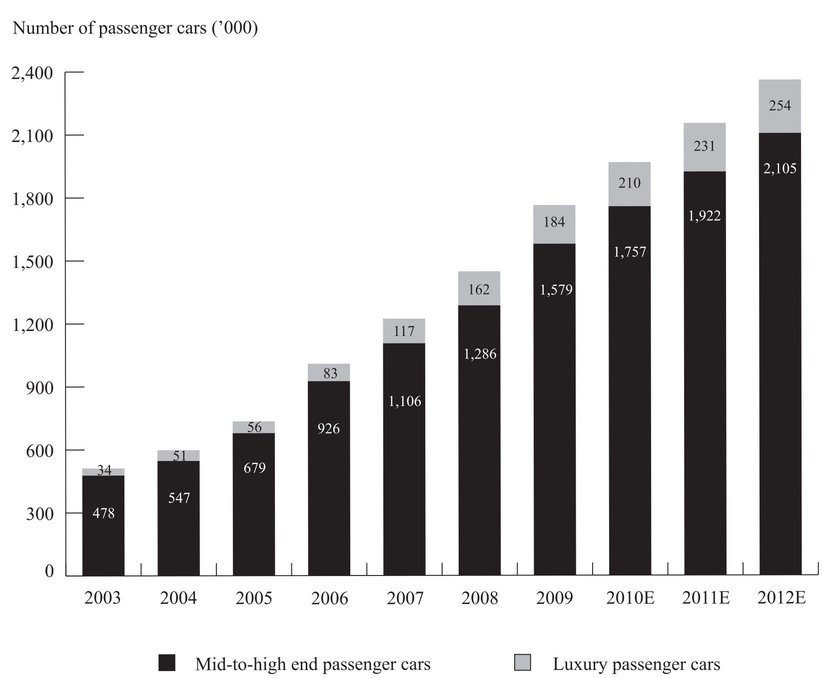
Source ACMR Survey

Sales and Sales Forecast of Imported Mid-to-high End and Luxury New Passenger Cars



Source ACMR Survey

Sales and Sales Forecast of Domestic and Imported Mid-to-high End and Luxury New Passenger Cars



Source ACMR Survey

Third, Japanese automobile brands, especially Toyota, being one of the market leaders and the largest automobile brands in terms of sales, has been steadily gaining market share in China in mid-to-high end automobile brand segment in recent years. According to ACMR, between 2003 and 2008, Toyota, Honda and Nissan's PRC market shares within the mid-to-high end passenger car brand segment increased from approximately 4.9% to 20.8%, 21.4% to 23.2% and 3.7% to 5.2% respectively, and Lexus' PRC market share within the luxury passenger car brand segment increased from approximately 8.1% to 19.8%.

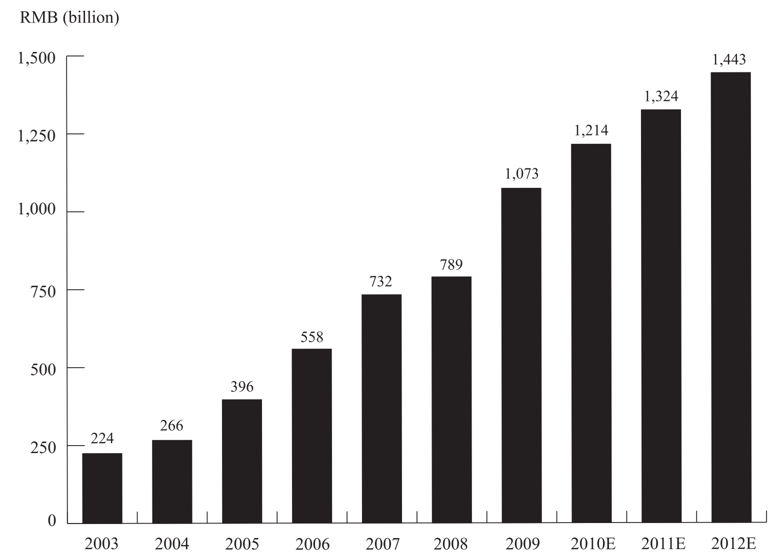
Fourth, with living standards improving in China, the percentage of passenger car ownership has been growing rapidly year-on-year and the consumption structure of the Chinese automobile market has changed greatly. In the "Tenth Five Year" period (2001–2005), the Chinese automobile consumption structure has changed fundamentally, markedly shifting from government consumption to private consumption, with private consumers becoming the major consumers of passenger cars in China. Approximately 48% of automobiles sold in 2001 were purchased by private consumers, whereas approximately 77% of automobiles sold in 2008 were purchased by private consumers, who are now the primary driving force in the Chinese automobile industry.

Retail platforms for the Chinese passenger car market

The dominant retail platform in the Chinese passenger car market is the specialized automobile dealerships, known as the "4S dealership" where 4S refers to sales, spare parts, service and survey. Automakers generally enter agreements with the dealers who run 4S dealerships, authorizing them to conduct marketing activities for specified automobile brands within a specified territory. Such agreements generally set forth the requirements with regard to sales and publicity formats, service standards, sales processes, and corporate identities.

The dominance of the 4S dealership as the established retail platform was strengthened by the Measures for the Implementation of the Administration of Branded Automobile Sales 《汽車品牌銷售管理實施辦法》("**Measures**") promulgated by MOFCOM in February 2005. The Measures stipulate that all automobile dealers must obtain permission from automakers before retailing their brands. As a result of the introduction of the Measures, other types of automobile sales platforms including automobile trading markets and automobile supermarkets, began to diminish in importance. From 2003 to 2009, total sales of passenger car through 4S dealerships grew from approximately RMB224 billion to RMB1,073 billion, representing a CAGR of approximately 29.8%. Given this growth, it is expected that total sales of automobiles through 4S dealerships will grow at a CAGR of approximately 10.4% from approximately RMB1,073 billion in 2009 to RMB1.4 trillion in 2012.

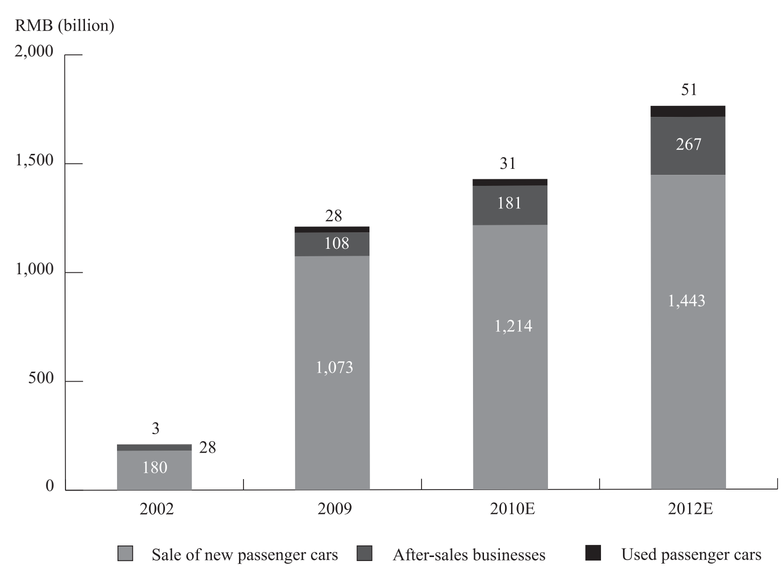
Sales and Sales Forecast of New Passenger Cars Sold through 4S Dealerships



Source ACMR Survey

The 4S dealership retail platform was introduced to China in the mid-1990s. Most passenger car brands have at least 100 4S dealerships across China, among which FAW-Volkswagen, Shanghai Volkswagen and Beijing Hyundai have over 800 4S dealerships. Since 2008, the sales income of 4S dealerships have largely corresponded to total sales of new automobiles in China. For the same period, the after-sales income of 4S dealerships (primarily from the provision of maintenance, repair and detailing services) accounted for approximately 55% of the after-sales income of the passenger car market in China.

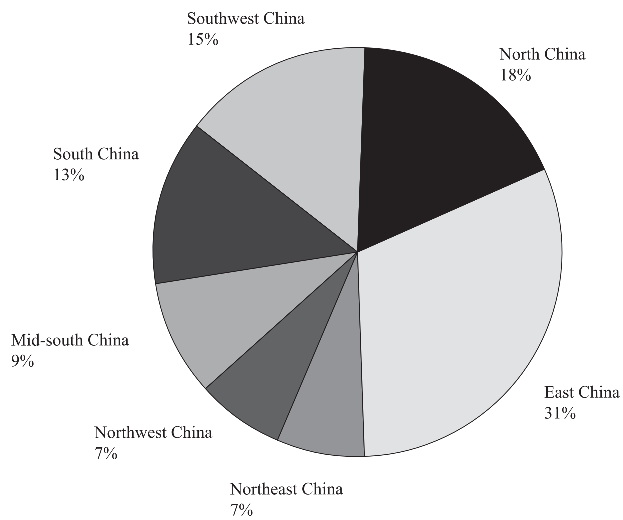
Sources of Income for 4S Dealerships



Source ACMR Survey

As at 31 December 2008, the total number of 4S dealerships in the PRC was approximately 15,000, mostly distributed in East China. Approximately 7,650 4S dealerships were located in coastal regions, accounting for approximately 51% of all 4S dealerships in PRC as at 31 December 2008.

Regional Distribution of 4S Dealerships by Number of Stores as at 31 December 2008



Source ACMR Survey

The market for new passenger cars in China is fragmented. However, passenger car dealers are gradually becoming group-oriented, whereby one dealer sets up multiple dealerships to acquire dealership agreements with multiple automobile brands. With competition intensifying, regional leadership and economies of scale have emerged to be among the most important success factors for dealers engaged in new automobile sales. Large dealership groups are able to gain operational strengths in personnel training, brand recognition, capital investment and the integration of regional market resources, which present strong competitive advantages against smaller dealers. In addition, large automobile dealership groups also enjoy strong advantage in penetrating second and third-tier markets as well as with respect to the developing used automobile market in China, which is expected to be a new growth area. Stronger cooperative relationships with automakers provide large automobile dealership groups strategic advantages in developing new market channels, retail strategies, and in capitalising on business opportunities. Accordingly, the development of large-scale, trans-regional operations is a main growth trend for automobile dealership groups operating in China.

For 2008, the top ten automobile dealership groups in the PRC accounted for only approximately 11.4% of the passenger car market's total revenue(1). Of these ten, eight possessed 4S dealerships located across a number of provinces in the PRC as at year end of 2008, in aggregate accounting for approximately 9.8% market shares in 2008. Our Group was ranked sixth, fifth and fourth among the top ten automobile dealership groups in terms of revenue in 2006, 2007 and 2008 respectively.

Trans-regional dealership groups(2)	2008 Market share	2007 Market share	2006 Market share
Dealership group 1	2.3%	2.0%	1.6%
Dealership group 2(3)	1.7%	1.6%	1.6%
Dealership group 3	1.5%	1.4%	1.3%
Our Group	1.2%	1.1%	1.0%
Dealership group 4	0.9%	0.9%	1.0%
Dealership group 5	0.8%	1.2%	1.0%
Dealership group 6(4)	0.7%	n.a	n.a
Dealership group 7	0.7%	0.6%	0.6%

Chinese passenger car after-sales market

The Chinese passenger car after-sales market is generally divided into the market for repair, maintenance, and detailing services, and the market for automobile accessories and spare parts.

Driven by the increase in private automobile ownership, the Chinese passenger car after-sales market is facing new opportunities for development. By the end of 2008, China had approximately 26.3 million passenger car owners, approximately 19.5 million of which were private owners. Private owners are now the primary consumers of passenger cars in China, and they have their own requirements for automobile brands, performance and individualism which are essentially different from those of government consumers. Private owners, particularly owners of mid-to-high end and luxury automobiles, tend to give high priority to service quality. Approximately 80% of this consumer group choose to have their automobiles serviced in 4S dealerships, which provide luxury fittings and have high credibility and service standards. It is expected that the number of private passenger car owners in the PRC will increase from approximately 19.5 million in 2008 to 49.6 million by 2012. The rapid expansion of private passenger car ownership has become a major driver for the PRC passenger car after-sales market.

The gradual ageing of passenger cars also offers the Chinese passenger car after-sales market new opportunities for development. The demand for after-sales services is expected to be largest when passenger cars are in the fourth to ninth years of their service lives. It is expected that the percentage of passenger cars that have been in use for more than three years in the PRC will rise from approximately 50% in 2008 to 66% by 2012, indicating that the number of passenger cars in need of maintenance and repair should grow significantly. The size of the Chinese passenger cars after-sales market in 2002 was

Notes:

(1) The revenue includes revenue from new car sales, after-sales businesses and used car business.

(2) Trans-regional dealership groups as at year end of 2008 and ranked by 2008 revenue.

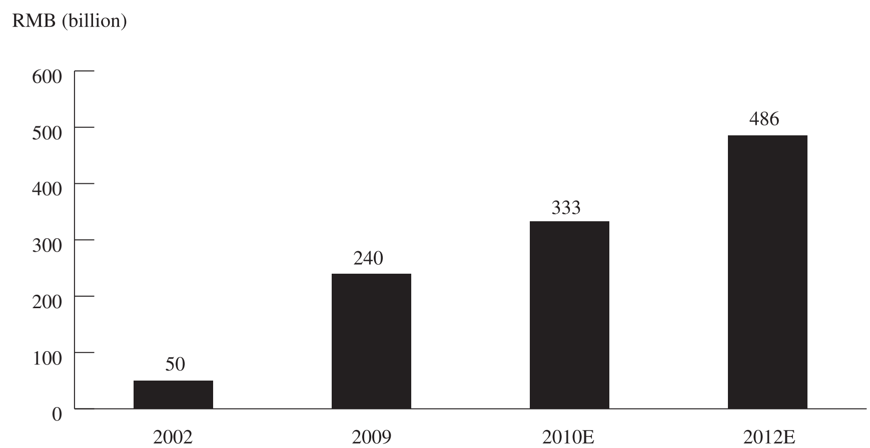
(3) This dealership group was not a trans-regional dealership group in 2006 and 2007.

(4) This dealership group was not ranked among top ten in 2006 and 2007.

approximately RMB50 billion, more than double the figure of approximately RMB23 billion in 1997. By 2009, the market had grown to approximately RMB240 billion, and it is expected to further grow to approximately RMB486 billion by 2012.

In addition to services provided through existing 4S dealerships, new service platforms such as quick service shops and accessory retailers are emerging. Quick service shops are aimed at providing fast and efficient repair, maintenance and detailing services, while accessory retailers are especially designed to provide a variety of automobile accessories to customers at a centralized location. Such alternative after-sales services platforms benefit extensively when established in conjunction with an existing 4S dealership network, providing opportunities to leverage the customer base, operational expertise, human resources and financial resources.

Size of the Chinese Passenger Car After-sales Market(1)



Source: ACMR Survey

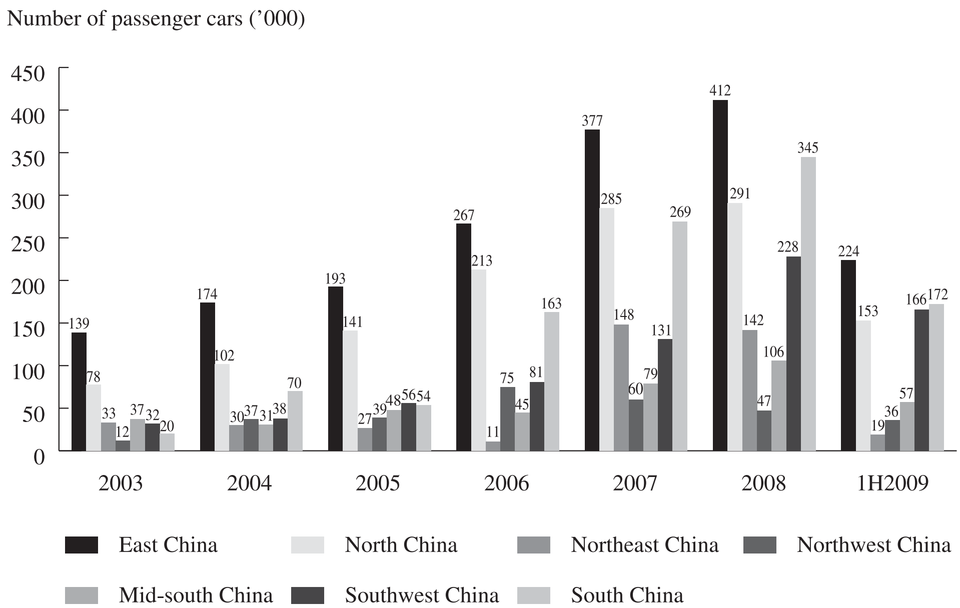
Chinese used passenger car market

In line with the production and sales levels of new passenger cars in China, the Chinese used passenger car market is growing rapidly and also has significant growth potential. According to ACMR, the used passenger car market trading volume will reach a new peak in the near future. In 2008, approximately 1.6 million used passenger cars were sold, showing a year-on-year increase of approximately 16.5% compared with 2007. By way of comparison, new passenger car sales rose about approximately 8.6% in 2008. The used passenger car market in China is expected to maintain steady growth from 2009 to 2012, and there is great potential for further development in this market. It is expected that the volume of used passenger car sales will reach approximately 2.0 million units in 2009 and 2.9 million units in 2012, with total sales of approximately RMB105 billion in 2009 and RMB156 billion in 2012, representing a CAGR of approximately 14.1%.

Note:

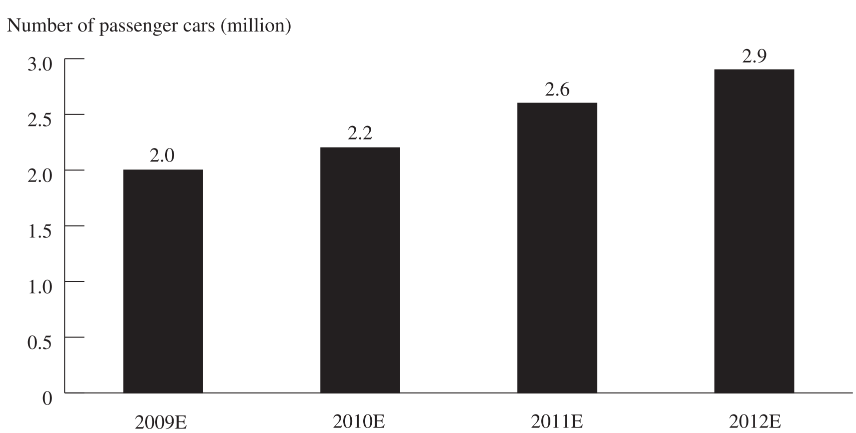
(1) Including the sales of automobile accessories and spare parts as well as repair, maintenance and detailing services.

Trading Volume of Used Passenger Cars



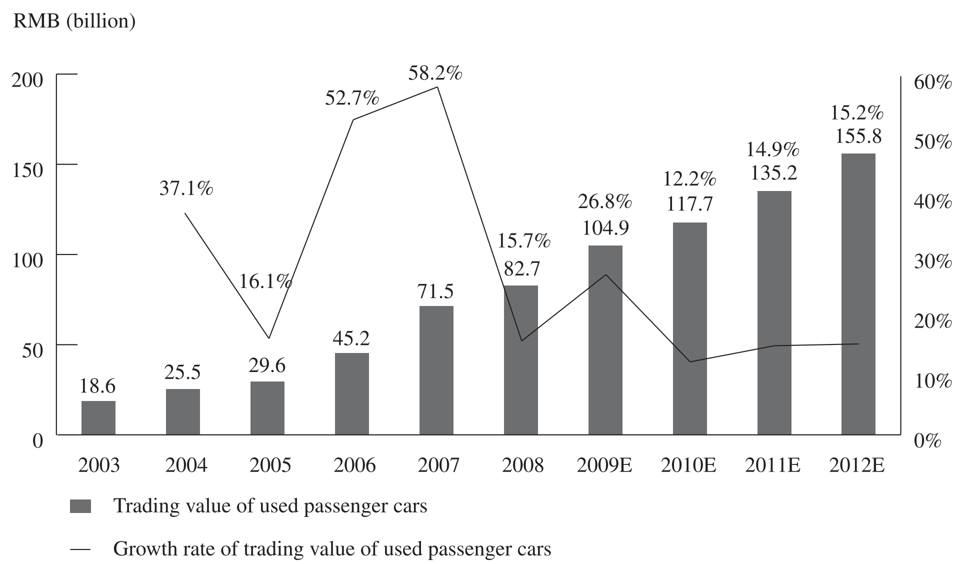
Source ACMR Survey

Forecast of Trading Volume of Used Passenger Cars



Source ACMR Survey

Trading Value of Used Passenger Cars



Source ACMR Survey

At present, the trading ratio of new passenger cars to used passenger cars in developed countries is approximately 1:1. The ratio in China has been changing in recent years, from approximately 5.9:1 in 2003 to 3.9:1 in 2008. The decreasing ratio of new passenger cars to used passenger cars indicates that the PRC used passenger cars market has great potential and room for growth.

OVERVIEW

Our operations are mainly carried out by our subsidiaries in the PRC, which are subject to PRC laws, rules and regulations. A summary of the laws, rules and regulations applicable to our business is set out below.

REGULATIONS RELATING TO THE PRC AUTOMOBILE INDUSTRY AND OUR BUSINESS

The PRC automobile industry

On 12 May 2004, National Development and Reform Commission ("**NDRC**") promulgated the Policy on Development of Automotive Industry (汽車產業發展政策) ("**Policy**") which became effective on 21 May 2004.

The Policy contains provisions relating to, among other things, the PRC automobile industry's technology policies, structural adjustments, market access administration, trademarks, product development, spare parts sales and other relevant sub-industries, distribution networks, investment administration, customs administration, and automobile consumption. One of the Policy's stated aims is to develop the PRC automobile industry into a strong pillar of the PRC national economy before 2010.

According to the Provisional Measures on the Administration of the Verification of Foreign-invested Projects（外商投資項目核准暫行管理辦法）promulgated by NDRC on 9 October 2004, which applies to the verification of Sino-foreign equity and cooperative joint venture enterprises, wholly foreign-owned enterprises, domestic enterprises acquired by foreign investors, increase in registered capital of foreign-invested enterprises and other types of foreign-invested projects, projects with total investment below US$100 million that are within the encouraged or permitted categories of foreign investment, or projects with total investment below US$50 million that are within the restricted category of foreign investment shall be subject to the verification of local NDRC authorities. Specifically, projects within the restricted category of foreign investment shall be verified by provincial NDRC authorities and no delegation of authority shall be allowed for these projects. Authorities in charge of land, urban planning, quality control, production safety supervision, industrial and commercial administration, customs, taxation and foreign exchange administration etc. shall not handle the formalities in respect of foreign-invested projects that have not passed the verification. King & Wood have advised that the Provisional Measures on the Administration of the Verification of Foreign invested Projects and the Decision of the State Council on Reforming the Investment System (國務院關於投資體制改革的決定) promulgated by the State Council on 16 July 2004 do not stipulate any penalty on foreign investment enterprises for not obtaining NDRC approvals nor provide any procedures of revoking any approvals/licenses obtained by those foreign investment enterprises prior to obtaining NDRC approvals. As at the Latest Practicable Date, King & Wood are not aware of any case where penalty was imposed and/or licenses/approvals where challenged and/or revoked for not obtaining NDRC approvals.

Our PRC legal advisers, King & Wood, have advised that all of the subsidiaries which are subject to the Provisional Measures on the Administration of the Verification of Foreign-invested Projects have already obtained NDRC approvals or waivers from obtaining such approvals from appropriate NDRC authorities.

New automobile sales

Our new automobile sales business is subject to the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法) ("**Measures**") promulgated by MOFCOM, the NDRC and the State Administration for Industry and Commerce ("**SAIC**") on 21 February 2005 which became effective on 1 April 2005.

The Measures recognize two categories of automobile distributors — general automobile distributors and automobile brand dealers. General automobile distributors are defined under the Measures as enterprises engaged in providing automobiles and spare parts. Automobile brand dealers are defined under the Measures as enterprises authorized by automobile suppliers to engage in automobile sales and services. Our PRC legal advisers, King & Wood, have confirmed that under the Measures, our Group is classified as an automobile brand dealer.

An automobile brand dealer must be a legal person, authorized by an automobile supplier to sell the supplier's brand of automobiles. An automobile brand dealer must comply with the supplier's requirements relating to the intellectual property rights associated with the automobile brand, such as trademarks, labels and store names, and is also subject to regulation by local municipal and commercial development authorities.

Automobile brand dealers must obtain operation permits and file registrations with the relevant local department of MOFCOM. Further, according to a notice issued by the SAIC on 10 November 2005, automobile brand dealers must also file registrations with SAIC prior to commencing business operations.

In addition, a foreign-invested automobile brand dealer is subject to relevant PRC laws, rules and regulations relating to foreign investment, including the Law on Sino-Foreign Equity Joint Ventures (中華人民共和國合資經營企業法) promulgated by the Standing Committee of the National People's Congress on 8 July 1979 as amended on 15 March 2001, the Regulations for the Implementation of the Law on Sino-Foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法實施條例) promulgated by the State Council on 20 September 1983 amended on 22 July 2001, and the 2007 Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄) promulgated and amended by the NDRC of PRC and MOFCOM of PRC on 31 October 2007 which became effective on 1 December 2007.

Automobile maintenance and repair services

Our automobile maintenance and repair business is subject to the Regulations on the Administration of Automobile Maintenance and Repair (機動車維修管理規定) ("**Automobile Repair Regulations**") promulgated by the Ministry of Transport on 24 June 2005 which became effective on 1 August 2005.

Under the Automobile Repair Regulations, an operator must have suitable facilities, equipment and technical personnel in order to operate an automobile maintenance and repair business. In addition, an operator must implement quality management systems and safety procedures, provide training to its technical personnel, maintain proper automobile repair and maintenance records and archives, and ensure that there are sufficient safeguards for environmental protection.

Road Transport Licenses

Under the Road Transport Regulations (中華人民共和國道路運輸條例) promulgated by the State Council on 30 April 2004 which became effective on 1 July 2004, prior to commencing an automobile maintenance and repair business or automobile leasing business, an operator must file an application with the local department of the Ministry of Transport and obtain a Road Transport License to provide automobile maintenance and repair services or automobile leasing business. Violation of the Road Transport Regulations may result in fines and suspension of business operations, and criminal liability may be imposed upon a person held directly responsible, with a sentence of imprisonment for a term which may extend to five years, criminal detention, and/or fines of between one and five times the amount of the illegal gains.

As at the Latest Practicable Date, all of our subsidiaries which were engaged in providing automobile maintenance and repair services or automobile leasing business, had valid Road Transport Licenses or in the process of renewing Road Transport Licenses.

Our PRC legal advisers, King & Wood, have advised that for successful renewal of Road Transport License, the applicant shall: (a) have necessary site to repair automobiles; (b) possess necessary equipment, facilities and employees; (c) have adopted administrative rules on repairing automobiles; and (d) have adopted necessary environment protection measures.

According to our past experience, the time required for renewing Road Transport License varies depending on the location of the subsidiaries as well as the location of the local bureaus involved.

Project Initiation Approvals

Our automobile maintenance and repair business and automobile leasing business is also subject to the Regulations on the Administration of Foreign-invested Road Transport Services (外商投資道路運輸業管理規定) ("**Foreign-invested Road Transport Services Regulations**") promulgated by the Ministry of Transport and MOFCOM on 20 November 2001 which became effective on 20 November 2001. According to its Article 5, the foreign invested road transport services shall comply with the policies on road transport development and the requirements for enterprise qualification formulated by the department in charge of transportation under the State Council, and shall meet the requirements of the development planning of road transport services formulated by the department in charge of transportation of the place where the foreign-funded road transport enterprise to be established is located. In addition, all investors shall invest with their self-owned assets and shall have good reputation.

Under the Foreign-invested Road Transport Services Regulations, a foreign-invested operator must obtain the approval of MOFCOM for its articles of association, and must submit its Certificate of Approval for Foreign-invested Enterprises and apply to the local department of the Ministry of Transport for a Project Initiation Approval for its automobile maintenance and repair business, prior to commencing business. Under existing applicable PRC laws, rules and regulations, all the application documents received by the local transport bureaus should be forwarded to the Ministry of Transport, which is the ultimate authority for the grant of Project Initiation Approvals, and a Project Initiation Approval should be granted by the Ministry of Transport prior to the issuance of a Road Transport License by the relevant local transport bureau.

As at the Latest Practicable Date, except for one of our operating subsidiaries, Fuzhou Zhongsheng Toyota Services, all other operating subsidiaries which currently operate automobile maintenance and repair business in our Group have obtained proper Project Initiation Approvals. Fuzhou Zhongsheng Toyota Services has formally submitted its application in September 2009. Our Company expects that such Project Initiation Approval will be obtained prior to the end of March, 2010. Our PRC legal advisers, King & Wood, have advised that there is no substantial legal impediment for Fuzhou Zhongsheng Toyota Services to obtain the Project Initiation Approval as the local transport bureau has initially approved Fuzhou Zhongsheng Toyota Services' application and has transferred the relevant materials to the Ministry of Transport. Accordingly, the Group is unlikely to be exposed to any consequence of not obtaining the Project Initiation Approval. King & Wood have further advised that as the current Road Transport License of Fuzhou Zhongsheng Toyota Services was granted by the local transport bureau, and the local transport bureau has not challenged its validity when processing Fuzhou Zhongsheng Toyota Services' application for Project Initiation Approval. On this basis, King & Wood have advised that the Road Transport License of Fuzhou Zhongsheng Toyota Services is unlikely to be revoked by the relevant transport authorities following the expected granting of the Project Initiation Approval and Fuzhou Zhongsheng Toyota Service's Road Transport License is and will continue to be valid despite the Road Transport License was obtained prior to the granting of the Project Initiation Approval. The Company also undertakes that it will obtain the Project Initiation Approval, if required, for its 4S dealerships before they commence operation going forward.

According to our past experience, in respect of the time required for obtaining the Project Initiation Approval, it may take more than six months after making relevant application.

Used automobile sales

Our used automobile sales business is subject to the Measures for the Administration of the Circulation of Used Automobiles (二手車流通管理辦法) ("**Used Automobiles Measures**"), promulgated by MOFCOM, the Ministry of Public Security, the SAIC and the State Administration of Taxation on 29 August 2005 which became effective on 1 October 2005.

Under the Used Automobiles Measures, a used automobile dealer must provide a customer a written contract containing warranties relating to the quality of the used automobile, as well as offer arrangements for after-sales services. The Used Automobile Measures also provide for the establishment of a nationwide archival system to hold the records of used automobile dealers.

Used automobile dealers must obtain operation permits and file registrations with the relevant local department of MOFCOM.

In addition, a foreign-invested used automobile dealer must obtain additional approvals from MOFCOM and file registrations with the relevant local department of MOFCOM.

Our PRC legal advisers, King & Wood, have advised us that a company in possession of all permits, certificates and approvals required under applicable PRC laws and regulations may concurrently engage in both new and used automobile sales businesses.

Automobile leasing

The Measures for the Administration of Foreign-funded Lease Industries, promulgated by MOFCOM on 3 February 2005 which became effective on 5 March 2005, requires a foreign-invested automobile leasing company to have total foreign-invested assets of not less than US$5 million. In addition, if the foreign-invested automobile leasing company is incorporated as a limited liability company, its operations shall not exceed 30 years.

Automobile insurance

We earn commissions from insurance companies which provide their services to our customers on the premises of our 4S dealerships. As such, our business operations are subject to the Regulations on Administration of Concurrent-Business Insurance Agents (保險兼業代理管理暫行辦法) ("**Insurance Regulations**") promulgated by the China Insurance Regulatory Commission ("**CIRC**") on 4 August 2000 which became effective on 4 August 2000.

The Insurance Regulations require, among other things, a business which facilitates insurance coverage in direct relation to its main business, to apply for a license from the CIRC, and to obtain power of attorney documentation, subject to CIRC's supervision, from the insurance agencies. Under the Insurance Regulations, each business may work with only one insurance agency.

Automobile loans

We obtain financing from banks and financial institutions for our operations, including for the purchase of new automobiles to retail to our customers. Our business operations are subject to the Measures for the Management of Automobile Loans (汽車貸款管理辦法) ("**Loans Measures**"), promulgated by the People's Bank of China ("**PBOC**") and the China Banking Regulatory Commission ("**CBRC**") on 16 August 2004 which became effective on 1 October 2004.

The Loans Measures provide that an automobile dealer may not obtain financing of a term exceeding one year, for the purchase of automobiles and/or spare parts. The automobile dealer's balance sheet ratio, or the asset liability ratio, which equals to its indebtedness divided by total assets, must not exceed 80%, and it must have sufficient stable and lawful income or assets to repay both the principal and interest incurred on the loan.

In addition, an automobile dealer handling a loan application on behalf of its customers must be a legal person with a business license, an annual review certificate issued by MOFCOM and an automobile selling agent certificate issued by the automaker of the relevant automobile.

COMPANY LAW

The incorporation and operations of our subsidiaries in China is governed by the Company Law (中華人民共和國公司法) which was promulgated by the Standing Committee of the National People's Congress on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004 and 27 October 2005.

The Company Law recognises two general types of companies, limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its debtors is limited to the value of the assets of the company. A shareholder's liability is limited to the amount of registered capital contributed.

The Company Law also applies to foreign-invested limited liability companies.

MERGERS AND ACQUISITIONS

The Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors ("**M&A Rules**") promulgated by MOFCOM, CSRC, the State-owned Assets Supervision and Administration Commission of the State Council, State Administration of Taxation, SAIC and SAFE on 8 August 2006 which became effective on 8 September 2006, govern, among other things, the purchase by foreign investors of equity interests in a domestic enterprise, the subscription by foreign investors to equity interests in a domestic enterprise, and the purchase and operation by foreign investors of the assets and business of a domestic enterprise.

In addition, the M&A Rules contain provisions which purport to require an offshore special purpose vehicle ("**SPV**") formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, to obtain CSRC approval prior to the listing and trading of the SPV's securities on an overseas stock exchange. On 21 September 2006, the CSRC published procedures specifying documents and materials to be submitted by SPVs seeking CSRC approval of overseas listings.

As at the Latest Practicable Date, except for Mr. Li Guoqiang, all the other equity holders (whether direct or indirect) of the parent are not domestic PRC residents. Prior to the effective date of the M&A Rules, Mr. Li indirectly held interests in 12 domestic companies through several SPVs. Mr. Li filed his Registration Form of Overseas Investments Contributed by Domestic Individual Residents (the "**Registration Form**") in respect of his interest in Zhongsheng Holdings and Hokuryo (Hong Kong) and other relevant offshore companies pursuant to Notice 75 and the Registration Form was recorded by the Dalian SAFE in March 2007. Please refer to the section entitled "Regulations-Foreign Exchange Controls".

The restructuring of our Group commenced in 2007 and as part of the onshore restructuring, Zhongsheng Dalian, Dalian Xinshengrong and Dalian Yuzeng, which were domestic entities, were acquired by offshore companies Billion Great, Super Charm and Olympia Well, respectively. Please refer to the section entitled "Our History And Reorganization — Offshore Reorganization — Acquisitions of Domestic Companies" in this prospectus. The Three Acquisitions mentioned above were solely initiated and executed by Mr. Huang, a Hong Kong resident at the time of the relevant acquisitions.

During the Reorganization of our Group, Mr. Huang and Mr. Li jointly established Blue Natural in October 2007, which was owned as to 50% by Mr. Huang and 50% by Mr. Li. Blue Natural established Elegance Extreme in December 2007. In July 2009, General Atlantic acquired a total of 15% interest in Elegance Extreme and Blue Natural's interest in Elegance Extreme was then diluted to 85%. Mr. Huang injected his interests in Billion Great, Super Charm and Olympia Well (which wholly-owned Zhongsheng Dalian, Dalian Xinshengrong and Dalian Yuzeng, respectively) into Elegance Extreme as consideration. As a result, Mr. Huang's interest in Elegance Extreme was increased to 52.96% whereas

Mr. Li's interest in Elegance Extreme was diluted to 32.04%. Please refer to the section entitled "Our History and Reorganization" in this prospectus. As part of the pre-listing reorganization, being the final step of the offshore reorganization of our Group, Elegance Extreme has entered into a restructuring agreement, pursuant to which its interest in Zhongsheng Holdings, Hokuryo (Hong Kong), Billion Great, Super Charm and Olympia Well was injected into our Company.

Accordingly, Mr. Li's offshore interests existed before the M&A Rules came into effect on 8 September 2006 and Mr. Li had not increased and will not increase his offshore interests actively after the M&A Rules became effective.

Based on the above, our PRC legal advisers, King & Wood, have advised that the M&A Rules do not apply to the listing of our Group and the approval of CSRC is not required.

Mr. Li has also completed the filing to update his SAFE Registration Form in relation to the changes in his offshore interests set out above on 25 December 2009.

PROPERTY LAW

The properties which we lease and own in the PRC are subject to the Property Law (中華人民共和國物權法), promulgated by the Standing Committee of the National People's Congress on 16 March 2007 and became effective on 1 October 2007. Under the Property Law, any creation, modification, transfer or termination of property rights shall become effective upon registration with the relevant government authorities. All lawful property of the State, collectives, and individuals are protected by law against embezzlement and encroachment. The Property Law also contains specific provisions relating to land contractual operation rights, construction land use rights, residential land use rights, easement rights and various security rights.

The Administration of the Leasing of Urban Premises Procedures (城市房屋租賃管理辦法) ("**Leasing Procedures**"), promulgated by the Ministry of Construction on 9 May 1995, which became effective on 1 June 1995, provide that premises without title certificates may not be leased. Further, under the Urban Real Estate Administration Law (中華人民共和城市房地產管理法) promulgated by the Standing Committee of the National People's Congress on 5 July 1994 which became effective on 1 January 1995 and as amended on 30 August 2007, a lease must be filed with the real estate administrative department of the Ministry of Construction. Although the PRC courts have previously ruled that failure to file a lease with the relevant PRC Government authorities does not in itself invalidate the lease, fines may be imposed by the real estate administrative department of the Ministry of Construction for such omission, under the Leasing Procedures.

The Land Administration Law (土地管理法) promulgated by the Standing Committee of the National People's Congress on 25 June 1986 which became effective on 1 January 1987 as and amended on 29 December 1988 and 28 August 2004, provides that a Land Use Certificate of State-Owned Land must be obtained from the land administrative department prior to usage of collectively-owned land. Violation of the Land Administration Law may result in the imposition of fines and confiscation of the land involved.

WHOLLY FOREIGN-OWNED ENTERPRISES

The Law on Wholly Foreign-Owned Enterprises (中國外資企業法) promulgated by the Standing Committee of the National People's Congress on 12 April 1986 which became effective on 12 April 1986, and as amended on 31 October 2001, governs the establishment, operation and management of foreign-owned enterprises.

SINO-FOREIGN JOINT VENTURES

The Law on Sino-Foreign Equity Joint Ventures (中國中外合資經營企業法), promulgated by the National People's Congress on 8 July 1979 which became effective on 8 July 1979 and as amended on 4 April 1990 and 15 March 2001, governs the establishment procedures verification and approval procedures, registered capital requirements, foreign exchange restrictions, accounting practices, taxation and labor matters of a Sino-foreign joint equity venture.

FOREIGN INVESTMENT IN RESTRICTED INDUSTRIES

Pursuant to applicable PRC laws, rules and regulations, a foreign-invested enterprise operating in restricted industries shall be subject to NDRC and MOFCOM approval.

Prior to 2001, automobile distribution in China was subject to the 30 Dealerships Limitation. During China's accession to the World Trade Organization in 2001, China made a commitment to abolish the 30 Dealerships Limitation within five years of its accession(1). Accordingly, each of the 2004 Edition of the Catalogue, the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法), and the Measures for the Administration on Foreign Investment in Commercial Sector《外商投資商業領域管理辦法》, provides that the 30 Dealerships Limitation would terminate on 11 December 2006. However, the 2007 Edition of the Catalogue included the 30 Dealerships Limitation. As such, there is uncertainty as to the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups with 30 or more 4S dealerships in the PRC.

Our PRC legal advisers, King & Wood, have advised that the Accession to WTO Agreement is an international treaty which was approved at the 17th meeting of the Standing Committee of the 9th National People's Congress, and the approval of China's accession to the WTO was endorsed by the President of the PRC; whereas the 2007 Edition of the Catalogue was a domestic regulation approved by the relevant ministries and might be revised or interpreted by the relevant authority. Our PRC legal advisers, King & Wood, have advised that China's commitment to the WTO, which is an international treaty, should take precedence over domestic laws and regulations promulgated by the State Council or the relevant ministries or departments (including the 2007 Edition of the Catalogue). The competent officials of the relevant approving authority have confirmed, in response to the verbal consultations conducted by our Company and King & Wood, that the 30 Dealerships Limitation was no longer enforced since 11 December 2006 and they approve the establishment and/or acquisition of foreign invested automobile dealerships in accordance with the Measures for the Administration on Foreign

Note:

(1) China entered into the Accession to WTO Agreement (中國加入世貿組織議定書) on 11 December 2001, which states that the 30 Dealerships Limitation as stipulated under Annex 9 "Schedule of Specific Commitments on Services" shall be eliminated after five years from the date of accession (i.e. 11 December 2006) when foreign chain store operators shall have the freedom of choice of any partners, legally established in China in accordance with the PRC laws and regulations.

Investment in Commercial Sector and the Measures for the Implementation of the Administration of Branded Automobile Sales (both of which provide that the 30 Dealerships Limitation would have been terminated on 11 December 2006).

King & Wood have further advised that our Group has submitted the applications for approval to the appropriate authorities in accordance with the thresholds set out in the Circular of MOFCOM on Delegating Matters Concerning the Examination and Approval of Foreign-invested Commercial Enterprises (關於下放外商投資商業企業審批事項的通知) and the Circular of MOFCOM on Further Improving the Work of Examination and Approval of Foreign Investment (商務部關於進一步改進外商投資審批工作的通知) promulgated by MOFCOM on 12 September 2008 and 5 March 2009 respectively, which provided that whether an individual application shall be handled by MOFCOM or its local counterparts depends on the size of the transaction. King & Wood have further advised that our Group has submitted all the relevant information and documents for approval in accordance with the requirements laid down in the laws and regulations governing the granting of the MOFCOM approvals and as at the Latest Practicable Date, our Group has obtained all the proper approvals from MOFCOM or its local counterparts for all our 4S dealerships regarding the acquisition or establishment of foreign invested automobile dealerships in the PRC, where applicable. Out of the 47 4S dealerships as of 31 December 2009, 27 4S dealerships have obtained approvals from MOFCOM and the remaining 4S dealerships have obtained approvals from the local counterparts of MOFCOM where required by the relevant rules and regulations. King & Wood have also advised that our 4S dealerships are not required to renew such approvals obtained from MOFCOM or its local counterparts.

FOREIGN EXCHANGE CONTROLS

The Foreign Exchange Management Regulations (外匯管理條例) promulgated by the State Council on 29 January 1996 as amended and became effective on 1 August 2008, and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (結匯、售匯及付匯管理規定) promulgated by the People's Bank of China on 20 June 1996 which became effective on 1 July 1996, govern foreign exchange transactions for foreign-invested enterprises. Foreign-invested enterprises are permitted to convert after-tax dividends into foreign exchange and to remit such foreign exchange from their bank accounts in the PRC. Foreign-invested enterprises may also effect payments for current account items without SAFE approval, with valid receipts and proof of the relevant transactions. However, prior approval from SAFE is required for foreign exchange conversions for capital account items, including direct investments and capital contributions.

The Implementation Rules of the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法實施細則) promulgated by SAFE on 5 January 2007 which became effective on 1 February 2007, requires PRC individuals who are granted shares or share options pursuant to an employee share option or share incentive plan by an overseas-listed company, to register with SAFE or a local SAFE department.

The Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**SAFE Circular**") promulgated by SAFE on 21 October 2005 which became effective on 1 November 2005, and the implementing regulations in Notice 106 (國家外匯管理局關於《境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》操作規程的通知) promulgated by

SAFE on 29 May 2007 which became effective on 29 May 2007, require PRC residents with direct or indirect offshore investments, including overseas special purpose vehicles, to file a Registration Form of Overseas Investments Contributed by Domestic Individual Residents and register with SAFE, and to update SAFE's records within 30 days of any major change in capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. Failure to register may result in the prohibition of distributions or contributions from capital reductions, share transfers or liquidations, from PRC entities to the relevant offshore entity in which the PRC resident has a direct or indirect investment.

Our PRC legal advisers, King & Wood, have advised that the provisions of the SAFE Circular are applicable to Mr. Li Guoqiang who is a PRC national. Mr. Li holds equity interests in companies operating 4S dealerships in the PRC via a number of offshore holding companies. On 28 March 2007, Mr. Li completed and filed the Registration Form of Overseas Investments Contributed by Domestic Individual Residents ("**SAFE Registration Form**") with Dalian SAFE. Mr. Li has also completed the filing to update his SAFE Registration Form in relation to the changes in his offshore interests set out above on 25 December 2009. Our PRC legal advisers, King & Wood have advised that the procedures of registering the changes in Mr. Li's equity interests was completed.

Our PRC legal advisers, King & Wood, have advised that the provisions of the SAFE Circular are not applicable to Mr. Huang Yi as Mr. Huang is a Hong Kong resident based on its enquiries with Dalian SAFE.

FOREIGN EXCHANGE RATE

On 21 July 2005, the PBOC changed the fixed RMB-USD exchange system to a floating exchange system based on market supply and demand. The closing price of foreign currencies, including the USD, is announced by PBOC in the inter-bank foreign exchange market after the closing of the market on each working day and is the central parity for trading against RMB on the following working day. The daily trading price of the USD against the RMB in the inter-bank foreign exchange market has been allowed to float within a band of 0.5% around the central parity published by PBOC since 21 May 2007, whilst the trading prices of non-US dollar currencies against the RMB has been allowed to float within a band of 3.0% around the central parity published by PBOC since 23 September 2005.

SHAREHOLDER LOANS

Under existing PRC laws, rules and regulations, a foreign-invested enterprise may seek shareholder loans from offshore investors. In such event, a foreign-invested enterprise must apply to SAFE or local SAFE departments for foreign loan registration certificates and foreign exchange settlements. The aggregate amount of such foreign loans must not exceed the margin between the total investment and registered capital of such FIEs and shall be registered with the local SAFE bureau. The recipient of a foreign loan must submit the foreign loan registration certificate to open and maintain a special foreign exchange account with a SAFE-approved bank, and may then repay the foreign loan with its own foreign exchange funds or by purchasing foreign exchange with RMB upon receiving SAFE approval.

DIVIDEND DISTRIBUTIONS

Under the Law on Wholly Foreign-Owned Enterprises (中國外資企業法), promulgated by the National People's Congress on 12 April 1986 which became effective on 12 April 1986 and as amended on 31 October 2001, and the Law on Sino-foreign Equity Joint Ventures (中國中外合資經營企業法) promulgated by the Standing Committee of the National People's Congress on 8 July 1979 which became effective on 8 July 1979 and as amended on 4 April 1990 and 15 March 2001, foreign-invested enterprises may not distribute after-tax profits unless they have contributed to employees' funds as specified under PRC laws, rules and regulations, and have set off financial losses during previous accounting years. Undistributed profits from previous accounting years may be distributed together with profits available for distribution during the current accounting year. Foreign-invested enterprises may remit after-tax profits as dividends to overseas equity holders without seeking SAFE approval.

ENVIRONMENTAL PROTECTION

The Environmental Protection Law (環境保護法) promulgated on 26 December 1989 by the Standing Committee of the National People's Congress which became effective on 26 December 1989, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is in turn responsible for the environmental protection work within their respective jurisdictions.

Air pollution

The Air Pollution Prevention Law (大氣污染防治法) promulgated on 29 April 2000 by the Standing Committee of the National People's Congress which became effective on 1 September 2000, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus are authorized to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for infringement.

Water pollution

The Water Pollution Prevention Law (水污染防治法) promulgated on 11 May 1984 by the Standing Committee of the National People's Congress which became effective on 1 November 1984 and amended on 15 March 1996 and 28 February 2008, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises which discharge waste into water must pay a treatment fee. Each of the local environmental protection bureaus are authorized to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for infringement, including suspending operations.

Noise pollution

The Noise Pollution Prevention Law (環境噪聲污染防治法) promulgated by the Standing Committee of the National People's Congress on 29 October 1996 which became effective on 1 March 1997, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, renovation or expansion project which might cause environmental noise pollution must prepare and submit an environmental impact statement to the environmental protection department of the State Council for approval. Facilities for prevention and control of environmental noise pollution must be designed, approved by the environmental protection department of the State Council prior to commencement of the project, and built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or left idle without the approval of the environmental protection department of the State Council.

Construction projects

The Environmental Impact Appraisal Law (中華人民共和國環境影響評價法) promulgated by the Standing Committee of the National People's Congress on 28 October 2002 which became effective on 1 September 2003, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例) promulgated by the State Council on 29 November 1998 which became effective on 29 November 1998, and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法) promulgated by the State Environmental Protection Administration of China on 27 December 2001 which became effective on 1 February 2002, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report must be filed with, and approved by, the local environmental protection bureau, prior to commencement of any construction work.

Based on the confirmation letters issued by the relevant local environmental bureaus, our PRC legal advisers, King & Wood, have confirmed their opinion that all the operating entities of the Company have complied with environmental laws and obtained confirmation letters from the relevant local environmental bureau as at the Latest Practicable Date. Our PRC legal advisers, King & Wood, have advised that we are in full compliance with all relevant environmental laws, rules and regulations, have obtained all required permits and environmental approvals for our business and operations in the PRC, and as at the Latest Practicable Date, no incident of environmental pollution or administrative penalty has been imposed on our Group for violation of environmental rules and regulations during the Track Record Period.

AUTOMOBILE RECALLS

The Regulations on Recall of Defective Automotive Products (缺陷汽車產品召回管理規定) ("**Recall Regulations**") promulgated by the State Administration of Quality Supervision, Inspection and Quarantine, the NDRC, MOFCOM, and the General Administration of Customs on 12 March 2004 which became effective on 1 October 2004, requires all automobile dealerships to report defects in automobiles and automobile-related products to both the relevant automakers and the PRC government authorities, and to fully cooperate with the automakers in the conduct of automobile recall activities, and with the PRC government authorities in any investigations thereto.

PRODUCT QUALITY

The principal law governing product liability in the PRC is the Product Quality Law (產品質量法) promulgated by the Standing Committee of the National People's Congress on 22 February 1993 and as amended on 8 July 2000.

Pursuant to the Product Quality Law, a seller is obliged to, among other things, adopt measures to keep products for sale in good quality, not sell defective or damaged products, comply with regulations regarding the labelling of products, not forge the origin of a product, not forge or falsely use another manufacturer's authentication marks, not substitute a fake product for a genuine product or a defective product for a high-quality product.

Violation of the Product Quality Law may result in the imposition of fines, suspension of business operations, revocation of business licenses and criminal liability. Aggrieved consumers may seek compensation from both the manufacturer and the retailer. A retailer may seek reimbursement from the manufacturer in cases where the defect is due to the manufacturer.

CONSUMER PROTECTION

The Consumer Protection Law (消費者權益保護法) promulgated on 31 October 1993 by the Standing Committee of the National People's Congress which became effective on 1 January 1994, prescribes standards of behaviour for businesses in dealing with consumers.

Businesses must, among other things, observe the provisions of the Consumer Protection Law and other relevant laws and regulations regarding personal safety and protection of property, provide consumers with truthful information and advertising in relation to goods and services, truthful and clear answers to consumers' questions in relation to goods and services, ensure that the actual quality of goods and services is consistent with the relevant advertisements, product descriptions or samples, not impose unreasonable or unfair terms on consumers or exclude civil liability unreasonably.

Article 35 of the Consumer Protection Law stipulates that consumers whose legitimate rights and interests are infringed upon during the purchase or use of a product may demand compensation from the relevant vendor. In the event the liability is attributable to another supplier or the manufacturer, the vendor may in turn demand recovery of any compensation paid to the consumer from the supplier or manufacturer, as the case may be. In addition, consumers who suffer personal injury or property damage due to product defects may demand compensation from either the vendor or the manufacturer. If the liability is attributable to the manufacturer, the vendor may demand recovery of any compensation which it paid to the consumer. If the default and liability are attributable to the vendor, the manufacturer may demand recovery of any compensation which it paid to the consumer.

In addition, Article 45 provides that businesses must be responsible for the repair, replacement or return of goods if such goods are guaranteed by PRC laws or pursuant to agreements between the businesses and consumers, and further, that businesses must bear the reasonable cost of transportation for large commodities in the event of repair, replacement or return. Article 45 also stipulates that should a product not work properly after being repaired twice within the term of guaranteed repair, the business shall be responsible for replacement or return. As at the Latest Practicable Date, our PRC legal advisers, King & Wood, have advised that no specific regulations for the automobile industry have been promulgated pursuant to Article 45.

Violation of the Consumer Protection Law may result in the imposition of fines, suspension of business operations, revocation of business licenses and criminal liability. Aggrieved consumers may seek compensation from both the manufacturer and the retailer. A retailer may seek reimbursement from the manufacturer in cases where the defect is due to the manufacturer.

COMPETITION AND ANTI-TRUST LAWS

Pursuant to the Competition Law (反不正當競爭法) promulgated by the Standing Committee of the National People's Congress on 2 September 1993 which became effective on 1 December 1993, businesses may not engage in improper market activities to undermine their competitors, including infringing trademark rights or confidential business information, generating false publicity through advertising or other means, or forging and disseminating false information infringing upon the goodwill of competitors or the reputation of their products, bribing, establishing cartels, and dumping goods below cost.

The Anti-trust Law (反壟斷法), promulgated by the Standing Committee of the National People's Congress on 30 August 2007 which became effective on 1 August 2008, requires proposals for foreign acquisitions and investment in domestic companies to undergo national security reviews, protects core Chinese industries, and grants PRC government authorities substantial discretion to make determinations of monopolistic agreements, abuses of dominant positions, concentrations of power and abuses of administrative powers to eliminate or restrict competition.

Violation of the Competition Law and/or the Anti-trust Law may result in the imposition of fines, revocation of business licenses and criminal liability.

INTELLECTUAL PROPERTY RIGHTS

International conventions

China is a party to several international conventions on intellectual property rights, including the Agreement on Trade-Related Aspects of Intellectual Property Rights, upon its accession to the World Trade Organization in December 2001. China is also a party to the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the World Intellectual Property Organization Copyright Treaty, the Madrid Agreement concerning the International Registration of Marks, and the Patent Cooperation Treaty.

Trademarks

The Trademark Law (商標法) was promulgated by the Standing Committee of the National People's Congress on 23 August 1982 which became effective on 1 March 1983 and amended on 22 February 1993 and 27 October 2001. Under the Trademark Law, any of the following acts shall be an infringement upon the right to exclusive use of a registered trademark:

- using a trademark which is identical with or similar to the registered trademark on the same kind of commodities or similar commodities without a license from the registrant of that trademark;

- selling the commodities that infringe upon the right to exclusive use of a registered trademark;

- forging, manufacturing without authorization the marks of a registered trademark of others, or selling the marks of a registered trademark forged or manufactured without authorization;

- changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark; and

- causing other damage to the right to exclusive use of a registered trademark of another person.

A trademark registrant may conclude a licensing contract authorising use of its registered trademark by another person. Under the Trademark Law, the licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

Violation of the Trademark Law may result in the imposition of fines, confiscation and destruction of the infringing commodities.

The Provisions on Recognition and Protection of Well-known Trademarks (馳名商標認定和保護規定) promulgated by the SAIC on 17 April 2003 which became effective on 1 June 2003, protect well-known trademarks, which are recognized on a case-by-case basis by the Trademark Review and Adjudication Board of the SAIC, the Trademark Office, or the PRC courts.

Copyright

The Copyright Law (著作權法) was promulgated by the National People's Congress on 7 September 1990 and amended on 27 October 2001 and on 26 February 2010. The Implementation Rules of the Copyright Law (2002 Edition) was promulgated by the State Council on 2 August 2002 and became effective on 15 September 2002. Under the Copyright Law, copyright is automatically granted upon completion of a work, and registration is voluntary. The period of copyright protection for an individual author is the lifetime of the author plus 50 years, and 50 years from the date of first publication if the author is a legal entity or organization. No protection is granted if a copyrightable work of a legal entity or organization is not published within 50 years of its completion.

The Regulations on the Protection of Computer Software (計算機軟件保護修例) promulgated on 20 December 2001 by the State Council which became effective on 1 January 2002, provides that computer software, including computer programs and related documentation, is a type of copyrightable work subject to protection under the Copyright Law.

Domain names

The Measures for the Administration of Domain Names for the Chinese Internet (中國互聯網絡域名管理辦法) ("**Domain Name Measures**") were promulgated by the Ministry of Information Industry on 5 November 2004 and became effective on 20 December 2004. The Domain Name Measures regulate registrations of domain names with the Internet country code ".cn" and domain names in Chinese.

The Measures on Domain Name Dispute Resolution (中國互聯網信息中心域名爭議解決辦法(2006年修訂)) ("**Domain Name Dispute Resolution Measures**") (2006 Edition) were promulgated by the Chinese Internet Network Infrastructure Center on 14 February 2006 and became effective on 17 March 2006. The Domain Name Dispute Resolution Measures require domain name disputes to be submitted to institutions authorized by the Chinese Internet Network Information Center for resolution.

Our PRC legal advisers, King & Wood, have confirmed that we are in full compliance with all relevant intellectual property laws, rules, and regulations and that there has been no incident of infringement or alleged infringement of a third party's intellectual property rights during the Track Record Period.

LABOR

Employment contracts

The Labor Contract Law (勞動合同法) promulgated by the Standing Committee of the National People's Congress on 29 June 2007 which became effective on 1 January 2008, governs the relationships between employers and employees and makes specific provisions in relation to the terms and conditions of an employee contract. The Labor Contract Law stipulates that employee contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labor Contract Law, employment contracts lawfully concluded prior to the implementation of the Labor Contract Law and continuing as of the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labor Contract Law but no written employment contract was concluded, a contract must be concluded within one month after its implementation.

Employee funds

Under applicable PRC laws, rules and regulations, including the Interim Regulations on the Collection and Payment of Social Security Funds, promulgated by the State Council on 22 January 1999 which became effective on 22 January 1999 (社會保險費徵繳暫行條例), and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) promulgated by the State Council on 3 April 1999 which became effective on 3 April 1999 and as amended on 24 March 2002, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

As at the Latest Practicable Date, our PRC legal advisers, King & Wood, have advised that all the domestic subsidiaries of the Group are in compliance with the applicable labor laws, rules and regulations and have fully contributed to all mandatory social security funds and housing accumulation fund based on the review of the confirmations issued by the relevant social securities as well as other documents evidencing contribution of the social security funds/housing accumulation funds of the domestic subsidiaries of the Group.

OUR HISTORY

Our Company

Our Company was incorporated in the Cayman Islands on 23 June 2008 as a tax-exempted company with limited liability. As at the Latest Practicable Date, our Company had an authorized share capital of HK$100,000,000 divided into 1,000,000,000,000 Shares of par value HK$0.0001 each. As a result of the corporate reorganization effected in anticipation of the listing of our Shares on the Hong Kong Stock Exchange, our Company became the ultimate holding company of our various subsidiaries. Further details of our corporate structure and reorganization are set out in the paragraphs entitled "Corporate Reorganization" and "Pre-Listing Reorganization" below.

History and Development

Our Group was founded by our co-founders, Mr. Huang Yi and Mr. Li Guoqiang. Prior to founding our Group, both Mr. Huang and Mr. Li had gained extensive relevant experience in the PRC automobile industry.

Mr. Huang held several management positions in business administration, product procurement, and sales operations at China Resources Machinery Co., Ltd, a company engaged in importing and exporting automobiles, during his tenure there between 1984 and 1994. Mr. Huang joined China Automobile Company Limited in 1994 as a director, and was responsible for its procurement and sales divisions. In 1996, Mr. Huang invested in China Automobile Company Limited, which is currently known as Hokuryo Holdings Company Limited, and is an indirect wholly-owned subsidiary of our Group.

In 1995, Mr. Li founded Dalian Aotong Automobile Repair & Assembly Factory, which provided automobile repair and maintenance services, and served as its factory director and legal representative and was responsible for its overall management and operations. Between 1996 and 1998 Mr. Li served as general manager of Dalian Toyota Automobile Services Co., Ltd and Dalian Bonded Zone Toyota Automobile Sales Co., Ltd, handling procurement and sales, and managing national distribution networks. In 1998, Mr. Li founded Dalian Aotong Industry Co., Ltd, a company engaged in automobile distribution, which is now known as Zhongsheng (Dalian) Holdings Co., Ltd., and is an indirectly wholly-owned subsidiary of our Group.

With a wealth of experience in the PRC automobile industry, Mr. Huang and Mr. Li became close business partners and, in 1998, they established our Group. In order to consolidate further their business partnership in automobile-related businesses and to reflect their common business philosophies and beliefs, Mr. Huang, Mr. Li and Ms. Huang Ping (Mr. Huang's sister) entered into an agreement ("**Tripartite Agreement**") dated 14 February 1998 which provided that Mr. Huang and Mr. Li had been acting in concert in respect of the automobile-related business before entering into the agreement and would continue to do so in the future. Mr. Huang and Mr. Li are acting in concert.

It was also agreed that in order to facilitate our Group's business operations which are based in the PRC, Mr. Li (a PRC national) or Ms. Huang Ping (a PRC national) could act on behalf of Mr. Huang (a Hong Kong permanent resident) if necessary. Ms. Huang Ping would not otherwise participate in the management or decision-making process of our Group, and all economic interests in automobile-related businesses owned by Mr. Huang, Mr. Li and Ms. Huang Ping would be owned by Mr. Huang and Mr. Li in equal shares.

Our Group's business has expanded rapidly since 1998. The following sets forth the milestones of our automobile dealership business:

Year	Event
1998	• Our first 3S dealership in Dalian City
	• Our first Toyota dealership[1]
	• Our first Nissan dealership[1]
1999	• Our first Audi dealership[1]
2000	• Our first 3S dealership in Yunnan Province
2001	• Our first 3S dealership in Fujian Province
2002	• Our first 3S dealership in Shanghai
2003	• Our first 3S dealership in Nanjing City
2005	• Our first 4S dealership in Shenzhen
	• Our first 4S dealership in Guangzhou City
	• Our first Lexus dealership[1]
	• Our first Honda dealership[1]
2007	• Our first 4S dealership in Sichuan Province
	• Acquisition of Xinshengrong group of 4S dealerships
2008	• Acquisition of one Nissan dealership[1] in Kunming City, Yunnan Province
	• Acquisition of our first Toyota dealership[1] in Shandong Province
2009	• Acquisition of 15 4S dealerships in Shandong Province, Zhejiang Province, Liaoning Province, Jilin Province and Heilongjiang Province
	• Our first GM dealership[1]
	• Our first Mercedes-Benz dealership[1] in Dalian City

Note:

(1) The term refers to a 3S/4S dealership and specifies the brand of automobiles it operated.

As of 31 December 2009, our business operations had grown to include 47 4S dealerships across 11 provinces and municipalities and 20 cities in China. Our distribution network is located in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as selected inland areas. We began diversifying our business operations and usage of sales platforms by retailing automobile accessories in 2005, establishing our first quick service shop providing automobile maintenance, repair and detailing services in 2008, and commencing our used automobile business in 2008.

CORPORATE REORGANIZATION

In 2007, we initiated a corporate reorganization ("**Reorganization**") for our Group. As at 1 January 2007, we operated 21 4S dealerships, and prior to the Reorganization:

- the ownership of ten operating companies were held through Zhongsheng Holdings, an offshore holding company equally owned by Mr. Huang and Mr. Li; and

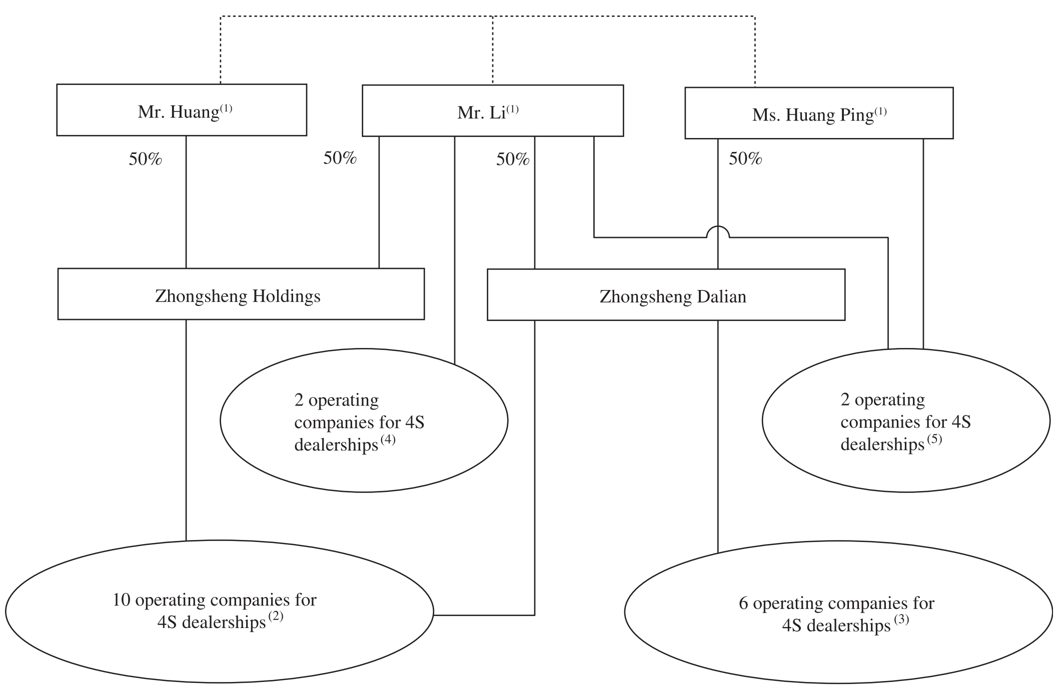
- the ownership of six operating companies were held through Zhongsheng Dalian, an onshore holding company equally owned by Mr. Li and Ms. Huang Ping. Ms. Huang Ping was holding the equity interest in Zhongsheng Dalian on behalf of Mr. Huang under a trust arrangement, which our PRC legal advisers, King & Wood, have confirmed is legal, valid and enforceable between Ms. Huang Ping and Mr. Huang Yi, under existing applicable PRC laws, rules and regulations;

- the ownership in two operating companies which operate 4S dealerships held through Mr. Li; and

- the ownership in two operating companies which operate 4S dealerships held through Mr. Li and Ms. Huang Ping.

In all cases, all economic interests were owned by Mr. Huang and Mr. Li in equal shares pursuant to the Tripartite Agreement.

The following chart shows our ownership structure as at 1 January 2007:



Notes:

(1) All economic interests in operating companies shown in the chart were owned by Mr. Huang and Mr. Li in equal shares pursuant to the Tripartite Agreement.

(2) Majority interests in the following operating companies: Dalian Zhongsheng Toyota Automobile Sales and Services Co., Ltd., Dalian Yingbin Zhongsheng Toyota Automobile Sales and Services Co., Ltd., Dalian Zhongsheng Nissan Automobile Sales and Services Co., Ltd., Dalian Zhongsheng Lexus Automobile Sales and Services Co., Ltd., Guangzhou Zhongsheng Toyota Automobile Sales and Services Co., Ltd., Guangzhou Zhongsheng Lexus Automobile Sales and Services Co., Ltd., Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd., Nanjing Zhongsheng Toyota Automobile Services Co., Ltd., Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. and Dalian Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd. Dalian Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd. are held indirectly by Zhongsheng Holdings through its non-wholly-owned subsidiary, Hokuryo (Hong Kong). The 30% minority interests in Hokuryo (Hong Kong) were acquired by our Group from Independent Third Parties on 28 December 2007.

(3) Majority interests in the following operating companies: Dalian Zhongsheng Huidi Sales & Services Co., Ltd., Dalian Zhongsheng Automobile Sales and Services Co., Ltd., Yunnan Zhongsheng Lexus Sales & Services Co., Ltd., Kunming Zhongsheng Automobile Sales and Services Co., Ltd., Panjin Aotong Automobile Sales & Services Co., Ltd. and Yingkou Zhongsheng Aotong Automobile Sales and Services Co., Ltd.

(4) Majority interest in Shanghai Guoxin Automobile Sales Co., Ltd. and a 50% interest in Xiamen Zhongsheng Toyota Automobile Sales and Services Co., Ltd.

(5) Majority interests in the following operating companies: Kunming Zhongsheng Toyota Sales & Services Co., Ltd. and Yuxi Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd.

Onshore Reorganization

In order to optimize our Group's onshore shareholding structure, we restructured our various operating entities in the PRC. In this onshore restructuring process, Zhongsheng Dalian and Dalian Xinshengrong acted as onshore holding companies to acquire the majority equity interests of various onshore subsidiaries comprising our Group from their respective shareholders at the time, on the date and for the consideration set forth in the following table.

Onshore Acquiror	Onshore Subsidiaries	Name of Shareholder(s)	Interest Acquired	Consideration	Acquisition Date
Zhongsheng Dalian . . .	Shanghai Guoxin Automobile Sales Co., Ltd.	Li Guoqiang	80%	RMB9,600,000	18 December 2007
Zhongsheng Dalian . . .	Fuzhou Zhongsheng Automobile Services Co., Ltd.	Fujian Zhongsheng Automobile Services Co., Ltd.	25%	US$315,000	15 December 2007
Zhongsheng Dalian . . .	Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd.	Fuzhou Zhongsheng Automobile Sales & Services Co., Ltd. (90%) and Li Guoqiang (10%)	100%	RMB5,000,000	12 December 2007

Onshore Acquiror	Onshore Subsidiaries	Name of Shareholder(s)	Interest Acquired	Consideration	Acquisition Date
Zhongsheng Dalian	Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd.	Li Guoqiang	50%	RMB3,000,000	29 December 2007
Zhongsheng Dalian	Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd.	Li Guoqiang (45%) and Huang Ping (45%)	90%	RMB4,500,000	7 January 2008
Zhongsheng Dalian	Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.	Yunnan Zhongsheng Automobile Sales Co., Ltd.	63%	RMB6,300,000	18 December 2007
Dalian Aotong: 40% Dalian Botong: 60% *(Note 1)*	Yunnan Zhongsheng Guangfu Automobile Sales and Services Co., Ltd.	Lv Zhiyong	100%	RMB24,000,000	18 July 2008

Note:

(1) Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd. ("**Dalian Aotong**") and Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. ("**Dalian Botong**") are both wholly-owned subsidiaries of Zhongsheng Dalian. Mr. Lv Zhiyong, acting as the nominee of our Group, purchased 100% equity interests in Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. from Independent Third Parties at a consideration of RMB 24,000,000 on 18 March 2008. Our Group engaged Mr. Lv to acquire Yunnan Zhongsheng Guangfu and to act as the nominee shareholder in order to take part in the preliminary negotiation, maintain our Group's reputation of sound business and operational standards at the initial stage of development of Yunnan Zhongsheng Guangfu. Our PRC legal advisers, King & Wood, have advised that the subsequent transfer of equity interests in Yunnan Guangfu from Mr. Lv to Dalian Aotong and Dalian Botong was legal, valid and enforceable pursuant to the laws and regulations in the PRC.

Offshore Reorganization

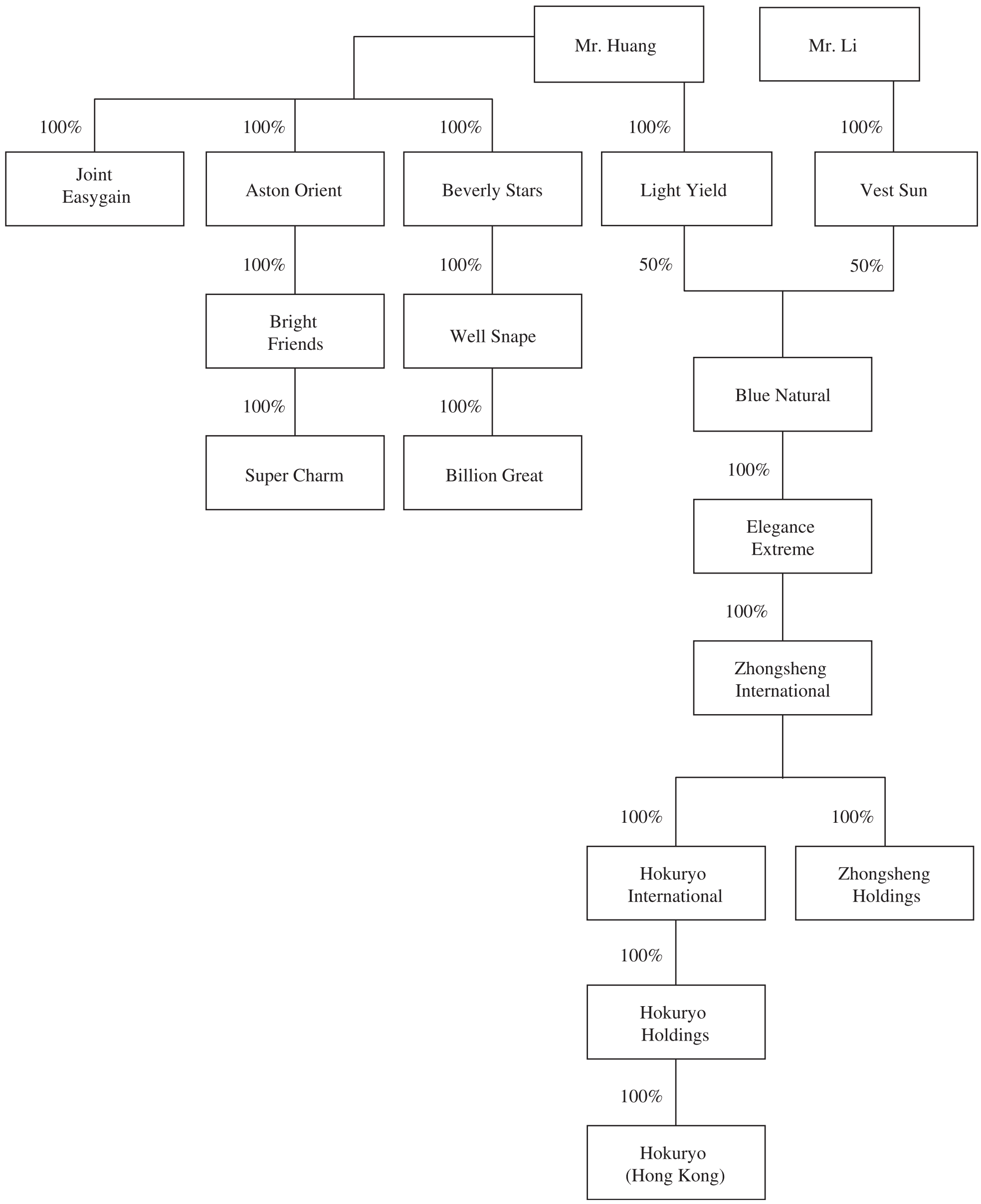
We restructured our various entities outside of the PRC to consolidate the shareholding structure of our Group. The offshore restructuring process was undertaken in the several stages as set out below.

Incorporation of New Offshore Entities

Mr. Huang and/or Mr. Li incorporated a number of new entities in the BVI and Hong Kong in 2007 and consolidated them with their existing offshore entities. The following chart sets forth the entities that were incorporated in 2007:

Date	Entity	Place of Incorporation
22 March 2007	Bright Friends	BVI
17 August 2007	Joint Easygain	BVI
18 September 2007	Vest Sun	BVI
24 September 2007	Beverly Stars	BVI
27 September 2007	Hokuryo International	BVI
16 October 2007	Blue Natural	BVI
17 October 2007	Light Yield	BVI
1 November 2007	Well Snape	BVI
12 November 2007	Aston Orient	BVI
21 November 2007	Billion Great	Hong Kong
21 November 2007	Super Charm	Hong Kong
6 December 2007	Elegance Extreme	BVI

The following chart sets out the shareholding structure of our Group's various offshore entities immediately following the incorporation of the entities described above:



Acquisition of Domestic Companies

The principal step of the offshore reorganization involved the acquisition by Billion Great and Super Charm of Zhongsheng Dalian and Dalian Xinshengrong, respectively, in the PRC and acquisition of Charming Elements by Joint Easygain offshore.

On 8 January 2008, Super Charm agreed to acquire 100% of the equity interests in Dalian Xinshengrong from our nominee shareholders, Mr. Wang Xiangtong and Mr. Li Hanwei, pursuant to an equity transfer agreement. On 25 February 2008, Billion Great agreed to acquire 100% of the equity interests in Zhongsheng Dalian from Mr. Li Guoqiang and Ms. Huang Ping pursuant to an equity transfer agreement for the consideration of RMB200 million. In addition, we completed the offshore acquisition of Dalian Yuzeng on 30 July 2009. Such acquisitions ("**Three Acquisitions**", each an "**Acquisition**") were financed by the investment by General Atlantic described below. Our PRC legal advisers, King & Wood, have advised that all of the Three Acquisitions have received proper approvals from MOFCOM or its local counterparts. In addition, all of the nine operating companies currently held by Zhongsheng Holdings and Hokuryo (Hong Kong) have received proper approvals from MOFCOM or its local counterparts.

The Xinshengrong Acquisition

On 12 April 2007, Mr. Lv Zhiyong and Mr. Lin, who are employees of our Group, established Dalian Xinshengrong under our direction and with funds at RMB20 million provided by us, pursuant to an entrustment agreement entered into between us, Mr. Lv Zhiyong and Mr. Lin. In order to maintain our Group's reputation for sound business and operational standards, Mr. Lv Zhiyong and Mr. Lin were appointed to act as nominees of our Group and shareholders of Dalian Xinshengrong for the initial stages of development of the business and operations of Dalian Xinshengrong. The financial results of Dalian Xinshengrong have been combined into the financial results of our Group since its establishment on 12 April 2007.

As part of our Group's continuing strategy to expand our automobile-related businesses, our Group sought and obtained from independent channels information that Hainan Renyu Investment Co., Ltd, Xu Zhixin, Li Hanwei, Cai Rong, and Dalian Taosheng Automobile Co., Ltd ("**Xinshengrong Vendors**"), each an Independent Third Party, intended to sell their collective interests in Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd, Dalian Xinshengrong Automobile Sales & Services Co., Ltd, and Dalian Xinshengrong Trading Co., Ltd ("**Xinshengrong Subsidiaries**").

In July 2007, the Xinshengrong Vendors agreed to sell the Xinshengrong Subsidiaries to our wholly-owned subsidiary, Zhongsheng Dalian (or its designated transferee) for an aggregate consideration of RMB174 million in cash which was sourced from our internal funding. The consideration was agreed between the parties after taking into account a number of factors, including the goodwill attached to the brands, customer bases, potential earning capacity and net asset value of the Xinshengrong Subsidiaries. Pursuant to the agreement, Zhongsheng Dalian obtained control of the management and operations of the Xinshengrong Subsidiaries, and had voting rights, rights to nominate directors, information rights in respect of financial and accounting records, power to govern financial and operating policies, and was also entitled to receive benefits including dividends from the Xinshengrong Subsidiaries. As such, our Group obtained actual control over Xinshengrong Subsidiaries and their financial results have been combined into our Group's financial results as of 1 August 2007.

On 4 December 2007, we exercised our right to transfer Xinshengrong Subsidiaries to Dalian Xinshengrong, which was nominally held by Mr. Lv Zhiyong and Mr. Lin and beneficially owned by our Group. As the consideration of RMB174 million for the acquisition of Xinshengrong Subsidiaries has already been paid by Zhongsheng Dalian to Xinshengrong Vendors in July 2007, no further consideration was paid by Dalian Xinshengrong to Xinshengrong Vendors in respect of the transfer of Xinshengrong Subsidiaries, and Dalian Xinshengrong recorded an inter-group payable of RMB174 million to Zhongsheng Dalian for the consideration paid to Xinshengrong Vendors by Zhongsheng Dalian. Subsequently on 25 December 2007, we introduced Mr. Wang Xiangtong and Mr. Li Hanwei (both of whom had been the management of Xinshengrong Subsidiaries and were retained as members of the management team of Dalian Xinshengrong after the Xinshengrong acquisition) as the nominee shareholders of Dalian Xinshengrong in place of Mr. Lv Zhiyong and Mr. Lin, as both Mr. Wang Xiangtong and Mr. Li Hanwei possessed several years of relevant experience in the PRC automobile industry, and could further improve the businesses and operations of the Xinshengrong Subsidiaries. Our PRC legal advisers, King & Wood, have confirmed that such nominee arrangements were legal, valid and enforceable in the PRC.

On 8 January 2008, as part of our offshore reorganization, Super Charm agreed to acquire 100% of the equity interests in Dalian Xinshengrong from Mr. Wang Xiangtong and Mr. Li Hanwei pursuant to an equity transfer agreement for a consideration of RMB20 million which was fully financed by General Atlantic, whilst Mr. Wang Xiangtong and Mr. Li Hanwei continued to manage the business and operations of Xinshengrong Subsidiaries. Dalian Xinshengrong was then injected by its controlling shareholder into our Group as part of our offshore reorganization.

The consideration for the acquisition of Dalian Xinshengrong, which held 100% interest in Xinshengrong Subsidiaries, was agreed between the parties after arm's length negotiation by reference to the net asset value of Dalian Xinshengrong assessed by an independent valuer as at 30 September 2007. By the time of the acquisition of Dalian Xinshengrong by Super Charm in January 2008, Dalian Xinshengrong has already repaid RMB20 million to Zhongsheng Dalian and therefore, the outstanding loan became RMB154 million. The net asset value of Dalian Xinshengrong of RMB20 million was calculated by deducting the outstanding loan of RMB154 million from the fair value of Xinshengrong Subsidiaries of RMB174 million.

In relation to the entire Xinshengrong Acquisition as set out above, King & Wood have advised that only the acquisition of Dalian Xinshengrong by Super Charm on 8 January 2008 was subject to the provisions under the M&A Rules, which are generally applicable to acquisitions of PRC domestic enterprises by foreign investors, and we have obtained the relevant approval from MOFCOM. In particular, Super Charm has obtained the relevant approval from MOFCOM regarding Mr. Huang's interest in this acquisition.

Regarding the provisions under the M&A Rules governing "round-trip investment" ("返程投資") by PRC residents through offshore special purpose vehicles, King & Wood have advised that such provisions were not applicable to the acquisition of Dalian Xinshengrong by Super Charm as the latter was wholly owned and controlled by Mr. Huang and such acquisition was regarded as solely initiated and executed by Mr. Huang, a Hong Kong resident at the relevant time.

In light of the above, King & Wood have advised that Xinshengrong Acquisition was in compliance with the M&A Rules.

In relation to the applicability of the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles ("**Notice**") to Xinshengrong Acquisition, King & Wood have advised that the establishment of Dalian Xinshengrong and the acquisition of Xinshengrong Subsidiaries from Xinshengrong Vendors by Zhongsheng Dalian were not subject to the Notice as they were conducted by domestic entities. In respect of the acquisition of Dalian Xinshengrong by Super Charm in January 2008, the foreign invested entity involved, namely Super Charm, was wholly owned and controlled by Mr. Huang. Accordingly, Mr. Li's offshore interests did not change as a result of the acquisition by Super Charm and on this basis, King & Wood have advised that the Xinshengrong Acquisition was not subject to the Notice.

King & Wood have further advised that neither the M&A Rules nor the Notice were applicable to Mr. Huang as he was a Hong Kong resident at the time of making the Xinshengrong Acquisition.

Dalian Yuzeng Acquisition

Dalian Yuzeng was an independent automobile dealership group operating four 4S dealerships (including one which was under construction) in China. As part of our Group's strategy to expand our automobile-related business, our Group approached the original shareholders of Dalian Yuzeng, which are Independent Third Parties ("**Yuzeng Vendors**"), to propose an acquisition to further strengthen our Group's operation in China.

Pursuant to a share purchase agreement entered into between our Group and the Yuzeng Vendors on 8 December 2008, we obtained control over Dalian Yuzeng on 1 January 2009. On 30 July 2009, the Yuzeng Vendors completed the transfer of 100% equity interests in Charming Elements, the shareholding company which held 100% equity interests in Olympia Well, which in turn held 100% equity interests in Dalian Yuzeng, to Joint Easygain. The consideration paid to the Yuzeng Vendors was RMB125 million, which were financed by General Atlantic pursuant to the Loan Agreement and the Investment Agreement. Such amount was agreed between the parties after taking into account a number of factors, including the goodwill attached to the brands, customer base, potential profitability and net asset value of Dalian Yuzeng.

Disposal of two subsidiaries

In July 2007, our Group disposed of its entire equity interests in two subsidiaries which were operating in Liaoning Province, Panjin Aotong Automobile Sales and Services Co., Ltd and Yingkou Zhongsheng Aotong Automobile Sales & Services Co., Ltd., which were engaged in new automobile sales and providing repair and maintenance services in Panjin City and Yingkou City respectively, to Dalian Yinghe Industry Co., Ltd., an Independent Third Party, for a consideration of RMB6 million each. The consideration was determined on an arm-length's basis, taking into account various factors, including each party's evaluation of the business, operations and profit-earning potential of the two companies. We disposed of these subsidiaries to focus our resources on our subsidiaries located in geographical areas with higher profitability and strategic benefits.

Investment by General Atlantic

In order to finance the Three Acquisitions and to raise funds for our Group's long-term growth, and to benefit from General Atlantic's expertise in the areas of corporate governance and capital markets, on 2 February 2008, Elegance Extreme, Mr. Huang, Mr. Li, Light Yield, Vest Sun, Blue Natural, Joint Easygain, Aston Orient, Beverly Stars, General Atlantic and General Atlantic Partners (Bermuda), L.P. (acting as primary obligor to guarantee the payment obligations by General Atlantic under the Investment Agreement and the Loan Agreement) entered into an investment agreement (as amended on 12 June 2008, 8 September 2008 and 27 July 2009, the "**Investment Agreement**") and a loan agreement (as amended on 12 June 2008 and 27 July 2009, the "**Loan Agreement**").

Pursuant to the Investment Agreement and the Loan Agreement:

(a) General Atlantic lent an aggregate amount of RMB437,532,131 to Beverly Stars, Aston Orient and Joint Easygain, all of which are wholly-owned by Mr. Huang, subject to certain terms and conditions;

(b) upon the drawdown of three tranches of loans to Beverly Stars, Aston Orient and Joint Easygain, each of Beverly Stars, Aston Orient and Joint Easygain contributed its entire ownership in Well Snape, Bright Friends and Charming Elements, respectively, for common shares and preferred shares in Elegance Extreme and immediately transferred such preferred shares to General Atlantic as repayment for the relevant loan. At the same time, each of Beverly Stars, Aston Orient and Joint Easygain contributed the common shares they each held in Elegance Extreme to Blue Natural for common shares in Blue Natural, and immediately transferred all such common shares in Blue Natural to Light Yield. Each of three tranches of transactions above were completed on 30 June 2008, 28 August 2008 and 30 July 2009, respectively.

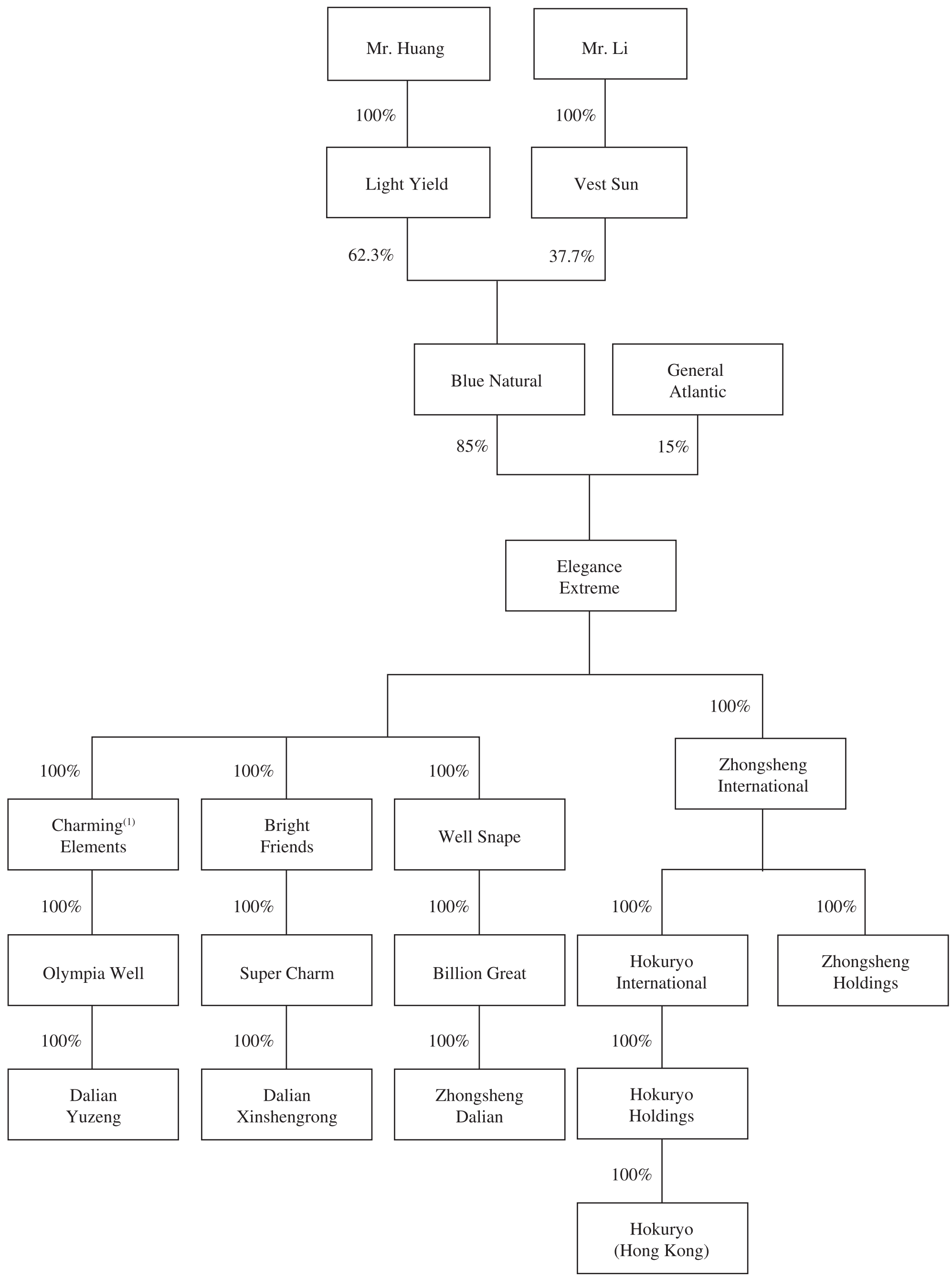
(c) The proceeds of the loan of RMB387,532,131 to Beverly Stars were applied to acquire Zhongsheng Dalian for RMB200 million through Billion Great and the remaining amount of RMB187.5 million was made as cash payment to Mr. Huang in consideration for his ownership in our Group. The purchase price to acquire Zhongsheng Dalian is based on the asset appraisal value determined by the independent appraiser, and the consideration was determined on arm's length terms and was comparable to the market rates. The proceeds of the loan of RMB20 million to Aston Orient were applied to pay the cash consideration for acquiring Dalian Xinshengrong. The proceeds of the loan of RMB30 million to Joint Easygain were applied to pay part of the purchase price to the Yuzeng Vendors. The remaining purchase prices for acquiring Dalian Yuzeng were also financed by General Atlantic. All of these purchase prices were made in cash and wired transferred to the designated bank accounts of the selling shareholders.

(d) on 30 June 2008, simultaneously with the completion of the first transfer of preferred shares as repayment for the first tranche of the loans to Beverly Stars, General Atlantic subscribed for, and Elegance Extreme issued to General Atlantic 147,793,135 preferred shares in consideration for RMB750,114,928 upon the terms and subject to the conditions set forth in the Investment Agreement.

(e) upon completion of repayment of three tranches of loans in the total amount of RMB437,532,131 pursuant to the Loan Agreement and completion of subscription of additional preferred shares in Elegance Extreme in the amount of RMB750,114,928 pursuant to the Investment Agreement as mentioned above, General Atlantic has received a total of 233,998,919 preferred shares in Elegance Extreme, of which 86,205,784 preferred shares were received as repayment of General Atlantic's loan and 147,793,135 preferred shares were received as General Atlantic's subscription, representing in aggregate 15% of the total issued shares of Elegance Extreme. No more preferred shares will be issued to General Atlantic.

Please see the sub-section entitled "General Atlantic and Terms of Its Investment" in this section of the prospectus for more information.

Upon completion of the Three Acquisitions, which were solely initiated and executed by Mr. Huang, Mr. Huang injected his interests in Billion Great, Super Charm and Olympia Well to our Group on the basis of respective net asset value of RMB387,532,131, RMB20,000,000 and RMB30,000,000 at the relevant time of injections. As a result of Mr. Huang's injection of his interests in Billion Great, Super Charm and Olympia Well to our Group, Mr. Huang's interests in Blue Natural was increased from 50% to 62.3%; whereas Mr. Li's interests in Blue Natural was correspondingly reduced from 50% to 37.7%. The following chart sets out the shareholding structure of various offshore entities immediately following completion of the Three Acquisitions and the subscription by General Atlantic of preferred shares in Elegance Extreme:



Note:

(1) Charming Elements, the shareholding company which held 100% equity interests in Olympia Well, which in turn held 100% equity interests in Dalian Yuzeng, was originally owned by the Yuzeng Vendors. Following the completion of Dalian Yuzeng acquisition on 30 July 2009, the Yuzeng Vendors transferred 100% of their equity interest in Charming Elements to Joint Easygain, and Joint Easygain subsequently transferred the 100% of equity interest in Charming Elements to our Group (held through Elegance Extreme) as part of our offshore reorganization.

Incorporation of Noble Villa and Share Exchange between Elegance Extreme and Our Company

Noble Villa was incorporated in the BVI on 23 July 2008 as a wholly-owned subsidiary of our Company. On 9 February 2010, Elegance Extreme, Noble Villa, Blue Natural, General Atlantic and our Company entered into a pre-IPO reorganization agreement ("**Pre-IPO Reorganization Agreement**") pursuant to which Elegance Extreme transferred all of its shares in Bright Friends, Well Snape, Charming Elements and Zhongsheng International to Noble Villa in exchange for an issue of Shares in our Company.

The Blue Natural Agreement

Mr. Huang and Mr. Li wished to continue to exercise equal control over our Group through their interests in Blue Natural, a company owned by Light Yield and Vest Sun. Each of Light Yield and Vest Sun is a BVI intermediate holding company wholly-owned by Mr. Huang and Mr. Li, respectively. Notwithstanding the dilution of Mr. Li's interest in our Group as a result of the Reorganization, as well as the dilution resulting from the investment by General Atlantic, Mr. Huang and Mr. Li entered into a shareholders agreement on 31 December 2007 ("**Blue Natural Agreement**").

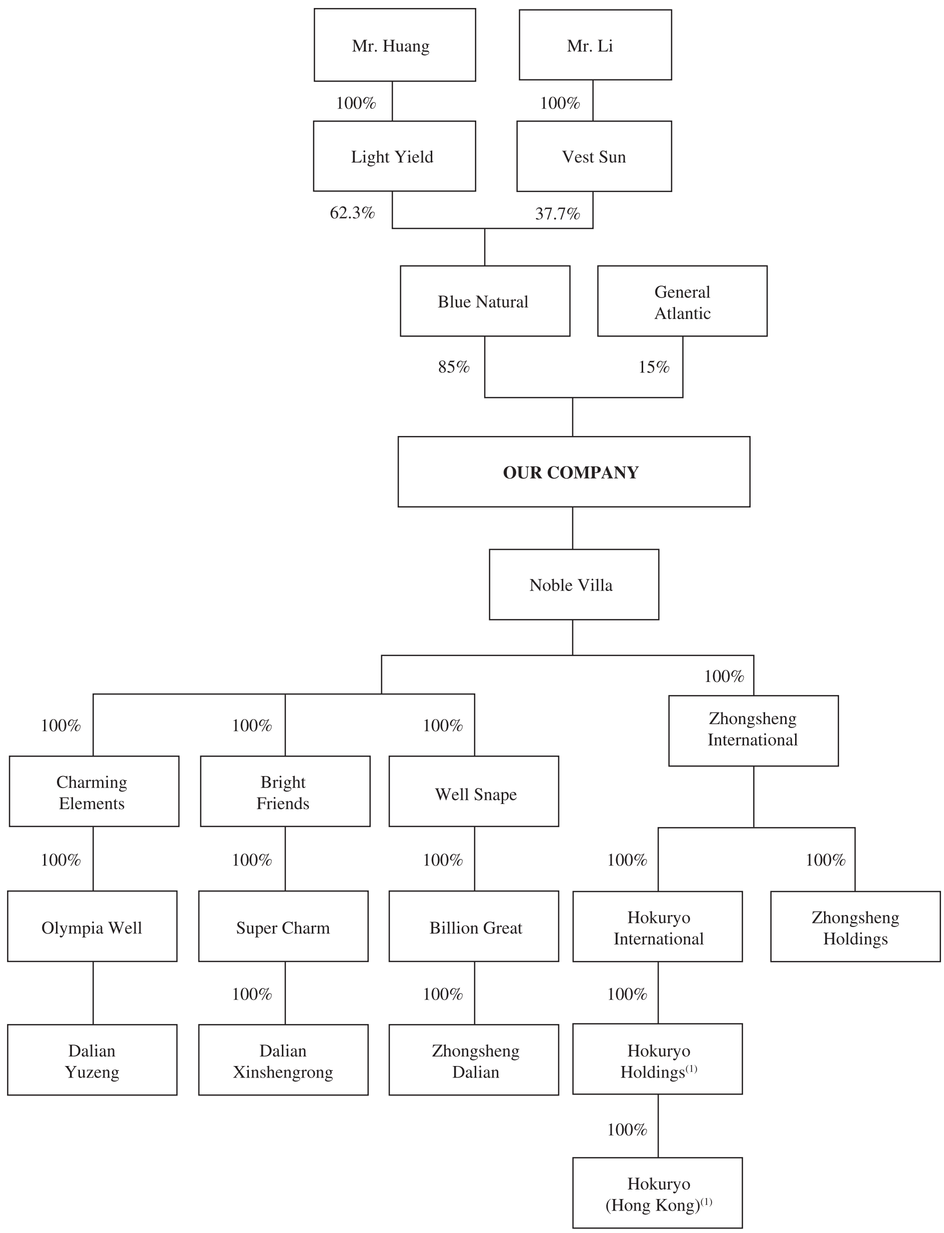
The Blue Natural Agreement has effectively replaced the Tripartite Agreement, which is not required to be endorsed by Ms. Huang Ping as Ms. Huang only held the equity interests on behalf of Mr. Huang. Pursuant to the Blue Natural Agreement, Mr. Huang and Mr. Li agreed that in order to consolidate their equal control in a manner of acting in concert over Blue Natural and our Group, (a) they would continue to exercise all operating and investment decisions in concert; (b) they would only exercise their respective voting rights in shareholders' meetings of Blue Natural with the mutual agreement of both Mr. Huang and Mr. Li; and (c) they would make all operating and strategic decisions in respect of our Company with the mutual agreement of both Mr. Huang and Mr. Li. Mr. Huang and Mr. Li further agreed in the Blue Natural Agreement that (a) all shareholders' resolutions of Blue Natural require the unanimous consent of both Mr. Huang and Mr. Li; (b) Blue Natural shall only have two directors and Mr. Li shall not be removed as a director of Blue Natural without his consent; and (c) all corporate actions of Blue Natural shall be made by the unanimous consent of all members of the board of directors of Blue Natural, i.e. Mr. Huang and Mr. Li, who are acting in concert. Pursuant to the Blue Natural Agreement, Mr. Huang and Mr. Li continue to act in concert in operating the automobile-related business.

To date, Mr. Huang and Mr. Li have not experienced any deadlock in decision-making. It is unlikely that deadlock will occur between Mr. Huang and Mr. Li, or that our Group will be in limbo.

PRE-LISTING REORGANIZATION

In anticipation of and for the purpose of the listing of our Shares on the Hong Kong Stock Exchange, our Group underwent a pre-listing reorganization. On 9 February 2010, Elegance Extreme, Noble Villa, Blue Natural, General Atlantic and our Company entered into the Pre-IPO Reorganization Agreement, pursuant to which, Elegance Extreme first transferred all of its shares in Bright Friends, Well Snape, Charming Elements and Zhongsheng International to Noble Villa in exchange for an issue of 1,559,892,795 Shares in our Company ("**Share Swap I**"). After the completion of Share Swap I, Elegance Extreme held a total of 1,559,992,795 Shares in our Company. The Share Swap I was completed on 22 February 2010. General Atlantic will then convert all the preferred shares it held in Elegance Extreme to the common shares in Elegance Extreme, Elegance Extreme will then repurchase all of its issued common shares from Blue Natural (with the exception of 85 common shares) and General Atlantic (with the exception of 15 common shares), respectively, and as consideration, Elegance Extreme will transfer 85% and 15% of our Shares held by it to Blue Natural and General Atlantic, respectively ("**Share Swap II**"). The Share Swap II will be completed immediately prior to the completion of the Global Offering.

The following chart sets out the offshore shareholding structure of our Group immediately following completion of the share exchange as described above and immediately prior to the completion of the Global Offering:



Note:

(1) Hokuryo International, Hokuryo Holdings, Hokuryo (Hong Kong) and Zhongsheng Holdings are holding companies.

GENERAL ATLANTIC AND TERMS OF ITS INVESTMENT

General Atlantic is an investment entity in the General Atlantic private equity group, a leading global growth equity firm providing capital and strategic support for growth companies. Founded in the U.S. in 1980, the General Atlantic private equity group currently has approximately US$14 billion in capital under management, investing between US$50 million and US$500 million as minority or majority investors in private and public companies. It operates through eight offices in the Americas, Europe, Greater China and India with portfolio companies spanning six continents and over 12 countries. Since its first investment in Asia in 1999, the General Atlantic private equity group has invested over US$500 million in China in various industries. Its investments include Lenovo Group Limited (HKEx Stock Code: 992) and Wuxi PharmaTech (Cayman) Inc. (NYSE Stock Code: WX). Our Group's primary rationale for accepting loans from General Atlantic and the placement of preferred shares in Elegance Extreme to General Atlantic were to finance the Three Acquisitions, raise funds for our Group's long-term growth, and benefit from General Atlantic's expertise in the areas of corporate governance and capital markets.

The major terms and conditions of General Atlantic's investment include:

- *Loans.* General Atlantic agreed to lend an aggregate amount of RMB437,532,131 to Beverly Stars, Aston Orient and Joint Easygain to fund the Three Acquisitions, subject to certain terms and conditions, among which, RMB387,532,131 was drawn by Beverly Stars on 30 June 2008, RMB20 million was drawn by Aston Orient on 28 August 2008, and RMB30 million was drawn by Joint Easygain on 30 July 2009, respectively;

  Upon drawdown of the three loans, (i) Beverly Stars contributed its entire ownership in Well Snape to Elegance Extreme; (ii) Aston Orient contributed its entire ownership in Bright Friends to Elegance Extreme; and (iii) Joint Easygain contributed its entire ownership in Charming Elements to Elegance Extreme. In consideration, Beverly Stars, Aston Orient and Joint Easygain received an aggregate of 325,993,876 common shares and 86,205,784 preferred shares in Elegance Extreme and immediately transferred all preferred shares to General Atlantic as repayment for the relevant loan. As at the date of this prospectus, all the relevant loans have been settled by transferring the preferred shares to General Atlantic. At the same time that the preferred shares were transferred to General Atlantic, each of Beverly Stars, Aston Orient and Joint Easygain contributed the common shares they each held in Elegance Extreme to Blue Natural for common shares in Blue Natural, and immediately transferred all such common shares in Blue Natural to Light Yield.

  The number of preferred shares transferred to General Atlantic was calculated based on an estimated price per share of RMB5.0754, which is the effective investment cost based on arms-length negotiation between General Atlantic and our Group, after taking in account a number of factors, including the net asset value, goodwill, our Group's competitiveness and potential profitability. Upon Listing, if the price per Share of General Atlantic's investment is greater than the Offer Price, General Atlantic is entitled to receive from Blue Natural, for no consideration, such number of Shares on or prior to the Listing Date to the effect that the price per Share for the investment in our Group held by General Atlantic is equal to the Offer Price. Such share transfer will not occur given that the lower end the Offer Price range is above RMB5.0754 per Share.

- *Subscription for preferred shares in Elegance Extreme.* On 30 June 2008, simultaneously with the completion of the first transfer of preferred shares in Elegance Extreme to General Atlantic as repayment for the first tranche of the loans, Elegance Extreme issued to General Atlantic 147,793,135 preferred shares for a consideration of RMB750,114,928.

  The number of preferred shares issued to General Atlantic was based on an estimated price per share of RMB5.0754.

In addition to the Investment Agreement and the Loan Agreement, the following agreements were also entered into:

- *Share charges*, namely a series of share charges entered into by Mr. Huang and/or his wholly-owned offshore companies in favour of General Atlantic on 30 June 2008 and 30 July 2009 to secure the borrowers' obligations under the Loan Agreement. The charged shares include all issued and outstanding ordinary shares of Joint Easygain, Aston Orient, Beverly Stars, Light Yield, Bright Friends, Well Snape, Super Charm, Billion Great, Charming Elements and Olympia Well, and 50% of the issued and outstanding ordinary shares of Blue Natural. All share charges were terminated upon full repayment of the loans in accordance with the Loan Agreement.

- *Guaranty deeds*, namely the guaranty deeds dated 30 June 2008 and 30 July 2009 pursuant to which each of the share charges described above guaranteed the borrowers' obligations under the Loan Agreement. All guaranty deeds were terminated upon full repayment of the loans in accordance with the Loan Agreement.

- *Shareholders agreement* by and among Mr. Huang Yi, Mr. Li Guoqiang, General Atlantic and Elegance Extreme on 30 June 2008, effective on 30 June 2008, and as amended ("**Shareholders Agreement**"). General Atlantic is entitled to the following rights pursuant to the Shareholders Agreement:

  - *Right to Board Representation*

    For so long as General Atlantic or its affiliates hold not less than 3% of the total issued share capital of our Company on a fully diluted basis, our Board shall include one individual designated by General Atlantic, who shall have the right to serve on each committee of our Board.

  - *Veto Rights*

    For so long as General Atlantic or its affiliates hold not less than 3% of the total issued share capital of our Company on a fully diluted basis, neither our Company nor any of our subsidiaries may take certain actions without the unanimous prior consent of our Board, including:

    — issue or redeem any share capital or other equity securities, or make any other change to the share capital;

— make any significant investment or capital expenditure, sell or dispose of any asset or business outside the annual budget of the applicable year;

— pass any resolution for the winding up or dissolution of our Company or any other company of our Group or undertake any merger, reconstruction or liquidation exercise concerning our Company or any other company of our Group;

— incur significant indebtedness or enter into new business;

— make amendments to constitutional documents of our Company or any other company of our Group;

— make any distribution exceeding 30% of the net profits of the relevant company of our Group. Our Company has agreed not to make any distribution of profits prior to 1 January 2010 so long as General Atlantic holds not less than 3% of the total issued share capital of our Company;

— appoint or change auditors of our Company; and

— settle material litigation, or commence any other dispute resolution procedures.

- *Information Rights*

  General Atlantic is entitled to receive periodic financial statements of our Company.

- *Anti-dilution rights in the Global Offering*

  We undertook under the Shareholders Agreement that, to the extent permitted by the applicable law and the Listing Rules, General Atlantic has the right to purchase, at their option, at the Offer Price per Share, up to the number of Shares that will enable General Atlantic to maintain, in the aggregate, their percentage ownership interest in our Company immediately prior to the completion of the Global Offering, i.e, 15% interest in our Company ("**Anti-Dilution Right**").

Rule 10.04 of the Listing Rules provides that an existing shareholder may only subscribe for or purchase securities if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. In addition, paragraph 5(2) of Appendix 6 to the Listing Rules provides, *inter alia*, that no allocations will be permitted to existing shareholders of the Company unless the conditions in Rules 10.03 and 10.04 of the Listing Rules are met and unless prior written consent of the Hong Kong Stock Exchange has been obtained. An application has been made to the Hong Kong Stock Exchange to grant, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 10.04 of the Listing Rules and paragraph 5(2) of Appendix 6 to the Listing Rules in connection with the exercise by General Atlantic of its Anti-Dilution Right.

General Atlantic has confirmed to the Company that it intends to partially exercise the Anti-Dilution Right by investing US$25 million to subscribe for the new Shares of our Company at the final Offer Price rounded down to the nearest board lot. General Atlantic has undertaken to each of the Joint Bookrunners that it shall not and shall procure that the relevant registered holder(s) of the Shares (i) in respect of which are currently owned by General Atlantic, (ii) in respect of which General Atlantic is otherwise shown by this prospectus to be the beneficial owner, (iii) which may be subscribed by General Atlantic under the Global Offering, if any, and (iv) in respect of which General Atlantic will subscribe pursuant to its partial exercise of the Anti-Dilution Right (collectively, "**GA Shares**") shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the requirements of the Listing Rules, at any time during the First Six-month Period, *inter alia*, dispose of the GA Shares. Please refer to the section entitled "Underwriting" in this prospectus for details of the non-disposal undertaking by General Atlantic. The completion date for the new Shares to be subscribed by General Atlantic pursuant to its partial exercise of the Anti-Dilution Right will be the same date as the completion of the Global Offering. The Shares to be issued to General Atlantic will rank *pari passu* in all respects with all other Shares in issue or to be issued as mentioned in this prospectus.

Based on the Offer Price of HK$9.54 (being the lower end of the estimated Offer Price range) and taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company, General Atlantic's shareholding in our Company following completion of the Global Offering will be approximately 13.63% (before any exercise of the Over-allotment Option) and 13.32% (assuming full exercise of the Over-allotment Option). Based on the Offer Price of HK$12.83 (being the higher end of the estimated Offer Price range) and taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company, General Atlantic's shareholding in our Company following the completion of the Global Offering will be approximately 13.38% (before any exercise of the Over-allotment Option) and 13.08% (assuming full exercise of the Over-allotment Option).

We will disclose in the announcement of the Offer Price (expected to be published on Thursday, 25 March 2010) the number of Shares to be issued to General Atlantic pursuant to its partial exercise of the Anti-Dilution Right and the shareholding structure of the Company (in tabular form), showing the effect of the partial exercise of the Anti-Dilution Right (before and after full exercise of the Over-allotment Option).

The Shareholders Agreement, including the rights of General Atlantic set out above, will terminate upon Listing (if not terminated earlier) except for the following provisions:

- *Non-competition undertaking*

  — Mr. Huang, Mr. Li, Light Yield, Vest Sun and Blue Natural agree not to, among other things, directly or indirectly (i) engage in any business that competes with the business of our Group in the PRC; (ii) be employed by or render any services to, any person engaged in any business that competes with the business of our Group in any geographical area in which our Group does business; (iii) acquire a financial interest in any person engaged in any business that competes with the business of our Group in any geographical area in which our Group operates; or (iv) solicit the business of our Group or a customer or a client of our Group.

  — Mr. Huang, Mr. Li, Light Yield, Vest Sun and Blue Natural agree that our Company will be the exclusive vehicle to hold their automobile-related businesses.

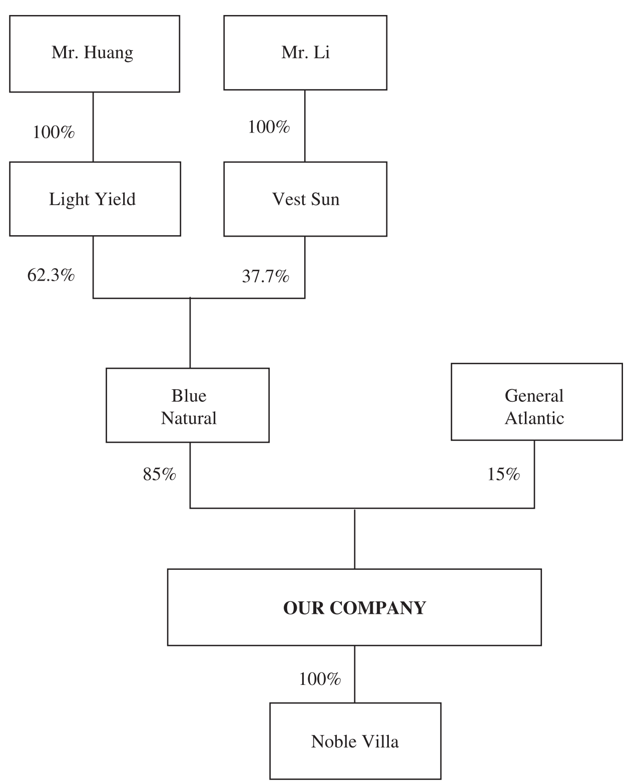
— Each of Mr. Huang, Mr. Li, Light Yield, Vest Sun, Blue Natural and General Atlantic covenants not to transfer or dispose of any Shares in our Company or any securities convertible into Shares of our Company for a period of 180 days beginning from the Listing Date.

— The non-competition undertaking will survive for two years after the termination of the Shareholders Agreement, which will occur upon the earliest of (a) the Listing Date, (b) the consummation of a sale transaction (as defined in the Shareholders Agreement, which means in a single transaction or series of related transactions, any business combination or a voluntary sale of voting securities by Mr. Li and/or Mr. Huang, upon completion of which, Mr. Li and Mr. Huang, collectively, do not, directly or indirectly, own a majority of the voting securities in our Company, or a sale of all or substantially all of the assets of our Company), and (c) the tenth anniversary of the date of the Shareholders Agreement.

- An amended and restated memorandum and articles of association of Elegance Extreme adopted by the shareholders of Elegance Extreme on 30 June 2008 and became effective from 2 July 2008 (as amended) to reflect, among other things, (i) the agreements reached in the Shareholders Agreement; and (ii) the terms of preferred shares in Elegance Extreme issued/transferred to General Atlantic.

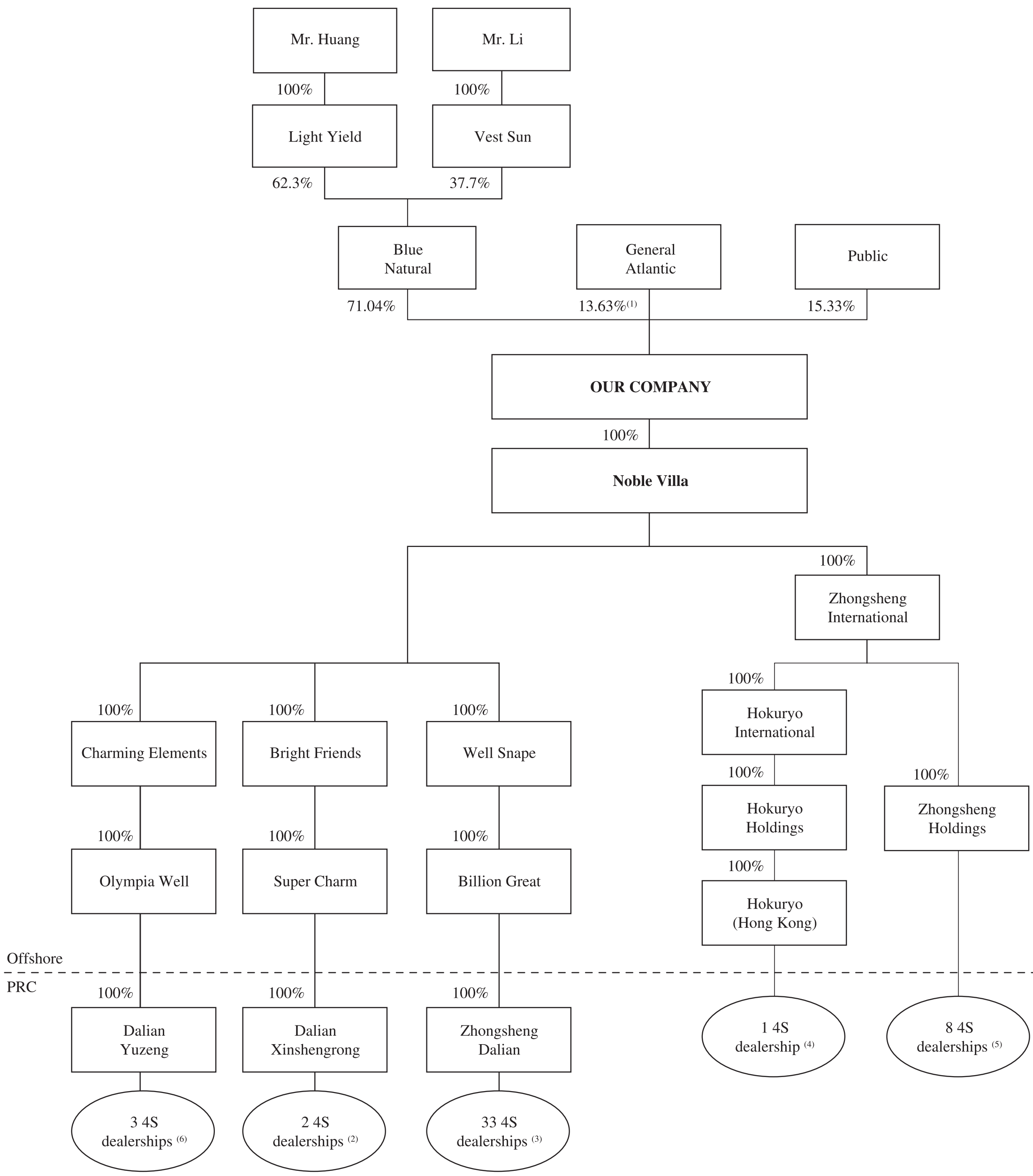
GROUP STRUCTURE

Set forth below is our shareholding structure after completion of the pre-listing reorganization and immediately prior to the completion of the Global Offering:



THE GLOBAL OFFERING

Set forth below is our shareholding structure immediately after completion of the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company while assuming the final Offer Price of HK$9.54 (being the lower end of the estimated Offer Price range) and assuming the Over-allotment Option is not exercised):



Notes:

(1) Assuming the final Offer Price of HK$12.83 (being the higher end of the estimated Offer Price range), the shareholdings in our Company to be held by Blue Natural, General Atlantic and the public shareholders will be 71.25%, 13.38% and 15.37%, respectively, assuming the Over-allotment Option is not exercised. Please see page 111 of this prospectus for further details regarding the Anti-Dilution Right.

(2) Majority interests in the following companies operating two 4S dealerships: (1) Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd.; and (2) Dalian Xinshengrong Automobile Sales & Services Co., Ltd.

(3) Majority interests in the following companies operating 32 4S dealerships: (1) Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd.; (2) Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (3) Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. and minority interest in Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd.. The majority interest in Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. is held by Zhongsheng Holdings Company Limited. Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. and Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. jointly operate a 4S dealership; (4) Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. and minority interest in Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd.. The majority interest in Dalian Zhongsheng Nissan Automobile Sales & Services Co. is held by Zhongsheng Holdings Company Limited. Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. and Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. jointly operate a 4S dealership; (5) Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (6) Kunming Zhongsheng Automobile Sales & Services Co., Ltd.; (7) Dalian Zhongsheng Star Automobile Sales & Services Co., Ltd.; (8) Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; (9) Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.; (10) Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; (11) Dalian Zhongsheng Automobile Sales & Services Co., Ltd.; (12) Dalian Autong Dongfeng Honda Automobile Sales & Services Co., Ltd.; (13) Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (14) Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd.; (15) Nanjing Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd.; (16) Dalian Zhongsheng Hongda Automobile Sales & Services Co., Ltd. (formerly known as Dalian Xinshengrong Trading Co., Ltd.); (17) Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd; (18) Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd.; (19) Yantai Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (20) Changchun Chengbang Commerce & Trade Co., Ltd.; (21) Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd.; (22) Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd.; (23) Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd.; (24) Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd.; (25) Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.; (26) Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd.; (27) Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.; (28) Shaoxing Huixin Automobile Sales & Services Co., Ltd.; (29) Shaoxing Zhongxin Automobile Sales Co., Ltd.; (30) Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd.; (31) Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd; and (32) Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; as well as a 50% interest in Xiamen Zhongsheng Toyota Automobile Sales and Services Co., Ltd. which operates a 4S dealership.

(4) Majority interest in Dalian Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd, which operates a 4S dealership.

(5) Majority interests in the following companies operating eight 4S dealerships: (1) Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (2) Guangzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; (3) Nanjing Zhongsheng Toyota Automobile Services Co., Ltd.; (4) Guangzhou Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (5) Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd.; (6) Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (7) Dongguan Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; and (8) Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd.

(6) Majority interests in the following companies operating three 4S dealerships: (1) Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd.; (2) Dalian Yude Toyota Automobile Sales & Services Co., Ltd.; and (3) Yingkou Huasheng Automobile Sales & Services Co., Ltd.

(7) English names are for reference only.

Additionally, set forth below are the shareholding structures of the companies comprising our Group that operate 4S dealerships as of 31 December 2009:

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
1. Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd. (大連新盛榮豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A
2. Dalian Xinshengrong Automobile Sales & Services Co., Ltd. (大連新盛榮汽車銷售服務有限公司).	Dalian	Audi	Automobile sales and services	100%	N/A
3. Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd. (大連中升匯迪汽車銷售服務有限公司)	Dalian	Audi	Automobile sales and services	100%	N/A
4. Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (昆明中升豐田汽車銷售服務有限公司)	Kunming	FAW-Toyota	Automobile sales and services	100%[2]	N/A
5. Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. (福州中升豐田汽車銷售有限公司).	Fuzhou	FAW-Toyota	Automobile sales	100%	N/A
6. Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. (福州中升豐田汽車服務有限公司).	Fuzhou	FAW-Toyota	Automobile services	100%	N/A
7. Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (大連中升奧通汽車銷售有限公司).	Dalian	Nissan	Automobile sales	100%	N/A
8. Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. (大連中升日產汽車銷售服務有限公司)	Dalian	Nissan	Automobile services	100%	N/A

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
9. Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (上海中升豐田汽車銷售服務有限公司)	Shanghai	FAW-Toyota	Automobile sales and services	100%[3]	N/A
10. Kunming Zhongsheng Automobile Sales & Services Co., Ltd. (昆明中升汽車銷售服務有限公司)	Kunming	GZ-Toyota	Automobile sales and services	100%[4]	N/A
11. Dalian Zhongsheng Star Automobile Sales & Services Co., Ltd. (大連中升之星汽車銷售服務有限公司)	Dalian	Mercedes-Benz	Automobile sales and services	100%	N/A
12. Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (雲南中升雷克薩斯汽車銷售服務有限公司)	Kunming	Lexus	Automobile sales and services	100%[5]	N/A
13. Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. (玉溪中升東本汽車銷售服務有限公司)	Yuxi	DF-Honda	Automobile sales and services	70%[6]	Mr. He Mingzhong (何明忠), a PRC natural person and a connected person of our Company, owns 30% of the equity interest of Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.
14. Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (福州中升雷克薩斯汽車銷售服務有限公司)	Fuzhou	Lexus	Automobile sales and services	100%	N/A
15. Dalian Zhongsheng Automobile Sales & Services Co., Ltd. (大連中升汽車銷售服務有限公司)	Dalian	GZ-Toyota	Automobile sales and services	100%	N/A
16. Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd. (大連奧通東本汽車銷售服務有限公司)	Dalian	DF-Honda	Automobile sales and services	100%	N/A

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
17. Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (曲靖中升豐田汽車銷售服務有限公司)	Qujing	FAW-Toyota	Automobile sales and services	100%[7]	N/A
18. Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd. (成都中道成豐田汽車銷售服務有限公司)	Chengdu	FAW-Toyota	Automobile sales and services	90%	Mr. Tu Bin (塗彬), a PRC natural person and a connected person of our Company, owns 10% of the equity interest of Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd.
19. Nanjing Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd. (南京中升迎賓豐田汽車銷售服務有限公司)	Nanjing	FAW-Toyota	Automobile sales and services	100%	N/A
20. Dalian Zhongsheng Hongda Automobile Sales & Services Co., Ltd. (大連中升宏達汽車銷售服務有限公司)	Dalian	GZ-Honda	Automobile sales and services	100%	N/A
21. Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. (大連中升搏通汽車銷售服務有限公司)	Dalian	Nissan	Automobile sales and services	100%	N/A
22. Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. (雲南中升廣福汽車銷售服務有限公司)	Kunming	Nissan	Automobile sales and services	100%	N/A
23. Yantai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (煙台中升豐田汽車銷售服務有限公司)	Yantai	FAW-Toyota	Automobile sales and services	100%	N/A
24. Changchun Chengbang Commerce & Trade Co., Ltd. (長春市成邦商貿有限公司)	Changchun	FAW-Toyota	Automobile sales and services	100%	N/A

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
25. Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd. (青島中升智通汽車銷售服務有限公司)	Qingdao	Nissan	Automobile sales and services	100%	N/A
26. Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd. (青島中升搏通汽車銷售服務有限公司)	Qingdao	Nissan	Automobile sales and services	100%	N/A
27. Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd. (青島中升慶通汽車銷售服務有限公司)	Qingdao	Nissan	Automobile sales and services	100%	N/A
28. Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd. (煙台中升匯迪汽車銷售服務有限公司)	Yantai	Audi	Automobile sales and services	100%	N/A
29. Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd. (煙台中升上通汽車銷售服務有限公司)	Yantai	GM	Automobile sales and services	100%	N/A
30. Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd. (煙台中昇華美汽車銷售服務有限公司)	Yantai	GM	Automobile sales and services	100%	N/A
31. Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd. (龍口中升上通汽車銷售服務有限公司)	Longkou	GM	Automobile sales and services	100%	N/A
32. Shaoxing Huixin Automobile Sales & Services Co., Ltd. (紹興市匯鑫汽車銷售服務有限公司).	Shaoxing	GZ-Honda	Automobile sales and services	100%	N/A
33. Shaoxing Zhongxin Automobile Sales Co., Ltd. (紹興市中鑫汽車銷售有限公司)	Shaoxing	DF-Honda	Automobile sales and services	100%	N/A

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
34. Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd. (遼寧中升捷通汽車銷售服務有限公司)	Shenyang	Nissan	Automobile sales and services	100%	N/A
35. Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd. (哈爾濱天巳豐田汽車銷售服務有限公司)	Harbin	FAW-Toyota	Automobile sales and services	100%	N/A
36. Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (大連中升淩志汽車銷售服務有限公司)	Dalian	Lexus	Automobile sales and services	100%	N/A
37. Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廈門中升豐田汽車銷售服務有限公司)	Xiamen	FAW-Toyota	Automobile sales and services	50%	Xiamen International Trade Group Motors Co., Ltd. (廈門國貿汽車股份有限公司), a PRC company mainly engaged in new automobile trade and sales, used automobile sales and automobile accessories sales, owns 50% of the equity interest of Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. Xiamen International Trade Group Motors Co., Ltd. is an Independent Third Party of our Company.
38. Dalian Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. (大連中升東本汽車銷售服務有限公司)	Dalian	DF-Honda	Automobile sales and services	100%	N/A
39. Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (大連中升豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
40. Guangzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (廣州中升淩志汽車銷售服務有限公司)	Guangzhou	Lexus	Automobile sales and services	100%	N/A
41. Nanjing Zhongsheng Toyota Automobile Services Co., Ltd. (南京中升豐田汽車服務有限公司).	Nanjing	FAW-Toyota	Automobile sales and services	60%	Jiangsu Kenry Automobile Trading Co., Ltd. (江蘇肯瑞汽車貿易有限公司), a PRC company mainly engaged in automobile sales and services as well as a connected person of our Company, owns 40% of the equity interest of Nanjing Zhongsheng Toyota Automobile Services Co., Ltd.
42. Guangzhou Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廣州中升豐田汽車銷售服務有限公司)	Guangzhou	FAW-Toyota	Automobile sales and services	100%	N/A
43. Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. (深圳中升豐田汽車服務有限公司).	Shenzhen	FAW-Toyota	Automobile sales and services	60%	Shenzhen Chengfengda Industry Development Co., Ltd. (深圳誠峰達實業發展有限公司), a PRC company mainly engaged in domestic commerce, imports and exports business, and automobile sales (excluding sedans), owns 25% of the equity interest of Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. Mr. Zhang Honglei (張鴻雷), a PRC natural person, owns 15% of the equity interest of Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. Both of Shenzhen Chengfengda Industry Development Co., Ltd. and Mr. Zhang Honglei are connected persons of our Company.

Names of Companies that operate 4S Dealerships[1]	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
44. Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (大連迎賓中升豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A
45. Dongguan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (東莞中升雷克薩斯汽車銷售服務有限公司)	Dongguan	Lexus	Automobile sales and services	100%	N/A
46. Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd. (深圳中升迎賓豐田汽車銷售服務有限公司)	Shenzhen	FAW-Toyota	Automobile sales and services	100%	N/A
47. Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd. (諸暨裕豐豐田汽車銷售服務有限公司)	Zhuji	FAW-Toyota	Automobile sales and services	100%	N/A
48. Dalian Yude Toyota Automobile Sales & Services Co., Ltd. (大連裕德豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A
49. Yingkou Huasheng Automobile Sales & Services Co., Ltd. (營口華盛汽車銷售服務有限公司).	Yingkou	Audi	Automobile sales and services	100%	N/A

Notes:

(1) Each 4S dealership is operated by one company, except for the 4S dealership operated by Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. (福州中升豐田汽車銷售有限公司) and Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. (福州中升豐田汽車服務有限公司) as well as the 4S dealership operated by Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (大連中升奧通汽車銷售有限公司) and Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. (大連中升日產汽車銷售服務有限公司), which are jointly operated.

(2) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

(3) 100% of the equity interest of Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. is directly held by Shanghai Guoxin Automobile Sales Co., Ltd. (上海國信汽車銷售有限公司) Mr. Yu Guangming (俞光明), a PRC natural person and our executive Director, has entered into an equity transfer agreement to transfer 20% of the equity interest of Shanghai Guoxin Automobile Sales Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

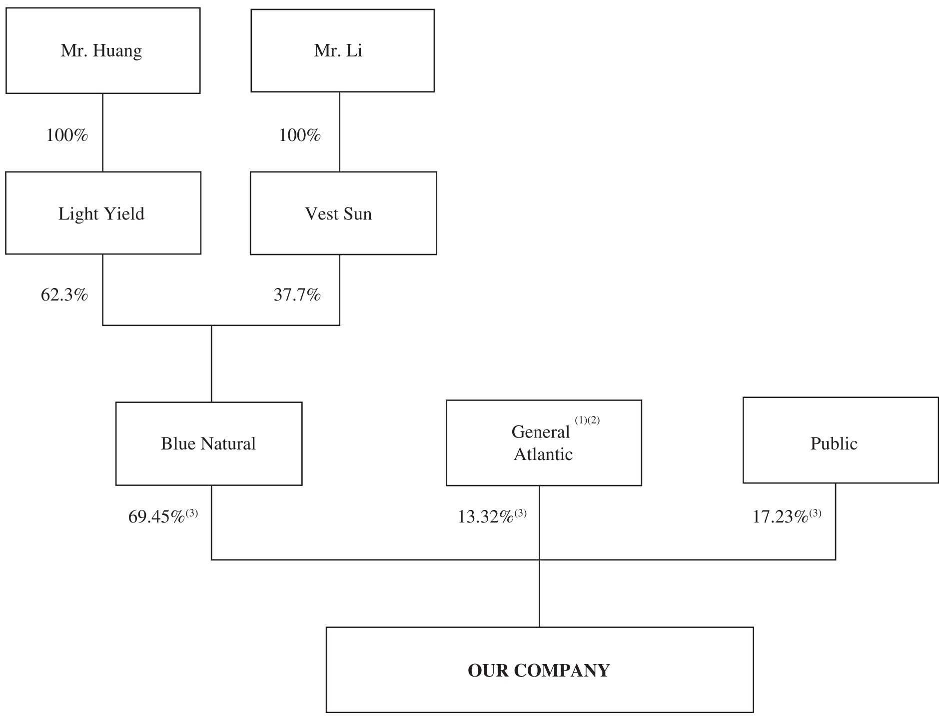
(4) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Kunming Zhongsheng Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

(5) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

(6) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 7% of the equity interest of Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

(7) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

Set forth below is our shareholding structure immediately after completion of the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company while assuming the final Offer Price of HK$9.54 (being the lower end of the estimated Offer Price range) and the Over-allotment Option is exercised in full):



Notes:

(1) According to the Shareholders Agreement, General Atlantic covenanted not to transfer or dispose of any Shares in our Company or any securities convertible into Shares of our Company for a period of 180 days beginning from the Listing Date.

(2) As General Atlantic owns more than 10% of the share capital of the Company, it will be regarded as a connected person of our Company pursuant to the Listing Rules and accordingly, for so long as General Atlantic remains as our connected person, the Shares held by it will not be public shares.

(3) Assuming the final Offer Price of HK$12.83 (being the higher end of the estimated Offer Price range), the shareholdings in our Company to be held by Blue Natural, General Atlantic and the public shareholders immediately after completion of the Global Offering will be 69.64%, 13.08% and 17.28%, respectively, assuming full exercise of the Over-allotment Option. Please see page 111 of this prospectus for further details regarding the Anti-Dilution Right.

OVERVIEW

We are a leading national automobile dealership group in China by revenue from 2006 to 2008, according to ACMR. Our 4S dealerships[(1)] are concentrated in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as selected inland areas. We have grown rapidly from 15 4S dealerships at the beginning of 2006 to 47 4S dealerships as of 31 December 2009.

We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan, Honda and GM. Each of our 4S dealerships is designated to sell one brand of automobile and to operate at a single point of sales only.

We were the first company being granted dealership rights by Toyota, and one of the first authorized dealerships for Lexus and Audi in China. We are one of the largest automobile dealership groups in China, in terms of sales volume and number of 4S dealerships for Toyota and Lexus — Toyota and Lexus are our two largest automobile brands in terms of sales.

Through our "one-stop automobile shop" business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our 4S dealerships to our customers. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. Each of the new automobile sales business and after-sales businesses has its own features in terms of business model and revenue and profitability contributions to our Group.

Our revenue for the three years ended 31 December 2006, 2007 and 2008 was RMB6,472.0 million, RMB9,103.1 million and RMB10,548.6 million, respectively, representing a CAGR of approximately 27.7% during such periods. Our revenue for the nine months ended 30 September 2009 was RMB9,212.6 million. Revenue generated from the sales of our mid-to-high end automobile brands accounted for approximately 55.3%, 58.5%, 65.8% and 70.6% of our new automobile sales revenue for the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, respectively, while revenue generated from the sales of our luxury automobile brands accounted for approximately 44.7%, 41.5%, 34.2% and 29.4% of our new automobile sales revenue for the same periods. The gross profit margin of our sales of mid-to-high end brand automobiles was 5.5%, 5.5%, 4.0% and 4.1%; the gross profit margin of our sales of luxury brand automobiles was 4.5%, 7.8%, 5.5% and 6.1%; and the gross profit margin of our after-sales businesses was 33.4%, 34.9%, 40.3% and 44.1% during the same periods, respectively. Revenue generated from our new automobile sales business accounted for approximately 95.9%, 94.7%, 91.9% and 90.4% and the revenue generated from our after-sales businesses accounted for approximately 4.1%, 5.3%, 8.1% and 9.6% of our revenue during the same periods. Our profit attributable to equity holders of the parent for the three years ended 31 December 2006, 2007 and 2008 was RMB147.6 million, RMB284.3 million and RMB218.7 million, respectively, representing a CAGR of approximately 21.7% during such periods. Our profit attributable to equity holders of the parent for the nine months ended 30 September 2009 was RMB287.4 million.

Note:

(1) In this prospectus, the term "4S dealership" refers to a dealership authorized to sell the products of a single brand of automobiles. Such dealership integrates four standard automobile-related businesses: sales, spare parts, service and survey, among which survey refers to the function of collecting market information for the automakers.

Based on the information provided by ACMR, we accounted for approximately 1.0%, 1.1% and 1.2% of the Chinese passenger car market's total revenue[(1)] in 2006, 2007 and 2008, respectively. Our Group was ranked sixth, fifth and fourth among the passenger car dealerships in terms of revenue in 2006, 2007 and 2008, respectively, in the PRC.

As a leading national automobile dealership group in the PRC, we believe that as a result of our strong portfolio of luxury and mid-to-high end automobile brands and strategic positioning as a ''one-stop automobile shop'', we are well-placed to benefit from the growth of China's middle-class and the continued rise in the per capita disposable income of Chinese consumers, and further consolidate our market leadership position.

OUR COMPETITIVE STRENGTHS

We believe that our success and potential for future growth can be attributed to a combination of our competitive strengths.

We are a leading national automobile dealership group in the PRC by revenue, with a strong presence of 4S dealerships in cities with relatively affluent populations in multiple regions

We have a strong presence of 4S dealerships in cities with relatively affluent populations located in the northeastern, eastern and southern coastal regions of China, as well as selected inland areas.

Liaoning Province

We are the largest automobile dealership group in Dalian City. Dalian City is a major Chinese port, and a transportation hub for northeastern China. As of 31 December 2009, we operated 14 4S dealerships in Dalian City, offering automobile brands including Mercedes-Benz, Lexus, Audi, Toyota, Nissan and Honda.

Our Lexus 4S dealership in Dalian City was awarded the distinguished dealership by Lexus in term of sales, after-sales services, customer satisfaction and overall performance from 2007 to 2009. Our operations in Dalian City also include Toyota's top-ranking PRC dealership, measured by national customer and service satisfaction indices.

Apart from Dalian City, our 4S dealership network also covers other major cities in Liaoning Province. As of 31 December 2009, we operated one 4S dealership in Shenyang City, the provincial capital of Liaoning Province, and one 4S dealership in Yingkou City.

Shandong Province

We operated a total of eight 4S dealerships in Qingdao City and Yantai City as of 31 December 2009. We operate Audi, Toyota, Nissan and GM 4S dealerships in Shandong Province.

Note:

(1) The revenue referred to in the ACMR Survey includes revenue from new car sales business, after-sales businesses and used car business. All revenue referred therein includes VAT.

Yunnan Province

We are the largest dealership group offering Toyota and the only dealership group offering Lexus in Yunnan Province. In addition, we also operate Honda and Nissan 4S dealerships in Yunnan Province. As of 31 December 2009, we operated a total of six 4S dealerships in Yunnan Province.

Fujian Province

We also have an established market position in Fujian Province, where we operated a total of three 4S dealerships in two of Fujian Province's most affluent cities, Xiamen City and Fuzhou City as of 31 December 2009. We operate Toyota and Lexus 4S dealerships in Fujian Province.

Guangdong Province

We have an established market position in Guangdong Province operating a total of five 4S dealerships in Dongguan City, Shenzhen City and the provincial capital, Guangzhou City in Guangdong Province as of 31 December 2009. We operate Lexus and Toyota 4S dealerships in Guangdong Province.

Other strategic markets

We have also established 4S dealerships in other strategic markets which have large, affluent consumer bases and/or well-established road networks. These include: one 4S dealership in Shanghai, three 4S dealerships in Zhuji City and Shaoxing City, Zhejiang Province; two 4S dealerships in Nanjing City, Jiangsu Province; one 4S dealership in Chengdu City, Sichuan Province; one 4S dealership in Changchun City, Jilin Province; and one 4S dealership in Harbin City, Heilongjiang Province, as of 31 December 2009.

We have a diversified portfolio of luxury and mid-to-high end automobile brands

We have a diversified portfolio of luxury and mid-to-high end automobile brands. We have dealership agreements with various leading global automakers and their PRC joint venture corporations, including luxury automobile brands such as Mercedez-Benz, Lexus and Audi and mid-to-high end automobile brands such as Toyota, Nissan, Honda and GM. We are one of the largest automobile dealers in China, both by sales volume and number of 4S dealerships for Toyota and Lexus.

We believe our automobile brands are popular among Chinese consumers and have experienced sustained sales growth in the PRC. According to a PRC market survey conducted by JD Power(1) in 2009, our luxury and mid-to-high end automobile brands, Mercedes-Benz, Lexus, Audi, Toyota, Nissan and Honda, are the most highly-rated automobile brands in terms of overall service satisfaction based on service initiation, service advisor, service facility, automobile pickup and service quality. According to ACMR, between 2003 and 2008, Mercedes-Benz, Lexus and Audi, recorded a CAGR for their total sales

Note:

(1) JD Power was not commissioned by either our Company or the Joint Sponsors. JD Power is a global marketing information services firm founded in 1968, which conducts surveys of customer satisfaction, product quality and buyer behaviour for industries, and is an Independent Third Party. All information from JD Power set out in the prospectus are public information. The All Power Circle Ratings generated by JD Power were based on the opinions of a sample of consumers who have used or owned the product or service being rated.

in the Chinese market of approximately 34.7%, 63.4% and 12.1%, respectively, whereas Toyota, Nissan and Honda recorded a CAGR for their total sales in the Chinese market of approximately 62.5%, 30.9% and 23.9%, respectively.

Our customer-focused philosophy and store-level operational expertise have resulted in our highly-ranked 4S dealerships with consistent quality service and satisfactory customer experience

As our business is retail in nature, we understand and place great emphasis on customer service. Our corporate motto is "Zhongsheng — Lifetime Partner", which is central to our corporate culture. We believe that providing high-quality services to each of our customers is the key to building long-lasting customer relationships, and to attracting new customers for each of the businesses offered by our "one-stop automobile shop" business model. In line with this core principle, we provide systematic training courses to our customer-facing employees such as our sales personnel, and structure our employee compensation system with the aim of promoting high customer satisfaction.

In order to serve our customers better, we have developed a detailed customer database containing customer records from all of our 4S dealerships, which allows us to track our customers' usage patterns and preferences for our products and services. This in turn allows us to understand and anticipate each of our customer's needs and requirements.

As a result of our customer-focused philosophy, several of our 4S dealerships operating Toyota, Lexus and Nissan brands achieved high ranking in terms of customer satisfaction indices among 4S dealerships in their respective cities in 2008. Our Group was also rated by the China Automobile Dealers Association in 2008 as one of the ten most influential automobile dealership groups in the industry for the 30 years since China's adoption of reform and opening-up policy. In addition, our individual 4S dealerships received various kinds of awards in recognition of their outstanding customer service. Recent awards we received in 2008 include:

- National Outstanding Sales Counseling Award for the sales personnel of one of our Lexus dealerships in Guangzhou awarded by Lexus.

- Best After-sales Service Coordination Award for one of our FAW-Toyota dealerships in Dalian awarded by FAW-Toyota.

- FTMS After-sales Service TL Model Shop Award and Encouraging Quality Improvements Award for two of our FAW-Toyota dealerships in Fujian awarded by FAW-Toyota.

We have strong and established working relationships with leading automakers

We have strong and established working relationships with leading global automakers and their PRC joint venture corporations. We were the first PRC dealerships granted with dealership rights by Toyota, which was our largest new automobile supplier as of 31 December 2009. We were also one of the first authorized dealerships in the PRC for Audi and Lexus. We are now one of the largest automobile dealers for both Toyota and Lexus in China, both by sales volume and by number of 4S dealerships.

Automakers in China have become increasingly selective in entering into new dealership arrangements, and tend to favor high performance dealerships. In particular, certain of the automakers are increasingly limiting new 4S dealership arrangements to top performing dealers in each region. In light of these developments, we believe our strong and established relationships with the automakers, strong sales, high customer satisfaction and track record, position us well to expand our network of 4S dealerships further in China.

Our large scale operations allow us to achieve economies of scale

Our large scale operations allow us to achieve economies of scale from the human resources, business and financial perspectives.

Human resources

As a result of our large scale operations, we have been able to implement a systematic approach to foster capable and experienced managers. One of our corporate policies is to promote capable personnel within the Group's operations and provide a clear career path to those personnel, thus forming a large pool of motivated and experienced employees to support our business expansion plans.

By leveraging our strong operational expertise accumulated throughout our national store network, we frequently apprentice new recruits to our best performing 4S dealerships for training, before rotating them to 4S dealerships in other locations. We believe this ensures best practice sharing and the accumulated business expertise in our best-performing 4S dealerships can be replicated at all of our 4S dealerships.

In addition, as we are a leading national automobile dealership group in the PRC with a diversified portfolio of automobile brands, we are able to offer our employees with a clear career path encompassing a variety of opportunities to work with different automobile brands as well as work in other regions in China, and we believe this would increase our employee retention rates in the face of intense competition for human resources.

Business

With an extensive 4S dealership network across various regions, we are able to coordinate and aggregate orders for new automobiles, as well as spare parts, automobile accessories and other automobile-related products. This allows us to exercise better inventory control for automobiles, spare parts, automobile accessories and other automobile-related products, which in turn helps us to optimize the mix of automobiles and automobile-related products in each of our 4S dealerships.

In addition, the size of our 4S dealership network and our strong financial resources with large purchase amount yields us stronger bargaining power. We believe that as compared with our competitors, we are in a strong position to bargain for better commercial terms from suppliers of spare parts, automobile accessories and other automobile-related products.

Financial

Our financial resources provide each of our 4S dealerships ready access to funds, which enables us to order sufficient quantities of automobiles as well as spare parts, automobile accessories and other automobile-related products from our automakers and other suppliers to meet the demands of our large customer base. In addition, through a centralized budgeting and management process, we are able to allocate our financial resources more efficiently across our entire 4S dealership network. Furthermore, with our financial resources, we are in a stronger position in funding potential acquisitions in a timely manner without interrupting our existing 4S dealerships' businesses.

We are able to grow rapidly both organically and through acquisition

Organic growth

As a leading national automobile dealership group in China, we have significant expertise in operating 4S dealerships and a deep bench of capable store managers and other personnel. We can set up and operate new 4S dealerships swiftly and successfully by leveraging our industry know-how, brand recognition, established working relationships with automakers, and our experienced personnel from existing 4S dealerships. As of 31 December 2009, 24 of our 47 4S dealerships were established by ourselves.

We also strive to improve the performance of our dealerships by rigorously executing our strict in-house requirements and standards, tracking store management indicators, training and motivating our staff, expanding into high value-added automobile-related businesses, while emphasizing our customer-focused philosophy. In addition, we have a team of experienced managers who regularly travel throughout our 4S dealerships network to provide on-site guidance and support.

Acquisitions

We believe that our aggregated group resources enable us to capitalize on acquisition opportunities in a timely manner. We have a well-established track record of acquiring 4S dealerships and successfully integrating the acquired 4S dealerships with a significant improvement in their performance. We utilize the benefits of our wide network of 4S dealerships and management expertise to improve the operation of newly acquired 4S dealerships, including the appointment of management team to the newly-acquired 4S dealerships to share best practices, conduct on-site training, and resolve any existing issues.

For example, according to the national ranking prepared by the automakers to evaluate the performance of their 4S dealerships in the PRC, based on various performance indicators, including the sales performance and customers satisfaction, the national ranking of the 4S dealership for FAW-Toyota we acquired in Chengdu City, Sichuan province in February 2007, rose from 139th in 2006 to 90th by end of 2008. According to the automakers, the national rankings of two dealerships for FAW-Toyota and Audi we acquired in Yantai City, Shandong Province in January 2008 and February 2009, rose from 234th and 102nd as of the time of their respective acquisitions, to 65th and 75th, respectively as of October 2009. The ranking of another dealership for DF-Nissian we acquired in Kunming City, Yunnan Province in March 2008, rose from last place among 24 dealerships in the Southwest region to one of the top five performing dealerships in the region. As of 31 December 2009, 23 of our 47 4S dealerships were acquired from third parties.

We have an experienced senior management team, a deep bench of high-caliber store managers, and access to reliable source of skilled technical personnel

Our senior management comprises industry veterans with extensive in-depth experience in the PRC automobile industry. Our founders, Mr. Huang Yi and Mr. Li Guoqiang, each has over 20 years' industry experience, and remain actively involved in our management and day-to-day operations. Our vice-president of our new automobile sales business, Mr. Wu Hailong, has over 17 years' relevant experience and has been with our Group since 1998. Mr. Zhang Zhicheng, our vice-president of brand automobile sales business, has over five years' relevant experience and in-depth expertise in the PRC automobile industry, and has held numerous key positions with our Group. Mr. Liu Geng, our vice-president of our after-sales and accessories businesses, has over 16 years' relevant experience, and has been with our Group since 2000. We consider the leadership of our experienced senior management is an edge and is a key factor in our success and achievements.

In addition, we have a deep bench of high-caliber store managers. We have devised and successfully implemented an in-house program to train and develop our store managers, who are crucial to the success of our 4S dealerships. Many of our store managers are internally trained and promoted, and have completed a training program at our best-performing 4S dealerships. We also rotate each trainee manager to different positions in a 4S dealership, including deputy-store manager, sales director, service director and finance director, to ensure that our store managers are familiar with all operational aspects of a 4S dealership.

We work together with the automakers and local educational institutions to train automotive engineers and technicians. For example, we believe our extensive relationship with Toyota provides us a significant advantage by enabling us to draw engineering talent from Toyota's numerous automotive training schools in China. We have also participated in a joint initiative with Dalian Vocational Technical College, where we provide financial support and assist in designing the curriculum for automotive engineering classes. We are a preferred recruiter at Dalian Vocational Technical College, which has been a vital and reliable source of technical personnel for our repair, maintenance and detailing business.

We have efficient information technology systems to support our business

We have set up advanced information technology systems in our headquarters and across our 4S dealership network as a uniform platform which facilitate the expansion of our business. In late 2008, we completed the roll-out of our enterprise resource planning system which maintains in a single database the information needed for a variety of business functions such as quota, inventory, financial, human resources and customer relationship management.

We also use our information technology systems to identify fast and slow-selling automobile models or spare parts, accessories or other automobile-related products, analyze the sales trends of different products in different regions based on the historical data of purchase orders and sales data, and improve the mix of products and services offered at each of our 4S dealerships.

Our efficient information technology systems have significantly improved our ordering, inventory and logistics management as well as financial and cash management, and have helped us to minimize the costs of maintaining inventory and improve our overall sales performance.

We will continue to upgrade our information technology systems on an ongoing basis as necessary. We believe that an upgraded information technology system will continue to facilitate the exchange of information between our headquarters and our 4S dealership network, and enable us to improve our data analysis to support the formation and execution of our business and operational strategies.

OUR STRATEGIES

Our aim is to further strengthen our position as a leading national automobile dealership group in the PRC. To accomplish this, we intend to expand our business by strategically expanding our 4S dealership network, further increasing productivity and profitability, improving customer service quality at each of our 4S dealerships, continuing to strengthen our after-sales businesses, developing our used automobile sales business, and augmenting our employee talent pool.

Increasing the size of our 4S dealership network through both organic growth and acquisitions

We believe that by increasing the size of our 4S dealership network through both organic growth and acquisitions, we can further improve the mix of automobile brands in our portfolio and the products and services we offer and maximize profitability. We intend to capitalize on our strong cash flow and aggregated financial resources to increase the size of our 4S dealership network.

Organic growth

Our 4S dealerships are strategically concentrated in cities with affluent populations in the northeastern, eastern and southern coastal regions of China, including Dalian City, Qingdao City, Yantai City, Shanghai, Nanjing City, Shenzhen City, Dongguan City, Xiamen City, Fuzhou City and Guangzhou City, as well as selected cities in inland China, including Chengdu City and Kunming City. We believe these cities and regions have significant market potential, and demand for automobiles, spare parts, automobile accessories and other automobile-related products, and repair, maintenance, and detailing services, will increase in these cities and regions because of expected rises in per capita disposable income and/or the nature of the local transportation requirements and networks.

We intend to capitalize on our local know-how, relationships and positive brand image built up by our existing 4S dealerships, as well as our in-depth industry expertise, to establish successful new 4S dealerships rapidly in the same regions or adjacent regions. We believe that our strong and established working relationships with leading global automakers and their PRC joint venture corporations will also enable us to acquire additional 4S dealership licenses to further expand our distribution network of 4S dealerships in the PRC.

Acquisitions

We expect the increasingly competitive nature of the PRC automobile dealership industry and automakers' tendency to consolidate the PRC automobile dealership industry by entering new dealership arrangements only with their top performing dealers to present acquisition opportunities for our Group. We believe we are well-positioned to take advantage of such opportunities to further expand our business and consolidate our market leadership position.

We continue to look for and hold constant dialogue with potential acquisition targets that are strategically important to our automobile brand and geographical coverage. While our Board and senior management team will set the overall strategy, our business development team will conduct market research and due diligence on the identified targets. Other departments serve as an integral team to provide support both during the pre-acquisition phase such as conducting financial and legal due diligence, and during post-acquisition integration such as appointing management team to each newly-acquired 4S dealership to share best practice, conduct on-site training, and improve operational efficiency. We intend to utilize our wide network of 4S dealerships, automakers' support and significant operational expertise to quickly integrate and achieve significant improvements in the acquired 4S dealerships.

Further increasing productivity and profitability as well as promoting customer service quality of each of our 4S dealerships

Even though our 4S dealerships have outstanding business performance during the Track Record Period, we still aim to further increase productivity and profitability of each of our 4S dealerships, and to further promote service quality of each of our 4S dealerships. We believe by better utilizing our group resources and more efficient management, there is still growth potential for even the most profitable 4S dealership in our network.

Measures taken at the Group level

At the Group level, we will continue to utilize our economies of scale as a group, to formulate overall growth strategy and detailed execution plan and organize implementation in each store, to allocate our Group's resources efficiently, and to promote healthy competition and successful experience sharing among our 4S dealerships. These measures are aimed to promote profitability of individual 4S dealership through collective strength of our Group. For example, we will continue utilizing our aggregate ordering and procuring power to obtain better commercial terms from the suppliers of spare parts, automobile accessories and other automobile-related products. Please refer to the section entitled "Our Business — Our Competitive Strengths — Our large scale of operations allow us to achieve economies of scale". Through our Group's general budget plan and resources allocation, we are able to adjust the automobile quotas to our 4S dealerships to some extent to achieve a better mix of automobile and automobile-related inventory for our 4S dealerships. In addition, through internal auditing and incentive scheme mechanism at the Group level, we can increase our management efficiency and strengthen our Group's management of 4S dealerships.

Measures taken at 4S dealerships level

At the 4S dealerships level, we will continue improving key performance indicators ("**KPI**") for our 4S dealerships. Through tracking and reviewing the KPI, we can promote management efficiency and customers satisfaction, thus improve the profitability of each 4S dealership. For example, general managers at 4S dealership level will closely monitor market trend and sales performance of each type of automobiles for sale, and make corresponding adjustments to the types of automobiles to procure and types of services to provide. In addition, based on the customers requirements for different services and taking into account the level of profitability of different services, our 4S dealership will undertake decoration, renovation, and upgrades of the physical site. Some of our 4S dealerships have modified the interior design of exhibition rooms, including, for example, opening a designated area of retailing automobile accessories to promote the sales of types of automobile accessories which are popular among customers and with higher profitability.

We will also continue improving and implementing policy to rotate our 4S store managers among different 4S dealerships, to ensure successful experience sharing and enhance service quality. This policy is part of an effort to accelerate the growth of our newly built 4S dealerships, and to help them quickly reach the same level of operation efficiency and profitability as our well-established 4S dealerships. Our newly acquired 4S dealerships will receive the same support to improve performance in a short period of time. We will also reinforce training program for ground sales personnel, client service staff, and after-sales services engineers and technicians to promote the quality and efficiency of service provided and to enhance our customers' satisfaction.

In addition, we will continue adopting new measures to expand our high value-added automobile-related business to promote the profitability of our 4S dealerships. While our new automobile sales, repair and maintenance services are steadily growing, we will expand the scope of our automobile decoration and accessories businesses to explore the potential value in automobile-related business chain. We will also expand other revenue streams by facilitating automobile insurance, automobile finance related and automobile licensing services.

All the measures we have taken at 4S dealerships level aim to increase our sales, promote our customers satisfaction and increase the efficiency of services provided, which we believe will help us attract more customers and reduce costs at our existing 4S dealerships, thus further enhance each of our 4S dealership's revenue and profitability.

Utilizing our existing resources and customer base in new automobile sales to promote our after-sales businesses, including retailing spare parts, providing repair, maintenance and detailing services, and retailing automobile accessories

Our customer-focused philosophy has historically resulted in high customer satisfaction with our new automobile sales, which we believe will drive more sales and increased patronage of our after-sales businesses. Our after-sales businesses offer our customers a wide range of automobile-related products and services at several locations across the PRC, including spare parts, automobile accessories and other automobile-related products and repair, maintenance, detailing and other automobile-related services through our extensive network of 4S dealerships and our "one-stop automobile shop" business model.

We intend to expand our business operations by utilizing our existing resources and customer base to continue to strengthen our after-sales businesses. According to the ACMR, China's automobile market is dominated by first-time buyers, evidencing rapid growth in the number of new automobile consumers. We expect that this increase in new automobile consumers in the PRC will lead to greater demand for our after-sales businesses.

We believe that through the expansion of the after-sales businesses at our existing 4S dealerships, we will increase the overall profitability of each 4S dealership, as our after-sales businesses yield higher profit margins when compared to our new automobile sales business. Our after-sales businesses are a stable source of revenue for our 4S dealerships.

Repair, maintenance and detailing services

We intend to expand our repair, maintenance and detailing services through our existing 4S dealerships and by developing alternative service platforms such as quick service shops.

- Existing 4S dealerships

  We intend to increase the efficiency of our repair, maintenance and detailing businesses at our existing 4S dealerships. To this end, we aim to increase the number of customers in these businesses so that our repair, maintenance and detailing businesses can operate closer to full capacity. We plan to retain existing customers and attract new customers and retain existing or acquired customers through effective marketing and promotional activities tailored to our repair, maintenance and detailing businesses. Additionally, we will continuously train our technical personnel and review and reconfigure our service operations and processes to improve the quality and efficiency of the services we provide.

- Quick service shops

  We plan to enhance our market position in automobile after-sales services market and to expand our existing services network through establishing quick service shops in the vicinity of each of our 4S dealerships to provide fast and efficient repair, maintenance and detailing service, in addition to the repair, maintenance and detailing services which we already provide at each of our 4S dealerships. Our quick service shops will provide fast and efficient repair, maintenance and detailing services as an extension to our existing 4S dealership network, and to complement the more complicated repair, maintenance and detailing services provided at our 4S dealerships.

We believe that we will be able to leverage our in-depth business and operational know-how and our strong brand image and reputation to quickly build a comprehensive network of quick service shops. We will seek to ensure effective expertise transfer by bringing experienced general managers and automotive engineers and technicians from our 4S dealerships to supervise the operations of our quick service shops.

Automobile accessories

We have accumulated significant experience in the retailing automobile accessories business through our operational expertise, highly-trained service teams and extensive market knowledge. The automobile accessories we retail can be broadly categorized into automobile electronics (including GPS systems, audio and video equipment), automobile styling products (including decals, seat covers and floor mats) and automobile care products (including care products for engine, handling and braking products, tires, waxes and polishes). We believe that the increasing demand for automobile styling and automobile care products, together with our large customer base derived from our new automobile sales business, provide significant growth potential for our automobile accessories business.

Currently, most of our automobile accessories are obtained from independent suppliers. We intend to maintain and strengthen our relationships with these suppliers to ensure that we retail a wide range of high-quality automobile accessories, the latest and most advanced products at attractive prices. We also aim to become the sole distributor of certain automobile accessories.

We intend to continue to offer and expand the range of our own line of high-quality automobile accessories, drawing from our extensive experience and in-depth knowledge of the PRC automobile market.

- Existing 4S dealerships

  An automobile accessories division has been established in each of our 4S dealerships, comprising dedicated sales personnel and automotive engineers and technicians. Our automobile accessories will be displayed both in dedicated showrooms in the 4S dealerships, as well as within the new automobiles exhibited in our 4S dealerships.

- Automobile accessories exhibition centers

  In addition to expanding our automobile accessories business through our existing 4S dealerships, we also intend to build automobile accessories exhibition centers to increase our sales of automobile accessories and market exposure. We have constructed our first automobile accessories exhibition center in Kunming City ("**Kunming Exhibition Center**"), strategically located in an area with high concentration of 4S dealerships.

We believe that our automobile accessories business will strongly benefit from our reputation for quality customer service and automotive technical excellence, and that we will be able to leverage on our large customer base, deep bench of high-caliber personnel, extensive distribution network, and in-depth knowledge and understanding of the PRC automobile market to expand our automobile accessories business quickly.

Expanding our business operations by developing used automobile sales business to complement our existing businesses

We believe that the current PRC used automobile market will mature and expand in line with the large increase in automobile purchases in China. According to ACMR, between 2003 and 2008, the used passenger car market in the PRC recorded a CAGR of approximately 34.8% in terms of sales value, and is expected to further grow at a CAGR of approximately 14.1% from 2009 to 2012. We believe that we will be able to secure supplies of used automobiles from our large existing customer base, and that we will be able to grow our used automobile sales business rapidly with our extensive 4S dealership network, strong reputation, deep bench of experienced and highly-skilled automotive engineers and technicians, and in-depth knowledge and understanding of the PRC automobile market.

In order to address the common concerns of PRC consumers in relation to used automobiles, we intend to adopt a number of strategies, including applying strict procurement standards, leveraging our reputation for quality customer service and automotive technical excellence in relation to the restoration and/or repair work carried out on our used automobiles, and partnering with the automakers to provide official certification and manufacturer warranties for our used automobiles. We also plan to source our used automobiles primarily and directly from private sellers. These include individuals seeking to trade in their existing automobiles for new automobiles. We believe that we can capture market share quickly through our existing dealership network.

Enlarging our employee talent pool to support our continued growth

Our employees are critical to our success. We have invested, and intend to continue to invest substantially in our employees in order to recruit, integrate and retain the best personnel for our business. We have a systematic approach to recruit talents to suit our business development needs. For example, we have formed and will maintain and enhance our strategic relationship with local education institutes to ensure our continued access to highly-skilled automotive engineers and technicians. We will also continue to regularly review and improve our training programs for multiple levels of our employees, from senior management team to our trainee managers and newly recruited sales and service personnel, to improve our employees' productivity and service quality. Furthermore, we have established and will continue to promote our KPI-driven corporate culture with a clear career and promotion system to motivate our employees. Our employees are provided with rotation opportunities both cross-stores and cross-functions to develop their skills and their own career path with us.

OUR BUSINESS

Our 4S Dealership Network

We are a leading national automobile dealership group in the PRC. We have a strong presence of 4S dealerships in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as selected inland areas.

The following table sets out certain information with respect to our 4S dealership network as at the date indicated:

	December 31,				
	2005	2006	2007	2008	2009
Number of 4S dealerships(1)	15	21	27	30	47

Liaoning Province

We are the largest automobile dealership in Dalian City. Dalian City is a major Chinese port, and a transportation hub for northeastern China and has the highest average per capita income in Liaoning Province. As of 31 December 2009, we operated 14 4S dealerships in Dalian City, offering a variety of automobile brands, including Mercedes-Benz, Lexus, Audi, Toyota, DF-Nissan and DF-Honda. We enjoy majority market share in Lexus, Audi and Toyota in Dalian City, and are the only authorized dealers in Dalian City for Lexus and Audi.

Our Lexus 4S dealership in Dalian City was awarded the distinguished dealership by Lexus in terms of sales, after-sales services, customer satisfaction and overall performance from 2007 to 2009. Our Dalian City operations also include Toyota's top-ranking PRC dealership, measured by national customer and service satisfaction indices.

Note:

(1) The number of 4S dealerships operated by us in the table includes one 4S dealership, Xiamen Zhongsheng Toyota Automobile Sales and Services Co., Ltd, which is jointly controlled by us.

Apart from Dalian City, our dealership network also covers other major cities in Liaoning Province. We operated one 4S dealership in Shenyang City, the provincial capital of Liaoning Province, and one 4S dealership in Yingkou City as of 31 December 2009.

Shandong Province

We operated a total of eight 4S dealerships in Qingdao City and Yantai City as of 31 December 2009. We operate Audi, Toyota, Nissan and GM 4S dealerships in Shandong Province, which is located on China's affluent and developed east coast.

Yunnan Province

We are the largest dealership group offering Toyota and the only dealership group offering Lexus in Yunnan Province. We also operate Honda and Nissan 4S dealerships in Yunnan Province. Yunnan Province, despite lower average per capita incomes than the fast-growing northeastern, eastern and southern coastal regions of China, has an extensive and well-established road network and high reliance on automobile transportation. As of 31 December 2009, we operated six 4S dealerships in Yunnan Province.

Fujian Province

We also have an established market position in Fujian Province, a southern coastal province and one of the most affluent provinces in China. Fujian Province has both a developed and increasingly wealthy automobile consumer market and extensive existing road infrastructure. As of 31 December 2009, we operated a total of three 4S dealerships in two of most affluent cities of Fujian Province, Xiamen City and Fuzhou City.

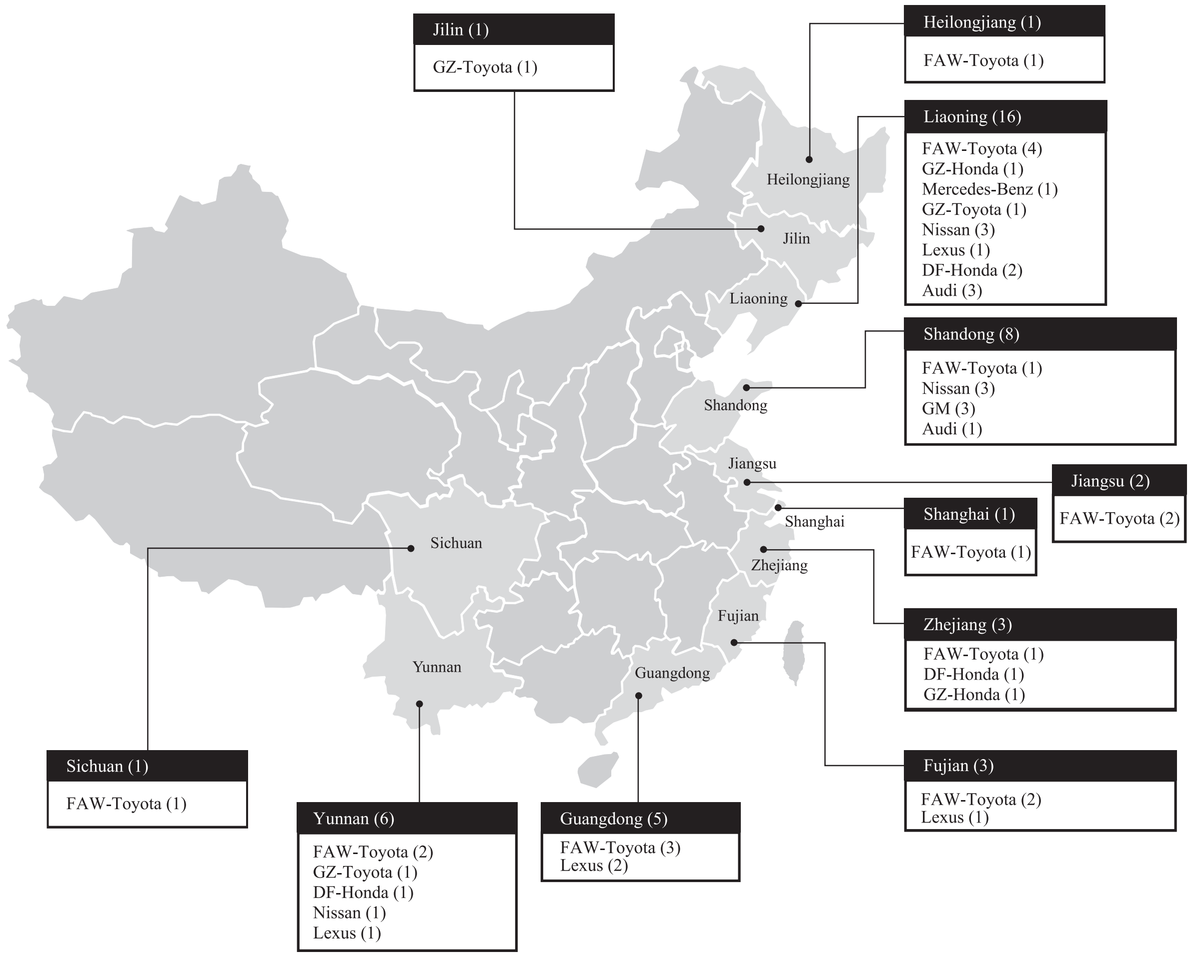
Guangdong Province

We operated a total of five 4S dealerships in Dongguan City, Shenzhen City and the provincial capital, Guangzhou City in Guangdong Province as of 31 December 2009. We operate Lexus and Toyota 4S dealerships in Guangdong Province.

Other strategic markets

We have also established 4S dealerships in other strategic markets which have large, affluent consumer bases and/or well-established road networks. These include: one 4S dealership located in Shanghai, three 4S dealerships in Zhuji City and Shaoxing City, Zhejiang Province; two 4S dealerships in Nanjing City, Jiangsu Province; one 4S dealership in Chengdu City, Sichuan Province; one 4S dealerships in Changchun City, Jilin Province; and one 4S dealership in Harbin City, Heilongjiang Province as of 31 December 2009.

The following map illustrates the geographic coverage of our 4S dealership network as of 31 December 2009.



Notes:

(1) Number in parenthesis indicates number of 4S dealerships.

(2) Our Toyota 4S dealership in Xiamen City is jointly controlled by our Group.

As of 31 December 2009, our 4S dealership network included 47 4S dealerships in operation across 11 provinces and municipalities and 20 cities in China.

In term of geographical coverage, our 4S dealership network are located in the northeastern coastal region, including Liaoning Province, Jilin Province and Heilongjiang Province, the eastern coastal region, including Shandong Province, Jiangsu Province, Zhejiang Province, and Shanghai Municipality, the southern coastal region, including Fujian Province and Guangdong Province, and selected inland areas, including Yunnan Province and Sichuan Province.

For luxury brands, we had a total of one Mercedes-Benz dealership, one Lexus dealership and three Audi dealerships; for mid-to-high end brands, we had a total of seven Toyota dealerships, three Nissan dealerships and three Honda dealerships in the northeastern coastal region as of 31 December 2009. Lexus and Toyota are the two brands which we derived most of our revenue and profits for luxury brand sales and mid-to-high end brand sales respectively in the northeastern coastal region during the Track Record Period.

For luxury brand, we had a total of one Audi dealership; for mid-to-high end brands, we had a total of five Toyota dealerships, three Nissan dealerships, two Honda dealerships and three GM dealerships in the eastern coastal region as of 31 December 2009. Audi and Toyota are the two brands which we derived most of our revenue and profits for luxury brand sales and mid-to-high end brand sales respectively in the eastern coastal region during the Track Record Period.

For luxury brand, we had a total of three Lexus dealerships; for mid-to-high end brand, we had a total of five Toyota dealerships in the southern coastal region as of 31 December 2009. Lexus and Toyota are the two brands which we derived most of our revenue and profits for luxury brand sales and mid-to-high end brand sales respectively in the southern coastal region during the Track Record Period.

For luxury brand, we also had a total of one Lexus dealership; for mid-to-high end brands, we had a total of four Toyota dealerships, one Nissan dealership and one Honda dealership in selected inland areas as of 31 December 2009. Lexus and Toyota are the two brands which we derived most of our revenue and profits for luxury brand sales and mid-to-high end brand sales respectively in selected inland areas during the Track Record Period.

The following table sets forth the percentages of revenue and gross profit attributed to each of the regions for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively.

	Year ended 31 December			Nine months ended 30 September
	2006	2007	2008	2009
Revenue (%)				
Northeastern coastal region	70	53	45	43
Eastern coastal region	10	8	10	17
Southern coastal region	7	18	21	18
Selected inland areas	13	21	24	22
Total	100	100	100	100
Gross profit (%)				
Northeastern coastal region	68	58	48	43
Eastern coastal region	7	5	6	13
Southern coastal region	8	14	19	20
Selected inland areas	17	23	27	24
Total	100	100	100	100

Our headquarters is located in Dalian City and we are the largest automobile dealership group in Dalian City. 18 of our 47 dealerships are located in the northeastern coastal region. Therefore, the revenue contributed by the northeastern coastal region generated a substantial portion of our revenue, accounting for approximately 70%, 53%, 45% and 43% of our revenue for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively. The decrease in the proportion of our revenue from the northeastern coastal region was primarily due to the continuing increase in the proportion of revenue from the southern coastal and the selected inland areas as a result of our strategy to expand our 4S dealership network in these regions during the Track Record Period. Our Group's operations have grown rapidly from 15 4S dealerships at the beginning of 2006 to 47 4S dealerships as at the end of 2009. The proportion of revenue contributed by the southern coastal region and the selected inland areas increased continuously in the three years ended 31 December 2006, 2007 and 2008. As we opened seven new 4S dealerships in Shangdong province in early 2009, the proportion of revenue contributed by the eastern coastal region increased from approximately 10% in 2008 to 17% for the nine months ended 30 September 2009, which in turn, resulted in the decrease in the proportion of revenue contributed by other regions.

Similarly, while the northeastern coastal region contributed a substantial portion of our total gross profit, the proportion of gross profit contributed by the northeastern coastal region decreased during the Track Record Period as a result of the continuing increase in the proportion of gross profit contributed by the other regions due to our business network expansion. The proportion of gross profit contributed from the southern coastal region and the selected inland areas increased continuously in the three years ended 31 December 2006, 2007 and 2008. The proportion of gross profit contributed by the eastern coastal region increased significantly from 6% for the year ended 31 December 2008 to 13% for the nine months ended 30 September 2009, primarily attributable to the seven newly opened 4S dealerships in Shandong province. The proportion of gross profit contributed by the southern coastal region, where three of our five Lexus dealerships of luxury brand are located, continued its increasing trend in the nine months ended 30 September 2009 due to our business expansion in this region and the fact that dealerships of luxury brand generally have higher gross profit margins compared with mid-to-high brand dealerships. The increase in the proportion of gross profit contributed by the eastern coastal region and the southern coastal region in turn resulted in the decrease in the proportion of gross profit contributed by other regions for the nine months ended 30 September 2009.

Our 4S Dealerships

A 4S dealership refers to a dealership authorized to sell the products of a single automobile brand. 4S dealerships integrate four standard automobile-related businesses: sales, spare parts, service and survey. In China, the majority of automobiles are retailed through 4S dealerships.

The operations of each of our 4S dealerships are governed by a dealership agreement with the relevant automaker. Each of our 4S dealerships is operated by a member or members of our Group, with each 4S dealership selling only one brand of automobile and typically only permitted to operate at a single point of sale. These agreements are non-exclusive, must generally be renewed periodically and typically have a term of one year. The automakers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and unapproved changes in ownership or management structure that affect our ability to meet our contractual obligations. As at the Latest Practicable Date, all of our dealership agreements had been renewed or are in the process of being renewed with the relevant automakers. During the Track Record Period, none of our dealership agreements was terminated by the automakers, nor did any automaker refuse to renew dealership agreements governing our 4S dealerships.

The time required for our newly established or acquired 4S dealerships to reach a steady level of revenue and profit comparable with those of our existing dealership network depends on many factors, including but not limited to, the popularity of brand it offers among the local customers, the level of competitiveness in the local market, the affluence level in the region, and the experience of management team of the dealership. In general, such required time span ranges from two to three years.

Salient terms of our automobile dealership agreements

The following terms are typical in most of our existing dealership agreements. These terms set out our general rights and obligations under the dealership arrangements.

- We are generally required to meet the layout and design standards required by each automaker, and we agree to permit the relevant automaker to conduct on-site performance assessments periodically.

- We are generally required to follow annual sales plans that are set by the automakers, however, our dealership agreements typically do not provide any minimum purchase or sales requirements.

- We are typically entitled to use the trade names, trademarks and other branding matters in a manner consistent with the standards set by the relevant automaker to promote the brand awareness of automobiles we sell through our 4S dealerships.

- The automakers may specify the geographical limitation within which our 4S dealership must operate, as well as recommend price guidelines for new automobiles. Our dealership agreements typically allow the relevant automakers to adjust the geographical limitation within which a particular 4S dealership may operate. We also have flexibility in adjusting the selling price notwithstanding the price guidelines from the automakers.

- We are generally prohibited from knowingly selling automobiles to any customers whose intention is to resell or export automobiles outside the PRC.

- We are prohibited from retailing more than one brand of new automobile in any of our 4S dealerships. We are not required to register our dealership agreements with any relevant authorities.

- We take ownership of the automobiles from the automakers upon delivery of the automobiles.

- The automakers usually engage logistic companies to deliver automobiles to designated locations. The automakers usually bear all the transportation costs and insurance fees incurred during such process.

- Dealership agreements usually specify the business model of a particular 4S dealership. The business model of each of our 4S dealership is to provide one-stop services for a particular brand of automobile by combining the sales of new automobiles, sales of spare parts and after-sale services with an aim to provide efficient and standardized service to the end customers.

- The automakers have rights to conduct inspection of and site-visits to our 4S dealerships to appraise the performance of our 4S dealerships and their compliance with the dealership agreements, and provide various advices to our 4S dealerships. The automakers conduct such inspections and site-visits on irregular basis and may take the review results into account when considering the renewal of the dealership agreements with us.

- Dealership agreements usually have a term of one year. The automakers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and changes in ownership or management structure that affect our ability to meet our contractual obligations without their prior consent. One of our dealership agreements for Mercedes-Benz provided a term from 13 July 2009 to 31 December 2012, and can be extended for another two years unless each party can terminate with six month's written notice.

Our dealership arrangements governing our Toyota and Lexus 4S dealerships are all entered into with members or affiliates of the same corporate group, Toyota Motor Corporation. Our dealerships arrangements for Mercedes-Benz, Audi, Nissan, Honda and GM are generally entered into with

Mercedes-Benz division of Daimler AG, Audi AG, Nissan Motor Co., Ltd, Honda Motor Co., Ltd, General Motor Corporation, or their respective joint-ventures in the PRC, or members or affiliates of the same corporate group.

In addition, our 4S dealerships are also required to satisfy certain procedural requirements and obtain certain permits, licenses and approvals from relevant PRC Government authorities. Depending on the location of each 4S dealership, these could include archival filing with MOFCOM for new automobile sales, archival filing with SAIC for new automobile sales, project initiation approvals from the Ministry of Transport, road transport licenses from the relevant provincial counterpart of the Ministry of Transport for repair and maintenance, environment certificates or licenses for concurrent insurance agency. All of the permits, licenses and approvals required by our Group are subject to different renewal and validity conditions depending on the location of particular 4S dealerships and the businesses engaged in by that 4S dealership.

Our "One-stop Automobile Shop"

Through our "one-stop automobile shop" business model, we offer our customers new automobiles and after-sales services. Our new automobile sales business retails luxury and mid-to-high end brands automobiles. Our after-sales businesses offer spare parts, provide repair, maintenance and detailing services, and retail automobile accessories.

The table below provides revenue information for each of our new automobile sales business and our after-sales businesses for the periods indicated.

	Year ended 31 December						Nine months ended 30 September 2009	
	2006		2007		2008			
	Amount (RMB'000)	%	Amount (RMB'000)	%	Amount (RMB'000)	%	Amount (RMB'000)	%
Revenue from:								
— New automobile sales business	6,209,270	95.9	8,616,223	94.7	9,695,464	91.9	8,329,265	90.4
— After-sales businesses	262,773	4.1	486,911	5.3	853,113	8.1	883,359	9.6
	6,472,043	100.0	9,103,134	100.0	10,548,577	100.0	9,212,624	100.0

New automobile sales

We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands such as Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands such as Toyota, Nissan, Honda and GM. The automobiles we retail through our 4S dealerships include both imported automobiles and automobiles produced domestically by the automakers and/or their PRC joint venture corporations. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, revenue from Toyota brand automobiles accounted for approximately 44.3%, 47.1%, 53.0% and 51.2% of our revenue from new automobile sales, respectively, while revenue from Lexus brand automobiles accounted for approximately 30.5%, 34.1%, 24.7% and 16.7% of our revenue from new automobile sales for the same periods, respectively. The selling prices of domestically manufactured models are generally lower than those of imported models. While different models may vary in their profit margins, risk profiles and other aspects, such differences are not attributed to whether the vehicles are domestically or overseas produced.

The tables below provide certain information about the luxury and mid-to-high end automobile brands that we had 4S dealership arrangements for, as of 31 December 2009.

Our Automobile brands

We had dealership arrangements with nine automakers as of 31 December 2009:

Mercedes-Benz	—	We operated one 4S dealerships retailing Mercedes-Benz automobiles. Mercedes-Benz supplies us with a range of models including their C-class, E-class, S-class and other series of product offering.
Lexus	—	We operated five 4S dealerships retailing Lexus automobiles. Lexus supplies us with more than ten models including the ES350 which was our best selling Lexus model by volume for the year ended 31 December 2008.
Audi	—	We operated four Audi 4S dealerships. Audi supplies us with a range of different models, among which the A4 and A6 were among the highest rating models in terms of overall quality according to a PRC market survey conducted by JD Power in 2008. A6 was also among our most successful luxury models by revenue for the year ended 31 December 2008.
FAW-Toyota	—	FAW-Toyota supplies us with some of our most successful models in terms of sales volume, including Corolla, Reiz and Crown. We operated 18 4S dealerships which retail FAW-Toyota automobiles.
GZ-Toyota	—	We operated three GZ-Toyota 4S dealerships. GZ Toyota supplies us with Camry, Highlander and Yaris models. The Toyota Camry was one of our best selling models by sales volume in 2008.
Nissan	—	We operated seven 4S dealerships retailing Nissan automobiles. Nissan supplies us with a range of models including Teana which was given the highest rating in terms of overall quality in a PRC market survey conducted by JD Power in 2008.
DF-Honda	—	We operated four DF-Honda 4S dealerships. DF-Honda supplies us with CR-V and Civic models. Civic, which was the only model that we sell through our DF-Honda 4S dealerships to be assessed, was ranked better than most in terms of overall quality in a PRC market survey conducted by JD Power in 2008. Our sales of Civic and CR-V both increased significantly between 2006 and 2008.
GZ-Honda	—	We operated two 4S dealerships retailing GZ-Honda automobiles. GZ-Honda supplies us with a range of models including Odyssey which was given the highest rating in terms of overall quality in a PRC market survey conducted by JD Power in 2008.

GM — We operated three 4S dealerships retailing GM automobiles. GM supplies us with a range of models including Excelle, La Crosse and GL8 under "Buick" series of product offering and Epica, Lova and Cruze under "Chevrolet" series of product offering.

Luxury brands

Automaker	Models offered include	Number of 4S dealerships in operation as of 31 December 2009	Location and number of 4S dealerships per location as of 31 December 2009[(1)]
Mercedes-Benz	B-class, C-class, E-class, S-class, CLK and SLK series, Viano, Vito	1	Liaoning (1)
Lexus	ES350, IS300, GS300, LS460, RX350, GS430, SC430, LS600, RX400, LX470, LS430, RX300	5	Liaoning (1), Yunnan (1), Guangdong (2), Fujian (1)
Audi	A4, A6, A8, Q7, TT, R8, S8, Q5	4	Liaoning (3), Shandong (1)

Mid-to-high end automobile brands

Automaker	Models offered include	Number of 4S dealerships in operation as of 31 December 2009	Location and number of 4S dealerships per location as of 31 December 2009[(1)]
FAW-Toyota	Vios, Corolla, Reiz, Crown, Prius, RAV4, Prado, Land Cruiser, Vito	18	Liaoning (4), Yunnan (2), Guangdong (3), Fujian (2), Jiangsu (2), Sichuan (1), Shanghai (1), Heilongjiang (1), Shandong (1), Zhejiang (1)
GZ-Toyota	Camry, Highlander, Yaris, FJ Cruiser	3	Liaoning (1), Yunnan (1), Changchun (1)

Note:

(1) The number in the parenthesis refers to the number of 4S dealerships in the relevant region.

Automaker	Models offered include	Number of 4S dealerships in operation as of 31 December 2009	Location and number of 4S dealerships per location as of 31 December 2009[1]
Nissan	Geniss, Bluebird, Paladin, Pickup, Tiida, Teana, Sunny, Sylphy, Livina, Fuga, Quest, X-Trail	7	Liaoning (3), Yunnan (1), Shandong (3)
DF-Honda	CR-V, Civic, Spirior	4	Liaoning (2), Yunnan (1), Zhejiang (1)
GZ-Honda	Fit, Accord, Odyssey, City	2	Liaoning (1), Zhejiang (1)
GM	Excelle, La Crosse, Regal, Park Avenue, GL8 of "Buick" series and Cruze, Lova, Captiva and Epica of "Chevrolet" series, Enclave	3	Shandong (3)

Our automobile brands have experienced sustained sales growth in the PRC. According to a PRC market survey performed by JD Power[1] in 2009, Mercedes-Benz, Lexus, Audi, Toyota, Nissan and Honda are the most highly-rated automobile brands in terms of overall service satisfaction based on service initiation, service advisor, service facility, automobile pickup and service quality. According to ACMR, between 2003 and 2008, our luxury automobile brands, Mercedes-Benz, Lexus and Audi, recorded a CAGR for their total sales in the Chinese market of approximately 34.7%, 63.4% and 12.1%, respectively and our mid-to-high end automobile brands, Toyota, Nissan and Honda recorded a CAGR for their total sales in the Chinese market of approximately 62.5%, 30.9% and 23.9%, respectively. However, the global financial crisis which commenced in 2008 caused substantial volatility in the capital markets and a downturn in the global and PRC automobile industries. Any tightening of credit conditions in the future may lead to the downturn in sales of the automobiles, including our new automobiles sales business.

In addition to our diverse portfolio of mid-to-high end and luxury automobile brands, we also retail a small number of new commercial vehicles and other automobiles manufactured by certain of the automakers and supplied to us under our 4S dealerships arrangements with them.

Note:

(1) JD Power was not commissioned by our Company or the Joint Sponsors. JD Power is a global marketing information services firm founded in 1968, which conducts surveys of customer satisfaction, product quality and buyer behaviour for industries, and is an Independent Third Party. All information from JD Power set out in the prospectus is public information. The All Power Circle Ratings generated by JD Power were based on the opinions of a sample of consumers who have used or owned the product or service being rated.

After-sales businesses

Our after-sales businesses provide a wide range of services and products to our customers including repair, maintenance, detailing services and automobile accessories. After-sales businesses set high service standards, and focus on providing quality customer-oriented services to satisfy our customers' needs. Services under warranties are included in the after-sales businesses. The target markets for our after-sales businesses are large and growing strongly, driven by our rapidly expanding customer base as the number of automobile owners continues to increase. In addition, the profit margins for our after-sales businesses are generally significantly higher than the profit margin for our new automobile sales business. As a result, a relatively mature 4S dealership, in term of operating history, is expected to have a large portion of profits derived from after-sales businesses.

As a result of its recurrent business nature, the revenue and income from after-sales businesses are more steady compared with those derived from the new automobile sales. In addition, after-sales businesses require relatively less working capital to operate. Such inventories can be procured on credit terms that vary from product to product.

The primary customers for our after-sales businesses are those who purchase new automobiles from our 4S dealerships. The after-sales businesses may also bring new automobile sales business. A 4S dealership with quality after-sales service and high customer satisfaction will not only retain existing customers, but also attract more new customers for new automobile sales and after-sale businesses. We have and will continue to adopt various marketing campaigns, including without limitation, one-on-one client surveys, major client visits, automobile club activities and client referral programs, to identify and procure potential customers of after-sales businesses.

The following is a detailed description of the types of after-sales businesses we operate during the Track Record Period.

Repair, maintenance and detailing services

We strive to provide quality repair, maintenance and detailing services to our customers. As a result of our customer-focused philosophy, several of our 4S dealerships operating Toyota, Lexus and Nissan brands achieved high ranking in terms of customer satisfaction indices among 4S dealerships in their respective cities in 2008. Our Group was also rated by the China Automobile Dealers Association in 2008 as one of the ten most influential automobile dealership groups in the industry for the 30 years since China's adoption of reform and opening-up policy. In addition, our individual 4S dealerships received various kinds of awards in recognition of their outstanding customer service. Recent awards we received in 2008 include:

- National Outstanding Sales Counseling Award for one of our Lexus dealerships in Guangzhou awarded by Lexus.

- Best After-sales Service Coordination Award for one of our FAW-Toyota dealerships in Dalian awarded by FAW-Toyota.

- FTMS After-sales Service TL Model Shop Award and Encouraging Quality Improvements Award for two of our FAW-Toyota dealerships in Fujian awarded by FAW-Toyota.

We provide repair and maintenance services under warranties and we are subject to the terms of sale to our customers, who purchase new automobiles through our 4S dealerships. The automakers set the price we charge our customers for providing repair and maintenance services under warranties. We derive gross profit from the difference between the fee charged and the cost of providing such services.

We also provide repair, maintenance and detailing services to the general public. We use spare parts, accessories and tools primarily produced by the relevant automakers and/or other independent suppliers. In order to cope with greater demand for our repair, maintenance and detailing services and to expand our service and market coverage, we are in the process of establishing and intend to continue to establish quick service shops in the vicinity of each of our 4S dealerships to provide fast and efficient repair, maintenance and detailing services to our customers as an extension to our existing 4S dealership network, and to complement the repair, maintenance and detailing services provided at our 4S dealerships. We endeavor to ensure effective expertise transfer by bringing experienced general managers and automotive engineers from our 4S dealerships to our quick service shops to supervise the operations of our quick service shops, and we intend to leverage on our strong reputation for customer service and automotive technical excellence, to build a comprehensive network of quick service shops rapidly.

On 9 June 2009, Zhongsheng Holdings and Japan Tacti entered into an agreement to establish a joint venture company, Zhongsheng Tacti, to conduct quick automobile repair services in China. Pursuant to the terms of the joint venture agreement, each of Zhongsheng Holdings and Japan Tacti holds a 50% interest in Zhongsheng Tacti. Our cooperation with Japan Tacti is strategic in nature. Japan Tacti has a proven track record in operating quick automobile repair services in Japan and it offers high end brands of automobile accessories. We intend to capitalize on the experience of Japan Tacti in quick automobile repair services by establishing Zhongsheng Tacti as our model quick service shop. We plan to establish more quick service shops to be wholly owned by our Group in the future based on our successful experience in Zhongsheng Tacti. We will also cooperate with Japan Tacti by introducing its high end brands of automobile accessories to enrich the ranges of automobile accessories we sell and enhance our automobile accessories sales performance in the future.

We plan to expand our existing services network through establishing quick service shops in the vicinity of our 4S dealerships, especially those dealerships that are already operating at their full capacity in terms of after-sales service in order to provide fast and efficient repair, maintenance and detailing services. With the establishment of quick service shops, going forward, our 4S dealerships will focus on the more complicated repair and whole vehicle maintenance services and will direct the simpler and regular repair, maintenance and detailing services to the quick service shops.

We envisage that the location of our quick service shops will be less premier when compared with our 4S dealerships and that they will require fewer skilled technicians and equipment and could thus lower the operating cost and offer services to our customers at lower prices. We believe this would attract a new group of customers who are more sensitive to price level than the existing customers of our 4S dealerships. Moreover, while our 4S dealerships only offer repair, maintenance and detailing services to automobiles of a specific brand, our quick service shops are not subject to such limitation and we believe this would also broaden our customer base.

We plan to apply 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) of the net proceeds from the Global Offering for the establishment of additional quick service shops in the future. Please also refer to the section entitled "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

Services under warranty

The product warranty period for new automobiles typically lasts between 24 to 48 months, beginning on the date the automobile is delivered to the customer. In relation to components such as the battery and expendable parts including oil, fuel and air-conditioner filters, brake pads and spark plugs, the warranty period is typically six to 12 months generally, the product warranty is only valid within the PRC. As at 31 December 2009, there were approximately 101,000 automobiles sold by our Group which were still within the warranty period.

We examine each automobile brought to our 4S dealerships for repairs to determine the cause of the problem before beginning work. In situations covered by the relevant product warranty, we request our customers to complete and sign a form setting out details of the problem(s) with the automobile. After the repairs are completed, the automobile is returned to the customer, and we send the forms to the relevant automakers on a regular basis for payment.

The automakers typically do not pay for repair of component claims not covered by the relevant warranty and for damage caused by wear-and-tear or normal usage, such as punctured tyres and broken glass. During the Track Record Period, none of our claims for payment for repairs performed under warranty were rejected by the automakers, as each of our automotive engineers and technicians has been trained to be familiar with the scope of the automakers' warranty coverage, and instructed to liaise with the automakers in any event of doubt prior to commencing repair works.

Automobile recalls

We also assist in automobile recalls conducted by the automakers. It is sometimes necessary for automakers to conduct automobile recalls to minimize the risks to consumers in the event of defects and in turn minimize the potential damage to their brand image. In such case, our Group typically rectifies the defect according to the relevant automaker's instructions, rather than returning the entire automobile to the automaker. Although each automaker conducts recalls differently, typically, in the event of a recall campaign, the automaker notifies us prior to the commencement of the campaign, and provides us with various documents including repair instructions and the automaker's responses to customers' frequently asked questions. Using our database of customer records, we contact the relevant customers and request them to bring their automobiles to our 4S dealerships for inspection and repair where necessary. The automakers also provide information to the public about the recall campaign via additional channels, such as press releases, telephone hotlines and websites. In certain situations where the time required to complete the repairs may be longer, we also provide substitute automobiles to our customers and/or a door-to-door delivery service. We maintain records of all relevant correspondence with our customers, and provide regular updates to the automaker regarding the recall campaign. Work done in connection with a recall campaign is not charged to the customer but to the automaker, using claim or reimbursement forms provided by the automaker.

During the Track Record Period, the automakers conducted automobile recalls for a number of their automobile models that we sold, including several of the recent large scale recalls experienced by several automakers in the global market, such as a recent large scale global recall by Toyota. The United States regulators have launched a preliminary investigation on Toyota and the president of Toyota Motor Corporation testified in front of the United States House of Representatives in February 2010.

In addition, automobiles of Lexus have also been recalled recently. Given that Toyota and Lexus are our two largest brands in terms of revenue and accounted for approximately 44.3%, 47.1%, 53.0% and 51.2% (in the case of Toyota), and 30.5%, 34.1%, 24.7% and 16.7% (in the case of Lexus) of our revenue generated from new automobile sales for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively, our customers' confidence in the quality and safety of the automobiles may be severely impaired due to the recalls, and any product defects or automobile recalls may have an adverse effect on our Group's reputation.

We are not liable for any damages caused by the automobiles under the recalls. We will provide assistance for automobile recalls conducted by the automakers and charge fees for our services. Any work done in connection with the recalls is not charged to the customer but to the automaker, using claim or reimbursement forms provided by the automaker.

However, as at the Latest Practicable Date, the automobiles we offered are not involved in recent recalls other than one automobile model of Toyota brand. We confirm that the recent recalls have not led to any significant drop in our new automobile sales and have not caused any significant increase in the cancellation of orders placed by our customers. As at the Latest Practicable Date, such recalls have not caused any material adverse impact on our business, and our operational and financial performance.

During the Track Record Period, the automakers conducted automobile recall activities for a number of their automobile models. The following table lists the automobile recall activities conducted by the automakers for models we sell in the PRC which commenced during the Track Record Period.

Commencement Date	Automaker Conducting Recall	Recalled Model(s)	Affected Component(s)
28 February 2010 . .	Tianjin FAW Toyota Motor Co., Ltd.	RAV4	Accelerator pedal
30 December 2009. .	Toyota Motor (China) Investment Co., Ltd.	Lexus ES350, Lexus RX350 and Highlander	Engine oil tube of Variable Valve Timing Intake ***(VVT-i)*** System
14 October 2009 . . .	Dongfeng Motor Co., Ltd.	X-Trail	Steering box
7 October 2009	FAW-VW Automobile Co., Ltd.	Audi TT	Fluid temperature sensor
29 September 2009 .	Guangzhou Honda Automobile Co., Ltd.	Accord	Air bag
14 September 2009 .	Daimler AG	Viano and Vito	Front hinge of rear ventilation window
25 August 2009 . . .	GAC Toyota Motor Co., Ltd.	Camry and Yaris	Power window

Commencement Date	Automaker Conducting Recall	Recalled Model(s)	Affected Component(s)
25 August 2009 . . .	Tianjin FAW Toyota Motor Co., Ltd.	Vios and Corolla	Power window
12 June 2009	Dongfeng Motor Co., Ltd.	Teana	Engine air tube
11 June 2009	Sichuan FAW Toyota Motor Co., Ltd., Changchun Fengyue Company	Land Cruiser	Front Supplemental Restraint System (“**SRS**”) airbag
24 April 2009	GAC Toyota Motor Co., Ltd.	Camry	Vacuum booster
24 April 2009	Shanghai General Motors Co., Ltd.	Excelle	Skylight glass
27 March 2009	Dongfeng Motor Co., Ltd.	Sunny	Front suspension
18 February 2009 . .	Mercedes-Benz (China) Ltd.	Benz S-class	Front shock absorber
26 December 2008. .	Tianjin FAW Toyota Motor Co., Ltd.	Crown and Reiz	Electric Power Steering
25 December 2008. .	Toyota Motor (China) Investment Co., Ltd.	Lexus GS300, Lexus GS430, Lexus IS300 and Lexus RX400h	Electric Power Steering
3 November 2008 . .	Tianjin FAW Toyota Motor Co., Ltd.	Vios and Corolla	Manual transmission
21 October 2008 . . .	Guangzhou Honda Automobile Co., Ltd.	City	Rear wheel brake shoe component
30 May 2008	FAW-VW Automobile Co., Ltd.	Audi A4 and Audi A6	Engine ignition coils
30 May 2008	FAW-VW Automobile Co., Ltd.	Audi A6	Fuel tank ventilation valve
27 March 2008	Dongfeng Motor Co., Ltd.	Teana	Muffler
6 December 2007 . .	FAW-VW Automobile Co., Ltd.	Audi Q7	Rear boot
1 October 2007	Dongfeng Motor Co., Ltd.	Sylphy, Tiida, Teana and Livina	Front brake
26 June 2007	Sichuan FAW Toyota Motor Co., Ltd., Changchun Fengyue Company	Prius	SRS airbag
14 June 2007	Nissan (China) Investment Co., Ltd.	Quest	Front suspension cross link
19 March 2007[(1)] . . .	Guangzhou Honda Automobile Co., Ltd.	Accord	Power steering fuel tube

Commencement Date	Automaker Conducting Recall	Recalled Model(s)	Affected Component(s)
19 March 2007[1] . . .	Guangzhou Honda Automobile Co., Ltd.	Odyssey, Fit and Accord	Fuel pump relay
19 March 2007[1] . . .	Guangzhou Honda Automobile Co., Ltd.	Odyssey	Fixed bolt of booster pump
10 January 2007 . . .	Dongfeng Honda Co., Ltd.	CR-V	Rear wheel shock absorber
17 November 2006 .	FAW-VW Automobile Co., Ltd.	Audi A8	Driver's airbag
28 August 2006 . . .	Tianjin FAW Toyota Motor Co., Ltd.	Crown	Front windshield
28 July 2006.	Toyota Motor (China) Investment Co., Ltd.	Lexus RX300	Floor carpet cover
25 June 2006	Toyota Motor (China) Investment Co., Ltd.	Corolla and Prius	Intermediate shaft of steering shaft and sliding shift fork
5 June 2006	Toyota Motor (China) Investment Co., Ltd.	Lexus GS300 and Lexus GS430	Safety belt retractor
31 May 2006	Toyota Motor (China) Investment Co., Ltd.	Land Cruiser Prado	Rear half-shaft flange
10 April 2006	Tianjin FAW Toyota Motor Co., Ltd.	Crown and Reiz	SRS airbag
7 March 2006	Nissan (China) Investment Co., Ltd.	X-Trail	Paint between fuel tank filler tube and bracket

Note:

(1) Recall commenced prior to the acquisition of Dalian Zhongsheng Hongda Automobile Sales & Services Co., Ltd, formerly known as Dalian Xinshengrong Trading Co., Ltd., one of our Group's GZ-Honda dealership.

Automobile accessories

We have accumulated significant experience in this area by leveraging on our existing resources including our operational experience, highly trained service teams and extensive market knowledge. The automobile accessories we retail may be broadly categorized into automobile electronics (including GPS systems, audio and video equipment), automobile styling products (including decals, seat covers and floor mats) and automobile maintenance products (including maintenance products for engine, handling and braking products, tires, waxes and polishes). We believe the increasing demand for automobile styling and automobile care products, together with our large customer base derived from our new automobile sales business, will provide significant growth potential for our automobile accessories business.

We source all of our automobile accessories from suppliers which are Independent Third Parties. We sometimes instruct the automobile accessories suppliers to attach the label of our Group to those accessories and give instruction to the suppliers as to the design, types, and specifications of the automobile accessories, in order to provide tailor-made accessories to our customers. Our strong and established relationships with these suppliers enable us to retail a wide range of high-quality automobile accessories, the latest and most advanced products at attractive prices. We also aim to become the sole distributor of certain automobile accessories. The revenue contribution from the sale of such labelled accessories was insignificant during the Track Record Period.

An automobile accessories division has been established in each of our 4S dealerships, comprising dedicated sales personnel and automotive engineers and technicians. Our automobile accessories are displayed both in dedicated showrooms in the 4S dealerships, and in the new automobiles exhibited in our 4S dealerships.

In addition to expanding our automobile accessories business through our existing 4S dealerships, we also intend to build automobile accessories exhibition centers to increase our sales of automobile accessories and market exposure. We have constructed our first automobile accessories exhibition center, the Kunming Exhibition Center, strategically located in an area with a high concentration of 4S dealerships. The Kunming Exhibition Center has a floor area of more than 3,000 square meters. Kunming Exhibition Center is divided into two levels, the first level will be our quick service shops, and retail standard automobile accessories. The second level will be a dedicated automobile accessories showroom retailing high-end specialty automobile accessories. We will handle all sales of automobile accessories within the Kunming Exhibition Center, although we expect that our suppliers will participate in and be responsible for the layout and design of each of their product display areas.

We have derived most of our revenue of sales of automobile accessories from the automobile accessories divisions established in each of our 4S dealerships during the Track Record Period. To further develop this line of business, we plan to apply 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) of the net proceeds from the Global Offering for the establishment of additional automobile accessories exhibition centers in the future. Please also refer to the section entitled "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus. We believe that by establishing more automobile accessories exhibition centers in the future, the total revenue derived from the sales of automobile accessories as well as the percentage of revenue attributable to automobile accessories business will increase.

Other automobile related businesses

Used automobile trade-in service

Our Group began operating used automobile trade-in service mainly to facilitate our new automobile sales. Our 4S dealerships are not required to enter into contractual arrangement with or obtain permission from the automakers or other parties for conducting used automobile trade-in businesses. Customers for new automobile sales approach our 4S dealership to express their intention to trade-in their used automobiles for purchasing new automobile. We will also charge a certain amount from customers for our service provided.

Automobile lease

In addition to automobile sales, certain of our 4S dealerships operated automobile leasing businesses. Automobile leasing business is only an ancillary business to complement our main business.

Automobile insurance, automobile finance related and automobile licensing services

Our Directors anticipated that automobile insurance, automobile finance related and automobile licensing services have potential to grow in the future. Automobile insurance services refer to the arrangement with independent insurance companies, pursuant to which employees of our 4S dealerships will promote the automobile-related insurances provided by such automobile insurance company to our customers at our premises and receive commission from the relevant insurance company. Automobile finance related services refer to the arrangement with independent financing entities, pursuant to which employees of our 4S dealerships will promote automobile financing products (for instance, installment loans) provided by the financing entity to our customers at our premises and help process the application documents for the financing entities. In return, such financing entity will pay us service fee. Automobile licensing services refer to the application for new automobile licenses and payment of related taxes/ charges on behalf of our customers. In return, we will charge our customers for the services provided.

These three types of services are either commission based or agency services, which do not require large amount of capital to operate. The cost of these three types of services are generally labor costs for employees required and costs for necessary equipments, such as computers and office supplies. Accordingly, the cash flow generated from daily operation of the 4S dealerships are sufficient to carry out these three types of services.

According to our PRC legal advisers, King & Wood, each 4S dealership conducting automobile insurance services is required to obtain licenses according to the Regulations on Administration of Concurrent-Business Insurance Agents (保險兼業代理管理暫行辦法) promulgated by the China Insurance Regulatory Commission. Please also refer to the section entitled "Regulations" in this prospectus. There are no regulatory approvals needed or licenses required for automobile finance related services as currently conducted in certain 4S dealerships of our Group. According to the Administrative Measures on Registration Services Stations for Automobiles from 4S Dealerships and Used Automobile Markets (4S店、二手車市場機動車登記服務站管理辦法) in certain provinces, registration to the local police bureaus is required for automobile licensing services.

Several of the 4S dealerships in our Group have operated these three types of businesses during the Track Record Period, and all of them have received proper licenses and registrations required to conduct these businesses.

PROCUREMENT

New automobiles

The automakers set annual non-binding supply quotas of new automobiles for each of their associated 4S dealerships as part of the annual sales plans. These quotas are determined after consideration of a variety of factors, including the automaker's own annual production plans and the previous purchase orders and track record of the relevant 4S dealership and may be changed at the automakers' discretion. Inventory is managed on a rolling monthly basis with supplies of new automobiles delivered monthly, based on our management's expectations of sales performance at the relevant 4S dealership.

Logistical and financing arrangements

New automobiles are delivered to us regularly, on the basis of orders placed by each of our 4S dealerships. The automakers, who are Independent Third Parties, are responsible for the transportation of the new automobiles and bear the associated costs, such as insurance and logistical expenses, until they reach our 4S dealerships or warehouses and are in our custody. Title and risk of the new automobiles are transferred to us at our 4S dealerships or warehouses. In line with industry practice, the automakers often require us to make full payment of the purchase price before delivery of the new automobiles to us.

For some of the automakers, we pay 20% of purchase price with the remaining amount financed by the automaker's automobile financing companies with an interest-free period for up to two months initially. The finance arms of certain automakers also extend short-term credit facilities including loans, which may be interest-free for up to two months, to encourage increased purchase orders and sales. For automobiles we have purchased by utilizing the loan from the automaker's automobile financing companies, the automobile financing companies will pay the balance of the purchase prices to the automakers and thus become our lenders. Accordingly, title and risk of the new automobiles are still transferred to us at our 4S dealership or warehouses upon delivery. We will then repay the loan to our lenders pursuant to the financing arrangements.

Spare parts and automobile accessories

We source our spare parts, automobile accessories and other automobile-related products from the automakers and independent suppliers. Typically, we primarily source spare parts from the automakers, and automobile accessories from independent suppliers. Title to spare parts and automobile accessories passes to us upon delivery. Due to the size of our dealership network, we are well-positioned to negotiate for a favorable pricing with our independent suppliers of automobile accessories.

Our major suppliers

Our purchases include new automobiles, spare parts and automobile accessories. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our costs incurred in relation to new automobile sales were approximately RMB5,899.7 million, RMB8,064.9 million, RMB9,261.5 million and RMB7,950.1 million, respectively, representing approximately 97.1%, 96.2%, 94.8% and 94.1% of our total costs of sales and services, respectively.

Our top five suppliers are automakers which supply us new automobiles and spare parts. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, purchases from our top five suppliers accounted for approximately 92.3%, 93.9%, 92.9% and 88.9% of our total purchases, respectively. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, purchases from our top supplier accounted for approximately 40.3%, 45.2%, 36.2% and 38.4% of our total purchases, respectively.

All of our top five suppliers are Independent Third Parties. None of our Directors or their associates or any of our current Shareholders (who to the knowledge of our Directors owns more than 5% of our share capital) has any interest in any of our top five suppliers which is required to be disclosed under the Listing Rules.

INVENTORY MANAGEMENT

We actively manage and maintain our inventories to ensure cost-efficiency, quality control and the timely distribution and sales of new automobiles, spare parts and automobile accessories. Our senior management is actively involved in setting inventory standards, and is continually seeking ways to further improve our inventory control.

We monitor our inventory at each of our 4S dealerships to maintain a reasonable level of inventory turnover. We also maintain an advanced database, which enables us to monitor and manage our inventory turnover of each 4S dealership in a real-time manner for new automobiles, spare parts and automobile accessories.

In addition, we utilize our aggregate ordering and procuring power with an aim to obtain competitive pricing from suppliers of spare parts and automobile accessories. Through our Group's general budget plan and resources allocation, we are able to adjust the automobile quotas to some extent to improve mix of automobile inventory for our 4S dealerships. Automobile quota refers to the number of different types of automobile assigned by the automakers in a given period of time. Usually the automakers will set quota for certain types of automobiles, especially when the market demand for such types of automobile is large.

MARKETING AND PROMOTIONAL ACTIVITIES

We utilize a variety of methods to promote our Zhongsheng brand image, our 4S dealerships and the products and services we offer through our "one-stop automobile shop" business model to our customers.

Our marketing campaigns are organized at two levels, our headquarters in Dalian City and each of our 4S dealerships. Our headquarters is responsible for coordinating regional marketing campaigns, and supervises the local marketing campaigns conducted by each of our 4S dealerships. We advertise through outdoor advertisements, distributions of marketing materials at our 4S dealerships, radio commercials, Internet advertisements, and advertisements in newspapers and magazines.

Our sales initiatives include complimentary gifts, lucky draws and local promotional events and activities. In particular, sales and marketing events to promote new models of automobile, such as automobile exhibitions, are typically organized jointly with the relevant automaker.

We typically increase our marketing and promotional activities shortly before the Chinese Lunar New Year public holidays and the PRC National Day holiday in October.

Our marketing and promotional expenses were approximately RMB41.4 million, RMB46.6 million, RMB44.9 million and RMB34.7 million for each of the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009.

CUSTOMER SERVICE

We place a high priority on providing our customers with consistent, high-quality customer service and support. Our corporate motto is "Zhongsheng — Lifetime Partner", and it is central to our corporate culture. We believe that providing high-quality service to each of our customers is the key to building long-lasting customer relationships, and to attracting new customers for each of the businesses offered through our "one-stop automobile shop" business model. In line with this core principle, we provide systematic training courses to our customer-facing employees such as our sales personnel to achieve high customer satisfaction rankings.

Customer relationship management

We have adopted a customer relationship management system through our centralized ERP system which stores our customers information. Such system enables us to facilitate our interaction with and services to our customers. In addition, we assign customer relationship managers to our customers. We provide our customer relationship managers access to our database of customer records which tracks his or her consumption patterns and preferences for our products and services so that our customer relationship managers may understand their needs better and tailor a customized service strategy for each individual customer.

24-hour hotline and roadside assistance

We provide a 24-hour hotline to answer customer enquiries. We also provide 24-hour roadside assistance services to our customers, including automobile towing service.

Other initiatives

We organize other initiatives for our customers, including seminars such as basic repair and maintenance workshops, and social events including musical concerts and sporting events. We invite our customers to the launch of new models of automobiles.

As a result of our emphasis on a customer-focused philosophy, two of our FAW-Toyota 4S dealerships were ranked within FAW-Toyota's top ten dealerships in China in 2007. Five of our Toyota 4S dealerships were ranked as the number one dealership in their respective cities in 2007. We are also one of Lexus' three top dealership groups in China, and all of our Lexus 4S dealerships were ranked first in their respective cities in 2007. In 2008, our Group was rated by the China Automobile Dealers Association as one of the ten most influential automobile dealership groups in the industry for the 30 year since China's adoption of reform and opening-up policy. In addition, our individual 4S dealerships and our employees received various kinds of awards in recognition of their outstanding customer service, most recent awards in 2008 including National Outstanding Sales Counseling Award for one of our Lexus dealerships in Guangzhou awarded by Lexus, Best After-sales Service Coordination Award for one of our FAW-Toyota dealerships in Dalian awarded by FAW-Toyota, and FTMS After-sales Service TL Model Shop Award and Encouraging Quality Improvement Award for two of our FAW-Toyota dealerships in Fujian in 2008 awarded by FAW-Toyota.

CUSTOMERS

Due to the retail nature of our business, we do not have one single major customer and cannot readily identify our top five customers. As such, we believe that our top five customers accounted for less than 1% of our total revenue during the Track Record Period. Our target customers are consumers residing in China's rapidly developing cities, who are likely to purchase luxury or mid-to-high end brand automobiles and who we expect to have a high automobile usage.

EMPLOYEES

Employees

Our success is closely linked to the implementation of our growth strategies by our experienced, dedicated and innovative employees. We are committed to recruiting, training and retaining adequately skilled and experienced people throughout our operations to serve our customers better. We intend to do so through offering attractive remuneration packages, including discretionary bonuses and our Share Option Scheme, as well as by placing an emphasis on employee training and career development.

As at 31 December 2009, our Group had a total of 5,824 employees, all of which are full-time employees. The following table sets out the total number of our employees by function as at 31 December 2009.

Functions	Number of employees
Management	107
Administration	466
After-sales Operations	3,373
Sales and Marketing	1,470
Finance and Accounting	408
Total	5,824

We consider that we have sound relations with our employees. We have not experienced any strikes, work stoppages or significant labor disputes and we have not experienced any significant difficulties in recruiting or retaining qualified staff during the Track Record Period.

Remuneration

We review the performance of our employees on a regular basis. The results of these reviews are used for salary and promotion appraisals. Our key employees are considered for annual incentive payments based on various performance criteria and their assessment results. Our sales personnel are considered for bonuses based on various performance criteria, including whether their individual sales target has been met and customer feedback on the quality of their service. We review our staff remuneration packages from time to time.

Training

Our employees are critical to our success. We have invested, and intend to continue to invest substantially in our employees in order to recruit, assimilate and retain the best personnel for our business. We will also regularly review and improve the training programs for our trainee managers and sales personnel, as well as maintain and deepen our relationships with the automakers and local educational institutions in order to ensure our continued access to highly-skilled automotive engineers and technicians.

We have a deep bench of high-caliber store managers. We have devised and successfully implemented an in-house program to train and develop our store managers, who are crucial to the success of our 4S dealerships. Many of our store managers have completed a training program at our best-performing 4S dealerships. We also rotate each trainee manager to different positions in a 4S dealership, including deputy-store manager, sales director, service director and finance director, to ensure that our store managers are familiar with all operational aspects of a 4S dealership.

We provide systematic training courses to our customer-facing employees such as our sales personnel, and motivate our employees by granting bonuses and awards to encourage our 4S dealerships to achieve high customer satisfaction rankings.

We work together with the automakers and local educational institutions to train automotive engineers and technicians. For instance, we draw engineering talent from Toyota's numerous automotive training schools in China. We have also participated in a joint initiative with Dalian Vocational Technical College, where we provide financial support and assist with the curriculum design for automotive engineering classes. We are a preferred recruiter at Dalian Vocational Technical College, and it has been a vital and reliable source of technical personnel for our repair, maintenance and detailing business.

We are also able to achieve a high rate of retention for our employees in the face of intense competition for human resources, as our corporate policy is to promote capable personnel from within our Group's operations, thus motivating our employees. Further, our large scale of operations enables us to offer our employees a variety of opportunities to work with different automobile brands in several regions in China, as well as several other incentives and competitive remuneration packages.

Safety

Our Group's dedicated safety council, led by three of our Group's executive Directors, analyzes, directs and coordinates safety procedures and plans in the short, medium and long-term, for our entire Group. Each of our subsidiaries has established a safety committee and appointed safety representatives or supervisors to report to the safety council, which meets four times a year.

Our Group's safety inquiry commission, also led by three of our Group's executive Directors, conducts bi-annual surveys of our Group's operations to identify potential safety or occupational hazards.

Our Group's emergency incident commission is responsible for directing rescue operations in the event of an accident. The emergency incident commission is also in charge of providing detailed reports and recommendations for improvement.

We have also issued detailed safety regulations which emphasize the importance of safety education and training for all employees, and strict compliance with applicable PRC safety laws, rules, regulations and standards. Our safety regulations provide guidance on a variety of matters, and authorize the suspension of operations in the event of a serious incident. Our 4S dealerships are in compliance with applicable safety laws and regulation, our Group have not experienced any material safety accidents at our 4S dealership during the Track Record Period.

COMPETITION

Based on the information provided by ACMR, the top ten automobile dealership groups in the PRC accounted for only approximately 11.4% of the passenger car market's total revenue[(1)] for 2008. Our Group was ranked sixth, fifth and fourth among the passenger car dealerships in terms of revenue in 2006, 2007 and 2008 respectively. The PRC automobile dealership industry is highly fragmented and competitive. In addition, with China's accession to the World Trade Organization in November 2001, it has become easier for foreign entities to enter and compete in the PRC automobile dealership industry. In view of the increasing number of dealerships, we expect that the competition we face will be increasingly intense. PRC automobile dealerships compete primarily on the following bases: capital, service, after-sales services offered, and the capabilities of sales personnel and automotive engineers.

We expect the increasingly competitive nature of the PRC automobile dealership industry to present acquisition opportunities as, among other factors, intensive capital requirements deter new entrants and force out weaker players. Based on the information provided by ACMR, we accounted for approximately 1.0%, 1.1% and 1.2% of the Chinese passenger car market's total revenue[(1)] in 2006, 2007 and 2008, respectively. As a leading national automobile dealership group in the PRC with a well-established track record of acquiring and quickly and significantly improving the performance of such acquired 4S dealerships, we believe we are well-positioned to take advantage of such opportunities to expand our business and consolidate our leadership position further.

OUR PROPERTIES

As at the Latest Practical Date, we owned 34 properties in the PRC as well as leased 29 properties in the PRC and one property in Hong Kong from Independent Third Parties.

Properties we own

As of the Latest Practical Date, we owned 34 properties in the PRC with an aggregate GFA of approximately 219,834.20 square meters, among which:

- We have submitted and the land authorities have accepted our applications for the Title Certificates of three properties with an aggregate GFA of approximately 27,201.20 square meters, accounting for 12.37% of the aggregate GFA of our owned properties. The land authorities granted approvals to us for the use of these three properties before the issue of formal Title Certificates. As at the Latest Practicable Date, we operated four 4S dealership on these three properties.

- We have obtained the deal confirmation of listing for bidding process of land use rights for one property, and have entered into land use rights transfer agreements with the relevant local land authorities for four properties. We have fully paid the required land transfer fees for all of these five properties. We have been advised by our PRC legal advisers, King &

Note:

(1) The revenue referred to in the ACMR Survey includes revenue from new car sales business, after-sales businesses and used car business. All revenue includes VAT.

Wood, that there will be no substantial impediment for us to obtain the Title Certificates for these five properties. As at the Latest Practicable Date, we did not operate any 4S dealership on these five properties.

- For two properties with an aggregate GFA of approximately 11,740.03 square meters, accounting for 5.34% of the aggregate GFA of our owned properties, the transferors are in the process of going through procedures to transfer the relevant Title Certificates to us. As at the Latest Practicable Date, we operated one 4S dealership on these two properties. We have been advised by our PRC legal advisers, King & Wood, that there will be no substantial impediment for us to obtain the Title Certificates for these two properties.

- Two properties with an aggregate GFA of approximately 13,756.30 square meters, accounting for 6.26% of the aggregate GFA of our owned properties, have not been converted into state-owned construction land from collectively-owned land, which is required for the land use rights of those properties to be transferred to us under PRC laws, rules and regulations. We have submitted applications to convert these two properties into state-owned construction land to land authorities. By accepting our applications, the relevant land authorities have further confirmed that we could operate our 4S dealerships on these two properties, they will not inflict punishment on our Company for using these two properties, as well as that they will assist us in relocating our 4S dealerships should we be unable to continue operation on these two properties. As at the Latest Practicable Date, we operated two 4S dealerships on these two properties. We have been advised by our PRC legal advisers, King & Wood, that our rights to use these two properties will not be adversely affected.

Properties we lease

As of the Latest Practical Date, we leased 30 properties from Independent Third Parties with an aggregate GFA of approximately 136,281.68 square meters, among which:

- We leased one property as our administrative office with a GFA of approximately 2,978.98 square meters, accounting for 2.19% of the aggregate GFA of our leased properties, for which our landlord did not possess the Title Certificates as at the Latest Practicable Date.

- For one property with a GFA of approximately 5,800 square meters, accounting for 4.26% of the aggregate GFA of our leased properties, our landlord has entered into a land use rights transfer agreement with the relevant local land authority and is in the process of applying for the Title Certificates. As at the Latest Practicable Date, we operated one 4S dealership on this property. Our landlord has agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from this property.

- For three properties with an aggregate GFA of approximately 19,254.28 square meters, accounting for 14.13% of the aggregate GFA of our leased properties. We have requested that our landlords apply to the relevant PRC Government authorities for the outstanding Title Certificates or approvals for lease of their properties that we occupy. As at the Latest Practicable Date, we operated three 4S dealerships on these three properties. Our landlords have agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from their respective properties with defective Title Certificates.

- Four properties with an aggregate GFA of approximately 30,594 square meters, accounting for 22.45% of the aggregate GFA of our leased properties, are collectively-owned land and are not permitted to be leased to others for non-agricultural or commercial purposes under applicable PRC laws, rules and regulations. As at the Latest Practicable Date, we operated four 4S dealerships on these four properties. The land authorities have confirmed that we could operate our 4S dealerships on these four properties, they will not inflict punishment on our Company for using these four properties, as well as that they will assist us in relocating our 4S dealerships should we be unable to continue operation on these four properties. We have been advised by our PRC legal advisers, King & Wood, that our rights to use these four properties will not be adversely affected.

The aforementioned properties with defective Title Certificates (whether owned or leased) primarily comprise 4S dealerships, warehouses and ancillary buildings. Our Directors are of the view that such properties are not crucial to our operations since: (i) we have the Title Certificates for or the right to use majority of both our owned and leased properties; (ii) the revenue and profit contribution of the 4S dealerships located on such properties during the Track Record Period were not significant; (iii) for the operation of 4S dealerships in the automobile retail business, such factors as selection of brands portfolio, relationships with our automakers, design and layouts of outlets, types of services offered, quality of services provided, management, etc., are more crucial in attracting customers and generating revenue of the Group than the premises on which our 4S dealerships are constructed and operated; (iv) the business of the Group is typically located at sub-urban areas and we can easily find comparable properties and relocate if necessary; and (v) the long-term lease arrangements in respect of the properties we lease would give us the exclusive use of the sites during the terms of the relevant leases.

Our Controlling Shareholders have agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from any affected properties. For more details of the deed of indemnity, please see the paragraph entitled "Statutory and General Information — Tax and other indemnities" in Appendix VII to this prospectus. In addition, some of our landlords have also agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from their respective properties with defective Title Certificates. Please also see "Appendix IV — Property Valuation" to this prospectus for details of our properties and the paragraph entitled "Risk Factors — Risks Relating to Our Business — We do not have valid titles or rights to use certain properties and the required permits for construction and development on certain properties occupied by us" in this prospectus for details of the risks associated with these affected properties.

INSURANCE COVERAGE

We carry insurance covering risks including loss and theft of, and damage to, property (such as our fixed assets and inventories in all of our 4S dealerships). We believe that our insurance coverage is adequate for our operations and as at the Latest Practicable Date, we had not made nor been the subject of any material insurance claims.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

To the best of the knowledge of our Directors, there are no current litigation or arbitration proceedings or any pending or threatened litigation or arbitration proceedings against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

During the Track Record Period, we had a number of instances of non-compliance in relation to our automobile repair and maintenance business or automobile leasing business, such as not possessing valid Road Transport Licenses and Project Initiation Approvals with respect to certain of our subsidiaries. As at the Latest Practicable Date, all of our operating subsidiaries engaging automobile maintenance, repair and leasing services had valid Road Transport Licenses or in the process of renewing Road Transport Licenses. One of our operating subsidiaries had not obtained proper Project Initiation Approvals, namely Fuzhou Zhongsheng Toyota Services. Accordingly to Foreign-invested Road Transport Services Regulation, the Ministry of Transport shall grant the Project Initiation Approval based on the initial approval issued by the local transport bureau. Based on the consultation with the local transport bureau, we confirm that the local bureau has initially approved the application of Fuzhou Zhongsheng Toyota Services and has transferred the relevant materials to the Ministry of Transport. We expect that the approval from the Ministry of Transport will be obtained by the end of March 2010. On this basis, our PRC legal advisers, King & Wood, have confirmed that it is unlikely that the decision of the local transport bureau will be overturned by the Ministry of Transport, thus there is no substantial legal impediments for Fuzhou Zhongsheng Toyota Services to obtain such approval. We also undertake that we will obtain all relevant approvals and licenses required for operation (including but not limited to Road Transport Licenses and Project Initiation Approvals) for its 4S dealerships before they commence operation going forward.

In the opinion of our PRC legal advisers, King & Wood, we have complied with relevant PRC laws, rules and regulations in all material respects, and save as disclosed in the sections entitled "Risk Factors" and "Regulations" in this prospectus, we and all of our subsidiaries have obtained all the licenses, approvals and permits from appropriate regulatory authorities that are material for our business operations in the PRC.

Our PRC legal advisers, King & Wood, have confirmed that our business complies with the Labor Contract Law and other PRC laws, rules and regulations relating to labor and safety.

As a matter of internal policy, we continually review our operations procedures, and have appointed dedicated personnel to supervise the safety of our staff in each of our 4S dealerships and other distribution outlets.

Automobile distribution in China was a regulated industry. Prior to 2001, an automobile dealership group with 30 or more 4S dealerships in the PRC was subject to the 30 Dealerships Limitation. During China's accession to the World Trade Organization in 2001, China made a commitment to abolish the 30

Dealerships Limitation within five years of its accession[1]. Accordingly, each of the 2004 Edition of the Catalogue, the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法) and the Measures for the Administration on Foreign Investment in Commercial Sector《外商投資商業領域管理辦法》provides that the 30 Dealerships Limitation would terminate on 11 December 2006. However, the 2007 Edition of the Catalogue included the 30 Dealerships Limitation. As such, there is uncertainty as to the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups with 30 or more 4S dealerships in the PRC.

Our PRC legal advisers, King & Wood, have advised that the Accession to WTO Agreement is an international treaty which was approved at the 17th meeting of the Standing Committee of the 9th National People's Congress, and the approval of China's accession to the WTO was endorsed by the President of the PRC; whereas the 2007 Edition of the Catalogue was a domestic regulation approved by the relevant domestic ministries and might be revised or interpreted by the relevant authorities. King & Wood have advised that the Accession to WTO Agreement, which is an international treaty, should take precedence over domestic laws and regulations promulgated by the State Council or the relevant ministries or departments (including the 2007 Edition of the Catalogue). King & Wood have further advised that decisions of the approving authorities should not conflict with China's commitment to the WTO regarding the 30 Dealerships Limitation when handling any individual case. Such view has been confirmed by verbal consultations with the competent officials of the relevant approving authority conducted by our Company and King & Wood and supported by the fact that none of our 4S dealerships has encountered any restriction in obtaining approvals from the relevant PRC approving authorities for the incorporation, acquisition and/or operation of additional 4S dealerships of our Group, notwithstanding the number of our 4S dealerships has already exceeded the 30 Dealerships Limitation. Accordingly, King & Wood have advised that it is unlikely that MOFCOM will interpret the 30 Dealerships Limitation differently in the future, which would in turn impact on the approval of new establishment and acquisition of 4S dealerships by our Group.

We plan to establish and acquire additional 4S dealerships in the future and will seek approval from MOFCOM as required under PRC law. We currently operate more than 30 4S dealerships and we confirm that all the newly established or acquired 4S dealerships of our Group have obtained the requisite approvals from the relevant competent PRC authorities. King & Wood have advised that for the 4S dealerships operated by us as of 31 December 2009 in which our Group has a majority ownership, such ownership rights are legal and valid under PRC law. Our Group has not encountered any restriction in connection with the 30 Dealerships Limitation as at the Latest Practicable Date, and King & Wood have further advised that regardless of the future interpretation of the 30 Dealerships Limitation, the 30 Dealerships Limitation will not apply retrospectively to the existing dealerships operated by our Group and that the approvals granted to the dealerships of our Group would remain legal, valid and effective for the following reasons: (i) the application for the establishment or acquisition of the dealerships of our Group have been reviewed and approved by MOFCOM or its local counterparts where required; (ii) our Group has applied to appropriate authorities for the approvals in accordance with the relevant laws and regulations; (iii) our Group has provided all information required by the relevant laws and

Note:

(1) China has entered into the Accession to WTO Agreement (中國加入世貿組織議定書) on 11 December 2001, which states that the 30 Dealerships Limitation as stipulated under Annex 9 "Schedule of Specific Commitments on Services" shall be eliminated after five years from the date of accession (i.e. 11 December 2006) when foreign chain store operators shall have the freedom of choice of any partners, legally established in China in accordance with the PRC laws and regulations.

regulations to the relevant authorities; (iv) MOFCOM or its local counterparts have granted such approvals within their jurisdiction; and (v) the competent officials of the relevant approving authority have confirmed, in response to the verbal consultations conducted by our Company and King & Wood, that the 30 Dealerships Limitation was no longer enforced since 11 December 2006 and they approve the establishment and/or acquisition of foreign invested automobile dealerships in accordance with the Measures for the Administration on Foreign Investment in Commercial Sector and the Measures for the Implementation of the Administration of Branded Automobile Sales (both of which provide that the 30 Dealerships Limitation would have been terminated on 11 December 2006) as well as confirmed that our Group will not be penalized for exceeding the 30 Dealerships Limitation.

As such, King & Wood have further advised that the business and 4S dealership network of our Group which have already obtained the approvals from MOFCOM or its local counterparts will not be adversely affected, and that our Group will not be subject to any penalty for exceeding the 30 Dealerships Limitation.

However, we cannot assure you that the relevant PRC authorities will not interpret PRC laws, rules and regulations relevant to our corporate structure differently in the future. If MOFCOM or its local counterparts do not approve our acquisitions in the future, we will not be able to implement our growth strategy by further expanding establishment and/or our 4S dealership network through establishing and/or acquiring additional dealerships. We would only be able to operate our existing dealership which have already obtained the approval from MOFCOM or its local counterparts and further develop our business by increasing the productivity and profitability of these dealerships via re-investing our retained earnings in the network.

King & Wood have further advised that our Group has submitted the applications for approval to the appropriate authorities in accordance with the thresholds set out in the Circular of the MOFCOM on Delegating Matters Concerning the Examination and Approval of Foreign-invested Commercial Enterprises (關於下放外商投資商業企業審批事項的通知) and the Circular of the MOFCOM on Further Improving the Work of Examination and Approval of Foreign Investment (商務部關於進一步改進外商投資審批工作的通知) promulgated by the MOFCOM on 12 September 2008 and 5 March 2009 respectively, which provided that whether an individual application shall be handled by the MOFCOM or its local counterparts depends on the size of the transaction. King & Wood have further advised that our Group has submitted all the relevant information and documents for approval in accordance with the requirements laid down in the laws and regulations governing the granting of the MOFCOM approvals and as at the Latest Practicable Date, our Group has obtained all the proper approvals from MOFCOM or its local counterparts for all the dealerships regarding the acquisition or establishment of foreign invested automobile dealerships in the PRC, where applicable. Out of the 47 4S dealerships as of 31 December 2009, 27 4S dealerships have obtained approvals from the MOFCOM and the remaining 4S dealerships have obtained approvals from the local counterparts of the MOFCOM where required by the relevant rules and regulations. King & Wood have also advised that our 4S dealerships are not required to renew such approvals obtained from MOFCOM or its local counterparts.

CONNECTED TRANSACTIONS

We do not have any connected transactions pursuant to Chapter 14A of the Listing Rules as at the Latest Practicable Date.

DIRECTORS

Our board of directors is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of the board of directors of our Company:

Name	Age	Position
HUANG Yi	47	Chairman and executive director
LI Guoqiang	46	Vice-chairman, executive director and chief executive officer
DU Qingshan	47	Executive director
YU Guangming	52	Executive director
LENG Xuesong	40	Non-executive director
SHIGENO Tomihei	57	Independent non-executive director
NG Yuk Keung	45	Independent non-executive director
SHEN Jinjun	52	Independent non-executive director

EXECUTIVE DIRECTORS

HUANG Yi (黃毅), aged 47, is our chairman and executive director. Mr. Huang is one of our two founders, and has been chairman of our Group since its inception in 1998. Mr. Huang was appointed an executive director of our Board on 23 June 2008. He is responsible for the strategic management of our Group and for formulating our overall corporate direction and focus. Prior to founding our Group, Mr. Huang was a director and deputy general manager at China Resources Machinery Co., Ltd. ("**China Resources Machinery**"), a state-owned enterprise engaged in importing and exporting automobiles and other machinery. Mr. Huang held numerous management positions in business administration, product procurement and sales operations in China Resources Machinery during his tenure between 1984 and 1994. In 1994, Mr. Huang joined China Automobile Company Limited ("**China Automobile**") as a director, and was responsible for China Automobile's procurement and sales divisions. In 1996, Mr. Huang invested in, and became a shareholder of, China Automobile. China Automobile, currently known as Hokuryo Holdings Company Limited, which is presently an indirect wholly-owned subsidiary of our Group. Mr. Huang is currently a council member of the Lexus China Dealer Council, as well as a council member of the National Dealer Advisory Council of FAW Toyota Motor Sales Co., Ltd. Mr. Huang has substantial senior management experience and more than 22 years' of experience and in-depth knowledge of the PRC automobile industry. He received a bachelor's degree in Economics from Xiamen University in 1983 and was awarded the title of "Economist" by MOFCOM in 1990, a work-related qualification title usually awarded to the government officials or managerial staff in state-owned enterprises by the government in recognition of their relevant working experiences. Mr. Huang also served on a *pro bono* basis as a director of Pok Oi Hospital, a charitable organization providing medical and educational services in the New Territories in Hong Kong, between 1997 and 1999.

LI Guoqiang (李國強), aged 46, is the other founder of our Group, and has served as our Group's chief executive officer and vice-chairman since 1998. Mr. Li was appointed an executive director of our Board on 23 June 2008. He is responsible for the overall management and operations of our Group. Mr. Li has served as deputy chairman and a member of standing committee for China Automobile Dealers Association since December 2009. In 1995, Mr. Li founded Dalian Aotong Automobile Repair & Assembly Factory ("**Aotong Repair & Assembly**"), a company engaged in automobile repair and maintenance services. Mr. Li served as the factory director and legal representative of Aotong Repair & Assembly, and he was responsible for its overall management and operations. From 1996 to 1998, Mr. Li served as the vice chairman of Dalian Toyota Maintenance & Service Co., Ltd. and general manager of Dalian Bonded Zone Toyota Automobile Sales Co., Ltd., and Mr. Li was responsible for the decisions of procurement and sales of automobiles as well as the management of the national distribution networks during his tenure. In 1998, Mr. Li founded Dalian Aotong Industry Co., Ltd. ("**Aotong Industry**"), a company engaged in distribution of automobiles. Aotong Industry is the predecessor of Zhongsheng (Dalian) Holdings Co., Ltd., which is presently an indirect wholly-owned subsidiary of our Group. Mr. Li has substantial senior management experience and more than 20 years' of experience and in-depth knowledge of the PRC automobile industry. Mr. Li also received a Distinguished Lexus Dealer award in 2007 from Toyota Motor (China) Investment Co., Ltd., as part of the Lexus Certification Program.

DU Qingshan (杜青山), aged 47, has served as deputy general manager of our Group since 2007. Mr. Du was appointed an executive director of our Board on 23 June 2008. He is responsible for the financial planning, strategy and management of our Group, and oversees all the accountancy and financial aspects of our Group. Prior to joining our Group in 2007, Mr. Du was appointed by State-owned Assets Supervision and Administration Commission of Dalian Municipal Government to serve as the chief financial officer of a large PRC corporation, Dalian DHI.DCW Group Co., Ltd. ("**Dalian DHI.DCW**") and was in charge of the general financial and accounting affairs of Dalian DHI.DCW. Mr. Du was primarily responsible for the financial operations of Dalian DHI.DCW, which contributed to his over 20 years' experience in the areas of accountancy and finance. Mr. Du received a bachelor degree in Economics from the Shanghai University of Finance and Economics in 1986 and a master's degree in Business Administration from Dongbei University of Finance and Economics in 2002.

YU Guangming (俞光明), aged 52, has served as deputy general manager of our Group since 2004. Mr. Yu was appointed an executive director of our Board on 23 June 2008. He is responsible for the strategic business development of our Group as well as selecting and training middle-to-senior level managers of 4S dealerships of our Group. Since joining our Group in 2000, Mr. Yu has held numerous management positions in several of our principal subsidiaries, including Zhongsheng (Dalian) Holdings Co., Ltd., Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd., Shanghai Guoxin Automobile Sales Co., Ltd. and Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd., primarily in charge of setting up, overseeing and improving the management teams of our subsidiaries, implementing the strategic decisions of our Group and liaising with the automakers and customers regarding business relationship building. Prior to joining our Group, Mr. Yu served as a manager of Shanghai Material Office of the PRC Ministry of Railways from 1975 to 1994, and he was primarily responsible for the management of its business operations. From 1994 to 2000, Mr. Yu served as a deputy managing director of Hong Kong Union Park Company Limited, a Hong Kong subsidiary of China Railway Materials Commercial Corporation, a large-scale PRC state-owned enterprise, and was in charge of its overall management and operations during his tenure. Mr. Yu has more than eight years' of relevant experience in the PRC automobile industry. Mr. Yu received a graduation certificate in respect of an associate degree majoring in English from Shanghai International Studies University in 1985.

NON-EXECUTIVE DIRECTOR

LENG Xuesong (冷雪松), aged 40, was appointed as a non-executive director of our Board on 1 August 2008. Mr. Leng is a managing director at General Atlantic LLC. He is based in Hong Kong, where he focuses on General Atlantic LLC's investment opportunities in North Asia. Prior to joining General Atlantic LLC, Mr. Leng served as a managing director at Warburg Pincus, an international private equity firm from 1999 to 2007. Mr. Leng also served as non-executive director of China Huiyuan Juice Group Limited (中國滙源果汁集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1886) from July 2006 to August 2007. Mr. Leng earned his master's degree in Business Administration from the Wharton School of the University of Pennsylvania in 1999, and his Bachelor of International Industrial Trade degree from Shanghai Jiao Tong University in 1992.

INDEPENDENT NON-EXECUTIVE DIRECTORS

SHIGENO Tomihei (茂野富平), aged 57, was appointed an independent non-executive director of our Board on 1 August 2008. Mr. Shigeno is currently the head of the Beijing office of Minebea Trading (Shanghai) Ltd., a division of sales of Minebea Electronics & Hi-Tech Components (Shanghai), which was established in 1994 by Minebea Co., Ltd., manufacturing miniature ball bearing and other electronics products. Prior to joining Minebea Shanghai in 2007, Mr. Shigeno worked for Nissan Motor Co., Ltd. ("**Nissan Motor**") from 1976 to 2006. Mr. Shigeno was part of the team which established Nissan Motor's Beijing office, and he served as its chief representative from 1991 to 1997. He was also chief representative of Nissan Motor's China operations from 2000 to 2003, specialising in sales and marketing, and was primarily responsible for developing Nissan Motor's distribution and service networks by establishing authorized distributors and automobile dealerships across the PRC. Mr. Shigeno was assigned by Nissan Motor to assist the president of Dongfeng Commercial Vehicle Company. Mr. Shigeno has over 31 years' of experience and in-depth knowledge of the automobile industry, sales and business management. He earned his bachelor's degree in Chinese language studies from Tokyo University of Foreign Studies in 1976.

Mr. NG Yuk Keung (吳育強), aged 45, was appointed an independent non-executive director of our Board on 27 October 2009. Mr. Ng is a vice-president, the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司) (stock code: 1886), a company listed on the Hong Kong Stock Exchange. Mr. Ng also serves as an independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司) (stock code:0631), a company listed on the Hong Kong Stock Exchange. Mr. Ng worked with PricewaterhouseCoopers for over 12 years from 1988 to 2001. From November 2004 to August 2006, he was the deputy chief financial officer, a joint company secretary and the qualified accountant of Irico Electronics Group Company Limited (彩虹集團電子股份有限公司) (stock code: 0438), a company listed on the Hong Kong Stock Exchange. Mr. Ng is also an independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (新疆新鑫礦業股份有限公司) (stock code: 3833) and Beijing Capital Land Ltd. (首創置業股份有限公司) (stock code: 2868), both of which are listed on the Hong Kong Stock Exchange. Mr. Ng graduated from The University of Hong Kong with a Bachelor degree in Social Sciences in 1988 and a Master degree in Global Business Management and E-commerce in 2002. He is a professional accountant and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a member of the Institute of Chartered Accountants in England and Wales.

SHEN Jinjun (沈進軍), aged 52, was appointed an independent non-executive director of our Board on 16 November 2009. Mr. Shen has served as deputy chairman and secretary chief for China Automobile Dealers Association since 2005. Mr. Shen has also worked as the deputy chief of the Transport and Mechanical section of the State Administration of Supplies, and the chief of the Automobile section and Electrical, Mechanical and Metallic section of the State Administration of Domestic Commerce. During that time, Mr. Shen was mainly responsible for administering the automobile dealing industry and participated in formulations of related regulations. Mr. Shen completed all the related courses of an associate degree majoring in electronic at the Beijing Open University in 1982.

OTHER SENIOR MANAGEMENT

The table below shows certain information in respect of our senior management (excluding Directors who also hold executive positions):

Name	Age	Position
WU Hailong	45	Vice-president of new automobile sales business
ZHANG Zhicheng	37	Vice-president of luxury brand automobile sales business
LIU Geng.	40	Vice-president of after-sales and accessories businesses
LAI Hau Yin	42	Group Financial Controller and Company secretary

WU Hailong (吳海龍), aged 45, joined our Group at its inception in 1998 and currently serves as vice-president of our new automobile sales business. Since 1998, he has served in senior management positions for several of our principal subsidiaries, including Zhongsheng (Dalian) Holdings Co., Ltd., Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd., Dalian Zhongsheng Group Automobile Accessories Co., Ltd., Dalian Zhongsheng Automobile Sales & Services Co., Ltd. and Dalian Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd., primarily responsible for the day-to-day administration of 4S dealerships of our Group, including both sales and after-sales businesses. Mr. Wu currently oversees the sales and management of our Group's mid-to-high-end brand automobile sales business. Prior to joining our Group, Mr. Wu worked in the Dalian City representative office of Toyota Tsusho Corporation, a company listed on the Tokyo Stock Exchange (stock code: 8015) and the sole trading company of the Toyota group, between 1990 and 1996, and his work was closely related to the PRC automobile industry. Mr. Wu has over 17 years' of relevant experience and in-depth expertise in automobile sales. Mr. Wu received a bachelor's degree in Chemical Engineering and Machinery from East China Institute of Technology in 1986.

ZHANG Zhicheng (張志誠), aged 37, has served as vice-president of our Group's luxury brand automobile sales business since 2008. Mr. Zhang joined our Group in 2003, and has held numerous management positions in several of our key operating subsidiaries, including Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd., Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. and Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd., primarily responsible for implementing the strategic decisions of our Group and liaising with the automakers regarding developing our luxury brand automobile sales business. Mr. Zhang currently oversees the sales and management of our luxury brand automobile sales business. Mr. Zhang has over five years' of relevant experience and in-depth expertise in the PRC automobile industry. Mr. Zhang received a master's degree in Business Administration from Dongbei University of Finance and Economics in 2003. Mr. Zhang also received Peak Performance General Manager awards in both 2006 and 2007 from Toyota Motor (China) Investment Co., Ltd., as part of the Lexus Certification Program.

LIU Geng (劉耕), aged 40, joined our Group in 2000 and currently serves as vice-president of our Group's after-sales and accessories businesses. Mr. Liu held management positions in two of our principal subsidiaries before being promoted to be our vice-president in 2009. Mr. Liu served as service manger of Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd. from 2000 to 2004, and as general manager of Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd. from 2004 to 2008, and he served as general manger of Dalian Zhongsheng Group Automobile Accessories Co., Ltd. from 2008 to 2009. Mr. Liu joined the PRC automobile industry since 1993 and has more than 16 years' of experience and in-depth understanding of the PRC automobile industry. Mr. Liu earned a bachelor's degree in the automobile department of Harbin Institute of Technology in 1991.

Company Secretary

LAI Hau Yin (黎孝賢), aged 42, joined our Group as the group financial controller in 2008 and he was appointed our company secretary on 4 January 2010. He is responsible for the financial management, accounting, and management reporting of our Group. Mr. Lai has over 16 years' of experience in the areas of audit and accounting. He is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, and a certified practising accountant registered with the Australian Society of Certified Practicing Accountants. Prior to joining our Group, Mr. Lai was the group financial controller and company secretary of L.K. Technology Holdings Limited (stock code: 0558) and the project controller of Carry Wealth Holdings Limited (stock code: 0643), both of which are companies listed on the Hong Kong Stock Exchange. Mr. Lai received a bachelor's degree in Business from Deakin University of Australia in 1992, a master's degree in Business Administration from West Coast Institute of Management & Technology in Australia in 2000, and a master's degree in Business Administration from The European University of Ireland in 2001.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong including that normally at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors, except for Mr. Huang Yi, reside in Hong Kong. Since our principal locations are located outside Hong Kong, we do not, and for the foreseeable future, will not have a significant management presence in Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the condition that among other things, we maintain the following arrangements to maintain effective communications between us and the Hong Kong Stock Exchange.

We have appointed two authorized representatives, namely Mr. Huang Yi, our Chairman and executive Director, and Mr. Lai Hau Yin, our company secretary. Both Mr. Huang and Mr. Lai ordinarily reside in Hong Kong. Each of our authorized representatives has means for contacting all Directors of our Company promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters, and will be readily contactable by telephone, facsimile or email to deal promptly with inquiries from the Hong Kong Stock Exchange and will be available at reasonable notice to meet with the Hong Kong Stock Exchange as and when required. Each of our Directors, through the authorized representatives, will be readily contactable by telephone, facsimile or email, and each of our Directors have also confirmed that he either holds or will be able to apply for a valid travel document to visit Hong Kong if required to meet with the Hong Kong Stock Exchange, at reasonable notice.

We have also appointed Taifook Capital Limited as our compliance adviser in accordance with Rule 3A.19 of the Listing Rules.

BOARD COMMITTEES

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The audit committee consists of two independent non-executive directors being Mr. Ng Yuk Keung and Mr. Shen Jinjun and one non-executive director being Mr. Leng Xuesong. The chairman of the audit committee is Mr. Ng Yuk Keung, who holds appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of two independent non-executive directors being Mr. Tomihei Shigeno and Mr. Shen Jinjun and one executive director being Mr. Li Guoqiang. The remuneration committee is chaired by Mr. Tomihei Shigeno, an independent non-executive director. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

Nomination Committee

Our Company has established a nomination committee. The current members of the nomination committee are Mr. Shen Jinjun, Mr. Huang Yi and Mr. Shigeno Tomihei. The nomination committee is chaired by Mr. Shen Jinjun. The primary function of the nomination committee is to make recommendations to our board to fill vacancies on our board.

Compliance Committee

Our Company has established a compliance committee. The current members of the compliance committee are Mr. Huang Yi, Mr. Li Guoqiang and Mr. Du Qingshan. The compliance committee is chaired by Mr. Du Qingshan. The primary function of the compliance committee is to ensure compliance on regulatory matters and corporate governance.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including salaries, allowances and other benefits and contributions to pension schemes) which were paid to our Directors for the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, were approximately RMB1.7 million, RMB1.7 million, RMB4.6 million and RMB3.7 million, respectively.

The aggregate amount of remuneration (including salaries, allowances and other benefits and contributions to pension schemes), which were paid by our Group to our five highest paid individuals for the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, were approximately RMB2.3 million, RMB2.3 million, RMB5.0 million and RMB4.5 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009. Further, none of our Directors had waived any remuneration during the same period.

Under our arrangements currently in force, the aggregate remuneration of our Directors for the year ended 31 December 2009 is estimated to be approximately RMB5.4 million in aggregate.

DIRECTORS' INTERESTS

Save as disclosed in this prospectus, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as Mr. Huang Yi's and Mr. Li Guoqiang's interests in the Shares which are disclosed in the section entitled "Interests and short position of our Directors in the share capital of our Company and its associated corporation immediately before and following the Global Offering" and the paragraph entitled "Further information about our Directors, management, staff and experts" in Appendix VII to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SHARE OPTION SCHEME

We have conditionally adopted a share option scheme. Details of the principal terms of our share option scheme are summarised in the paragraph entitled "Share Option Scheme" set out in "Appendix VII — Statutory and General Information" to this prospectus.

STAFF BENEFITS

We also provide other benefits to our staff including bonuses and medical insurance.

Since our inception, we have not experienced any strikes or other labor disputes which materially affected our business activities. We consider our labor relations to be good.

Remuneration of our employees primarily includes salaries, commissions, discretionary bonuses, and contributions to defined contribution benefit plans (including pensions). Bonuses are generally discretionary and based on the overall performance of our business. We incurred staff costs of approximately RMB45.1 million, RMB79.1 million, RMB127.0 million and RMB116.0 million, for each of the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively, representing 0.70%, 0.87%, 1.20% and 1.26%, of our revenue for those periods, respectively.

The total amount of contributions we made for welfare plans, including social security funds and housing accumulation funds for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 was approximately RMB5.8 million, RMB9.0 million, RMB16.6 million and RMB17.0 million, respectively.

The increase in staff costs during the Track Record Period was consistent with the increase in our Group's staff strength to support the new 4S dealerships which were added to our Group's distribution network throughout the Track Record Period. Salary expenses and welfare costs also increased as the strong growth of the PRC economy and the PRC automobile industry resulted in intense competition for our Group's store management, sales personnel, and automotive engineers.

COMPLIANCE ADVISER

We have appointed Taifook Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or grading volume of our Shares.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering, the following persons will have interests or short positions in the Shares which would fall to be disclosed to us under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly and/or indirectly interested in 5% or more of the par value of any class of share capital rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Number of shares immediately prior to the Global Offering	Approximate percentage of interest immediately prior to the Global Offering	Number of Shares immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right and assuming no exercise of Over-allotment Option and based on the lower end of the estimated Offer Price range)	Number of Shares immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right and assuming no exercise of Over-allotment Option and based on the higher end of the estimated Offer Price range)	Approximate percentage of interest in us immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right and assuming no exercise of the Over-allotment Option and based on the lower end of the estimated Offer Price range)	Approximate percentage of interest in us immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right and assuming no exercise of the Over-allotment Option and based on the higher end of the estimated Offer Price range)
Mr. Huang Yi(1)	Deemed interest, interest of controlled company	1,325,993,876	85.00%	1,325,993,876	1,325,993,876	71.04%	71.25%
Mr. Li Guoqiang(2) . . .	Deemed interest, interest of controlled company	1,325,993,876	85.00%	1,325,993,876	1,325,993,876	71.04%	71.25%
General Atlantic Partners (Dalian), L.P.(3) . . .	Beneficial owner	233,998,919	15.00%	254,338,919	249,123,419	13.63%	13.38%
Blue Natural	Beneficial owner	1,325,993,876	85.00%	1,325,993,876	1,325,993,876	71.04%	71.25%
Light Yield(1)	Deemed interest, interest of controlled company	1,325,993,876	85.00%	1,325,993,876	1,325,993,876	71.04%	71.25%
Vest Sun(2)	Deemed interest, interest of controlled company	1,325,993,876	85.00%	1,325,993,876	1,325,993,876	71.04%	71.25%

Notes:

(1) Mr. Huang's interest in the Shares is held through his wholly-owned investment company, Light Yield. Light Yield owns a 62.3% equity interest in Blue Natural. Accordingly, Mr. Huang and Light Yield are deemed to be interested in the entire interest in our Company held by Blue Natural.

(2) Mr. Li's interest in the Shares is held through his wholly-owned investment company, Vest Sun. Vest Sun owns a 37.7% equity interest in Blue Natural. Accordingly, Mr. Li and Vest Sun are deemed to be interested in the entire interest in our Company held by Blue Natural.

(3) The limited partners of General Atlantic Partners (Dalian), L.P. are General Atlantic Partners (Bermuda), L.P. ("**GAP LP**"), GAP-W International, LLC ("**GAP-W**"), GapStar, LLC ("**GapStar**"), GAP Coinvestments III, LLC ("**GAPCO III**"), GAP Coinvestments IV, LLC ("**GAPCO IV**"), GAP Coinvestments CDA, L.P. ("**GAPCO CDA**") and GAPCO GmbH & Co. KG ("**GAPCO KG**"). The general partner of General Atlantic Partners (Dalian), L.P. is GAP (Bermuda) Limited ("**GAP Bermuda GenPar**"). GAP Bermuda GenPar is also the general partner of GAP LP. General Atlantic LLC ("**GA LLC**") is the sole member of GapStar and the general partner of GAPCO CDA. There are 29 managing directors of GA LLC, including Mr. Leng Xuesong, one of our Company's Directors. The managing directors of GA LLC are the directors and executive officers of GAP Bermuda GenPar. The executive officers of GAP-W are managing directors of GA LLC. In addition, the managing members of GAPCO III and GAPCO IV are

GA managing directors. GAPCO Management GmbH ("**GmbH Management**") is the general partner of GAPCO KG. The Managing Directors of GA LLC make management and investment decisions relation to GAPCO KG and GmbH Management.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option) have interests or short positions in the Shares which would fall to be disclosed to us under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly and/or indirectly interested in 5% or more of the par value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDERS

Competing interest and independence from the Controlling Shareholders

As confirmed by the Directors of our Company, none of our Controlling Shareholders or our Directors has any interest in any business apart from our Group's business which competes or is likely to compete, either directly or indirectly, with our business. The Directors are satisfied that our Group can carry on its business independently of our Controlling Shareholders (including any of their associates).

Non-competition undertaking

In order to avoid potential conflicts of interests between our Controlling Shareholders and our Group, our Controlling Shareholders have executed a deed of non-competition ("**Non-Competition Undertaking**") in favor of our Group, pursuant to which, for so long as we remain listed on the Main Board of the Hong Kong Stock Exchange and our Controlling Shareholders or their associates remain controlling shareholders (as defined in the Listing Rules) of our Company, our Controlling Shareholders jointly and severally undertake to us that:

- they shall not, and shall procure that their associates shall not, either on their own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, be interested or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise) in any business which is in competition with or is likely to be in competition with, either directly or indirectly, the core businesses carried on by our Group from time to time during the validity period of the Non-Competition Undertaking ("**Restricted Business**");

- any business investment or other commercial opportunity relating to any Restricted Business ("**New Opportunity**") identified by or offered to our Controlling Shareholders or any of their associates ("**Offeror**") be first referred to us, and we shall be given written notice of any New Opportunity containing all information reasonably necessary, including but not limited to the financial and operating information and a description of the business involved, for us to consider whether (i) such New Opportunity would constitute competition with any Restricted Business; and (ii) it is in the interest of our Group and our Shareholders as a whole to pursue such New Opportunity ("**Offer Notice**"). Upon receipt of the Offer Notice, we will seek determinations from a committee of our Board consisting exclusively of independent non-executive Directors who do not have a material interest in the matter, as to whether (i) such New Opportunity would constitute competition with any Restricted Business; and (ii) it is in the interest of our Group and our Shareholders as a whole to pursue the New Opportunity;

- the Offeror will be entitled to pursue the New Opportunity only if the Offeror has received a notice from us declining the New Opportunity. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity, as so revised, to us in the manner set out above;

- in the event that, during the validity period of the Non-Competition Undertaking, our Controlling Shareholders or any of their associates (except any members of our Group) intend to dispose of any business to be acquired pursuant to any New Opportunity, or any interest therein, the seller shall first offer to us the right to acquire such business or interest and none of our Controlling Shareholders or any of their associates (except any members of our Group) may proceed with such disposal to any third party, unless the terms of disposal are not more favorable than those offered to us, following the written rejection of such offer by us; and

- our Group will be entitled to an option to acquire any business acquired by our Controlling Shareholders or any of their associates pursuant to any New Opportunity, or any interest therein, on and in accordance with commercial terms which shall have been opined upon by a committee of our Board consisting exclusively of independent non-executive Directors, after taking into account the advice from independent experts as being, inter alia, normal commercial terms, in line with the ordinary commercial practice of our Group, fair and reasonable and in the interests of our Group as a whole.

Each of our Controlling Shareholders also jointly and severally undertakes to:

(i) procure that all relevant corporate and financial information in his possession relating to any Restricted Business be provided to us from time to time;

(ii) to the extent not inconsistent with any confidentiality agreements, allow the authorized persons or internal auditors of our Group to access the material financial or corporate information in relation to any third-party transaction, so as to determine whether the terms of the Non-Competition Undertaking were complied with by the Controlling Shareholders and their associates; and

(iii) provide us, within 10 days from receipt of our written request, with a written confirmation in respect of his compliance with the Non-Competition Undertaking, and consent to the inclusion of such confirmation in our annual report.

Our Controlling Shareholders and their associates (except any members of our Group) have also undertaken to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or our annual reports, the decisions made by us to pursue or decline such New Opportunity and has agreed to such disclosure to the extent necessary to comply with any such requirement.

Our independent non-executive Directors will, based on the information and confirmation provided by or obtained from our Controlling Shareholders and Directors or their associates, review on an annual basis (i) compliance with the Non-Competition Undertaking; and (ii) all the decisions taken in relation to whether to pursue any New Opportunity. Our Controlling Shareholders and Directors will disclose in our annual report how the Non-Competition Undertaking was complied with, in accordance with the principle of making voluntary disclosures set out in Appendix 23 of the Corporate Governance Report of the Listing Rules. Our Controlling Shareholders and their associates and our Directors will also each abstain from voting at board meetings where there exists any actual or potential conflict of interest situation with our Group. The conflicting Directors shall abstain from voting and not be counted as quorum where there is actual or potential conflicting interests.

The non-competition undertaking above does not apply to the following circumstances:

- our Controlling Shareholders and their associates have interests in the shares of any member of our Group or are conducting businesses on behalf of any member of our Group;

- our Controlling Shareholders and their associates hold directly or indirectly equity interest in any company listed on a recognized stock exchange not engaged in any Restricted Business; and

- our Controlling Shareholders and their associates have interests in the shares of a company other than our Group provided that:

  (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's combined sales or combined assets, as shown in that company's latest audited accounts; and

  (ii) the total number of the shares held by our Controlling Shareholders and their associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and our Controlling Shareholders and their associates are not entitled to appoint a majority of the directors of that company.

SHARE CAPITAL

Assuming final Offer Price of HK$9.54, being the lower end of the estimated Offer Price range:

		HK$
Authorized share capital:		
1,000,000,000,000	Shares of HK$0.0001 each	100,000,000.0000
Issued Shares:		
1,559,992,795	Shares of HK$0.0001 each in issue as at the date of this prospectus	155,999.2795
Shares to be issued pursuant to the Global Offering:		
286,160,000	Shares of HK$0.0001 each	28,616.0000
Shares to be issued to General Attantic:		
20,340,000	Shares of HK$0.0001 each	2,034.0000
Total issued share capital immediately upon completion of the Global Offering (assuming no exercise of the Over-allotment Option):		
1,866,492,795	Shares of HK$0.0001 each	186,649.2795

Assuming final Offer Price of HK$12.83, being the higher end of the estimated Offer Price range:

		HK$
Authorized share capital:		
1,000,000,000,000	Shares of HK$0.0001 each	100,000,000.0000
Issued Shares:		
1,559,992,795	Shares of HK$0.0001 each in issue as at the date of this prospectus	155,999.2795
Shares to be issued pursuant to the Global Offering:		
286,160,000	Shares of HK$0.0001 each	28,616.0000
Shares to be issued to General Atlantic:		
15,124,500	Shares of HK$0.0001 each	1,512.4500
Total issued share capital immediately upon completion of the Global Offering (assuming no exercise of the Over-allotment Option):		
1,861,277,295	Shares of HK$0.0001 each	186,127.7295

ASSUMPTION

The above table assumes that the Global Offering becomes unconditional and no exercise of the Over-allotment Option or any options to be granted under the Share Option Scheme or any Shares which may be issued or repurchased pursuant to the General Mandate or the Repurchase Mandate referred to below.

RANKING

The Shares are ordinary shares in our share capital and rank equally with all Shares currently in issue or to be issued, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section entitled "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any subscription rights under the Share Option Scheme or any scrip dividend scheme or similar arrangements, or any adjustment of rights to subscribe for the Shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); and

(b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of our Company's next annual general meeting; and

(b) it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

The exercise in full of the general mandate to issue Shares as set out above, on the basis of 1,866,492,795 Shares in issue immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares in issue immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$12.83, being the higher end of the estimated Offer Price range), assuming no exercise of the Over-allotment Option, could accordingly result in up to 373,298,559 Shares and 372,255,459 Shares that may be issued by our Company, respectively.

Repurchase Mandate

Conditional on conditions as stated in the section entitled "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares with a total par value of not more than 10% of the aggregate par value of our Company's share capital in issue immediately following completion of the Global Offering (without taking into account Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

The exercise in full of the repurchase mandate as set out above, on the basis of 1,866,492,795 Shares in issue immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares in issue immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$12.83, being the higher end of the estimated Offer Price range), assuming no exercise of the Over-allotment Option, could accordingly result in up to 186,649,279 Shares and 186,127,729 Shares that may be repurchased by us during the Relevant Period (as defined in Appendix VII to this prospectus), respectively.

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section entitled "Appendix VII — Share Repurchase Mandate" to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of our next annual general meeting; and

(ii) it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Share Option Scheme

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme is summarized in the section entitled "Share Option Scheme" of Appendix VII to this prospectus.

Waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules relating to minimum public float requirements

Rule 8.08(1)(a) of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

We have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise, and the Hong Kong Stock Exchange has confirmed that it will exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of our Company, which shall be the higher of 15%; or such a percentage of Shares held by the public immediately after completion of the Global Offering, as increased by the Shares to be issued upon exercise of the Over-Allotment Option (which discretion may be exercised in respect of issuers with an expected market capitalization at the time of listing of over HK$10,000 million) on the basis that the Hong Kong Stock Exchange is satisfied that the number of our Shares concerned and the extent of their distribution will enable the market to operate properly with the lower percentage, and on the conditions that we will make appropriate disclosure of the lower prescribed percentage of public float in this prospectus and confirm sufficiency of public float in our successive annual reports after the Listing and that we and the Joint Sponsors shall be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the Listing.

Our Company requests that the directors of our Company shall not deal in any securities of our Company without first notifying in writing the chairman or a director (otherwise than himself or herself) designated by the Board for the specific purpose and receiving a dated written acknowledgement. In addition, our Company shall maintain a list of the Directors, chief executive and substantial Shareholders of our Company and their respective associates and their respective shareholdings in our Company, which shall be updated on a regular basis. The office of our company secretary shall review the list regularly to ensure that the percentage of total issued Shares held in public hands will be no less than the minimum percentage of public float prescribed by the Hong Kong Stock Exchange. In the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, the Directors and Controlling Shareholders of our Company will take appropriate steps which include a further issue of Shares and/or the Controlling Shareholders of our Company placing some of their Shares to independent third parties, to ensure the minimum percentage of public float prescribed by the Hong Kong Stock Exchange is complied with. If we fail to restore the lower prescribed percentage of the public float, the Hong Kong Stock Exchange may pursuant to Rule 8.08 of the Listing Rules suspend trading of the Shares until appropriate steps have been taken.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial statements included in Appendix I — "Accountants' Report", which has been prepared in accordance with the Hong Kong Financial Reporting Standards, or HKFRS, and Appendix II — "Unaudited Pro Forma Financial Information", in each case together with the accompanying notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a leading national automobile dealership group in China by revenue from 2006 to 2008, according to ACMR. Our 4S dealerships(1) are concentrated in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as certain selected inland areas as described in the section entitled "Business" in this prospectus. We have grown rapidly from 15 4S dealerships at the beginning of 2006 to 47 4S dealerships as of 31 December 2009.

We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan, Honda and GM. Each of our 4S dealerships is designated to sell one brand of automobiles and to operate at a single point of sales only.

We were the first company being granted dealership rights by Toyota, and one of the first authorized dealerships for Lexus and Audi in China. We are one of the largest automobile dealership groups in China in terms of sales volume and number of 4S dealerships for Toyota and Lexus — Toyota and Lexus are our two largest automobile brands in terms of sales.

Through our "one-stop automobile shop" business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our 4S dealerships. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. Each of the new automobile sales business and after-sales businesses has its own features in terms of business model and revenue and profitability contributions to our Group.

Our after-sales businesses provide a wide range of services and products to our customers including repair, maintenance, detailing services and automobile accessories. Services under warranties are included in the after-sales business. The profit margins for our after-sales businesses are generally higher than our profit margins for our new automobile sales business. In addition, after-sales businesses generally require relatively less working capital to operate at the 4S dealership level. For further details of our new automobile sales and after-sales businesses, please refer to the section entitled "Our Business" in this prospectus.

Note:

(1) In this prospectus, the term "4S dealership" refers to a dealership authorized to sell the products of a single brand of automobiles. Such dealership integrates four standard automobile-related businesses: sales, spare parts, service and survey, among which survey refers to the function of collecting market information for the automakers.

Our revenue for the three years ended 31 December 2006, 2007 and 2008 was RMB6,472.0 million, RMB9,103.1 million and RMB10,548.6 million, respectively, representing a CAGR of approximately 27.7% during such periods. Our revenue for the nine months ended 30 September 2009 was RMB9,212.6 million. Revenue generated from the sales of our mid-to-high end automobile brands(1) accounted for approximately 55.3%, 58.5%, 65.8% and 70.6% of our new automobile sales revenue for the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, respectively, while revenue generated from the sales of our luxury automobile brands accounted for approximately 44.7%, 41.5%, 34.2% and 29.4% of our new automobile sales revenue for the same periods. The gross profit margin of our mid-to-high end brand automobiles was 5.5%, 5.5%, 4.0% and 4.1%, the gross profit margin of our luxury brand automobiles was 4.5%, 7.8%, 5.5% and 6.1%, and the gross profit margin of our after-sales businesses was 33.4%, 34.9%, 40.3% and 44.1% during the same periods, respectively. Revenue generated from our new automobile sales business accounted for approximately 95.9%, 94.7%, 91.9% and 90.4% and the revenue generated from our after-sales businesses accounted for approximately 4.1%, 5.3%, 8.1% and 9.6% of our revenue during the same periods. Our profit attributable to equity holders of the parent for the three years ended 31 December 2006, 2007 and 2008 was RMB147.6 million, RMB284.3 million and RMB218.7 million, respectively, representing a CAGR of approximately 21.7% during such periods. Our profit attributable to equity holders of the parent for the nine months ended 30 September 2009 was RMB287.4 million.

Based on the information provided by ACMR, we accounted for approximately 1.0%, 1.1% and 1.2% of the Chinese passenger car market in terms of total revenue(2) in 2006, 2007 and 2008, respectively. Our Group was ranked sixth, fifth and fourth among the passenger car dealerships in terms of revenue in 2006, 2007 and 2008, respectively, in the PRC.

Notes:

(1) In this prospectus, the term "revenue generated from the sales of automobiles" refers to the sales revenue generated from the sales of automobiles before deducting the applicable sales tax, unless indicated otherwise.

(2) The revenue referred to in the ACMR Survey includes revenue from new car sales business, after-sales businesses and used car business. All revenue includes VAT.

The following table sets forth our combined income statements for the periods indicated:

	Years ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2008	2009
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)	(RMB'000)
Revenue	6,472,043	9,103,134	10,548,577	8,133,630	9,212,624
Cost of sales and services provided	(6,074,757)	(8,382,066)	(9,771,214)	(7,516,264)	(8,444,162)
Gross profit	397,286	721,068	777,363	617,366	768,462
Other income and gains, net	24,162	27,361	33,412	23,107	39,409
Selling and distribution costs	(154,187)	(215,054)	(274,317)	(198,567)	(227,051)
Administrative expenses	(64,705)	(87,115)	(118,861)	(86,010)	(108,297)
Profit from operations	202,556	446,260	417,597	355,896	472,523
Finance costs	(31,065)	(50,744)	(104,443)	(81,830)	(57,808)
Share of profits of jointly-controlled entities	5,860	6,873	4,520	4,029	4,545
Profit before tax	177,351	402,389	317,674	278,095	419,260
Tax	(27,035)	(98,933)	(83,265)	(72,116)	(113,601)
Profit for the year/period	150,316	303,456	234,409	205,979	305,659
Attributable to:					
Equity holders of the parent	147,643	284,325	218,702	192,884	287,431
Non-controlling interests	2,673	19,131	15,707	13,095	18,228
	150,316	303,456	234,409	205,979	305,659
Earnings per share attributable to equity holders of the parent	N/A	N/A	N/A	N/A	N/A

The following table sets out our combined statements of financial position as at the dates indicated:

	31 December			30 September
	2006	2007	2008	2009
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
NON-CURRENT ASSETS				
Property, plant and equipment	351,539	460,462	548,779	776,876
Land use rights	173,782	191,710	256,987	408,678
Prepayments	9,000	16,287	33,273	53,346
Intangible assets	753	87,617	100,561	258,612
Goodwill	—	65,501	76,566	200,492
Interest in jointly-controlled entities	9,782	16,655	21,175	35,990
Available-for-sale investment	—	—	—	100
Held-to-maturity investments	6,028	5,618	5,291	5,287
Deferred tax assets	7,173	3,516	3,132	4,810
Total non-current assets	558,057	847,366	1,045,764	1,744,191
CURRENT ASSETS				
Financial assets at fair value through profit or loss	12,870	—	—	—
Inventories	427,143	705,577	1,133,415	890,577
Trade receivables	39,433	54,925	61,443	110,510
Prepayments, deposits and other receivables	486,468	706,221	724,823	1,027,457
Amounts due from related parties	10	10	459	1,563
Term deposits and pledged bank deposits	254,735	260,437	210,720	438,404
Cash in transit	20,654	29,603	29,690	46,493
Cash and cash equivalents	380,738	344,997	964,245	996,572
Total current assets	1,622,051	2,101,770	3,124,795	3,511,576
CURRENT LIABILITIES				
Trade and bills payables	410,987	645,582	835,699	1,238,098
Other payables and accruals	185,867	220,363	273,201	345,891
Amounts due to related parties	143,062	172,151	156,774	1,308
Bank loans and other borrowings	877,564	1,033,475	1,157,543	1,513,158
Income tax payable	19,432	50,407	27,733	58,739
Total current liabilities	1,636,912	2,121,978	2,450,950	3,157,194
NET CURRENT (LIABILITIES)/ASSETS	(14,861)	(20,208)	673,845	354,382

	31 December			30 September
	2006	2007	2008	2009
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
TOTAL ASSETS LESS CURRENT LIABILITIES	543,196	827,158	1,719,609	2,098,573
NON-CURRENT LIABILITIES				
Deferred tax liabilities	—	20,507	33,838	98,117
NET ASSETS	543,196	806,651	1,685,771	2,000,456
EQUITY				
Equity attributable to equity holders of the parent				
Share capital	—	—	—	—
Reserves	498,487	757,489	1,633,098	1,933,771
	498,487	757,489	1,633,098	1,933,771
Non-controlling interests	44,709	49,162	52,673	66,685
Total equity	543,196	806,651	1,685,771	2,000,456

BASIS OF PRESENTATION

Pursuant to the Reorganization as described in the section entitled "Our History and Reorganization" in this prospectus, our Company became the holding company of the companies now comprising the Group on 22 February 2010. Since our Company and the companies now comprising the Group were under common control of the Controlling Shareholders both before and after the completion of the Reorganization, the Reorganization has been accounted for using merger accounting. The financial information has been prepared on the basis as if our Company has always been the holding company of the companies now comprising the Group.

The financial information presents the combined results, cash flows and financial positions of the companies comprising our Group as if the group structure had been in existence throughout the Track Record Period and as if all of the automobile-related business was transferred to our Group as of the earliest period presented.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Demand for mid-to-high end and luxury brand automobiles in the PRC

Our results of operations are affected by the demand for mid-to-high end and luxury brand automobiles in the PRC. Market demand for automobiles in China is driven by various factors including, among others, the growth of individual wealth, continued urbanization of the Chinese people and improvement of China's road networks and other infrastructure. The rapid growth of the PRC economy has led to accelerated urbanization and an increase in living standards and per capita disposable income. Furthermore, as per capita disposable income has increased, consumers in the PRC have tended to shift their spending more towards the consumption of branded lifestyle products, including automobiles. Retail sales of mid-to-high end and luxury brand automobiles in China have grown significantly in recent years. According to ACMR, the retail market for mid-to-high end and luxury brand passenger cars in China increased from RMB138 billion in 2003 to RMB496 billion in 2009. ACMR also projects that retail sales of mid-to-high end and luxury brand automobiles in the PRC will reach RMB675 billion in 2012.

Our 4S dealership network

Our sales are directly affected by the number, location and performance of our 4S dealerships. In response to the increasing demand for mid-to-high end and luxury brand automobiles, we have rapidly expanded our 4S dealership network through both organic growth and acquisitions. The number of our 4S dealerships increased from 15 as at 1 January 2006 to 30 as at 31 December 2008, while our sales volume increased from 20,876 units in 2006 to 41,349 units in 2008. As at 30 September 2009, we operated 47 4S dealerships and our sales volume for the nine months ended 30 September 2009 amounted to 40,512 units.

Products and services mix

Changes in product and services mix in connection with our sale of goods and provision of services may affect our profitability and total gross profit margin.

We offer a diversified portfolio of mid-to-high end and luxury automobile brands, which bear different gross profit margins. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, the gross profit margins of our mid-to-high end brand automobiles were 5.5%, 5.5%, 4.0% and 4.1%, and the gross profit margins of our luxury brand automobiles were 4.5%, 7.8%, 5.5% and 6.1% over the same periods, respectively. The decrease of gross profit margins of both mid-to-high end and luxury brand automobiles in 2008 reflected the impact of the global economic downturn. The aggregate gross profit margins from our new automobile sales business vary in accordance with the distribution of our sales attributable to mid-to-high end brand automobiles and luxury brand automobiles.

Our after-sales businesses generally have higher gross profit margins than our new automobile sales business. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, the gross profit margins of our after-sales businesses were 33.4%, 34.9%, 40.3% and 44.1%, respectively, while the gross profit margins of our new automobile sales business for the same period were 5.0%, 6.5%, 4.5% and 4.7%, respectively. The gross profit margin of after-sale businesses increased continuously because (i) the sale portion of automobile accessories with high gross profit margins increased as a result of the increased market demand during the period and (ii) the Group established a central purchase department in the second quarter of 2009, which implemented a strict purchase cost control plan and helped the Group to obtain more purchase discounts from the vendors of automobile accessories. Our after-sales businesses accounted for 4.1%, 5.3%, 8.1% and 9.6% of our revenue and 22.1%, 23.5%, 44.2% and 50.7% of our gross profit for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively. Although a substantial portion of our revenue is currently generated from our new automobile sales business, the proportion of revenue and profit contributed by our after-sales businesses has increased throughout the Track Record Period, primarily due to the rapid expansion of our after-sales customer base and increase in demand for repair, maintenance and detailing services and automobile accessories in China. We expect to continue expanding our after-sales businesses to meet the increasing market demand.

The following table sets out the gross profit margin of our new automobile sales business and after-sales businesses for the periods indicated, respectively:

	Years ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2008	2009
	(%)	(%)	(%)	(%)	(%)
New automobile sales business					
Mid-to-high end automobile brands	5.5	5.5	4.0	4.4	4.1
Luxury automobile brands	4.5	7.8	5.5	6.1	6.1
Average of new automobile sales.	5.0	6.5	4.5	5.0	4.7
After-sales businesses	33.4	34.9	40.3	40.3	44.1
Overall average	6.1	7.9	7.4	7.6	8.3

Cost of sales and services and rebates

Our cost of sales and services primarily comprise the purchase cost of new automobiles from automakers. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, the cost of sales and services expressed as a percentage of revenue was 93.9%, 92.1%, 92.6% and 91.7%, respectively. Over the same periods, the purchase costs of new automobiles represented 97.1%, 96.2%, 94.8% and 94.1% of our cost of sales and services, respectively. The purchase costs of new automobiles are largely determined by the automakers, and we do not exercise any control or influence over their operations, strategies or business policies.

The other component of our cost of sales and services relates to the costs involved in our after-sales businesses, comprised primarily of the cost of purchasing spare parts for our repair, maintenance and detailing services business and the cost of purchasing automobile accessories supplied to our customers.

Our purchase arrangements with the automakers often include volume-based rebates, which are decided with reference to the units of new automobiles purchased and adjusted based on our satisfaction of certain targets set by the relevant automakers, including sales targets, customer satisfaction indices and dealership presentation standards. The automakers will settle the rebates with us from time to time taking into account the above factors by deducting the price payable by the Group in the subsequent purchases placed by the Group. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, we recorded rebates of approximately RMB47.0 million, RMB173.5 million, RMB171.2 million and RMB218.7 million, respectively. Our Company confirms that the provision of rebates by the automakers is a common industry practice and the rates of the rebates that we have received are in line with market rates.

Any significant change to our cost of sales and services, in particular the cost of new automobiles, or the rebates, will affect our results of operations and financial condition.

Terms and conditions of our dealership agreements with automakers

The automakers grant us the rights to operate our 4S dealerships and supply new automobiles and spare parts to us. Accordingly, our results of operations and financial condition are affected by the terms and conditions of our dealership agreements with the automakers. For example, the automakers may impose various restrictions on the dealership agreements, such as setting geographical limitation, precluding us from obtaining additional dealership rights, and setting retail price guidelines for new automobiles or certain spare parts. Such contractual restrictions and any future changes to them may affect our competitiveness in regard to our pricing policy, ability to meet customers' demands, product mix, management of our 4S dealerships, and other aspects of our operation, as well as our financial condition.

Pricing

We face increasing competition in the PRC and our results of operations may be affected not only by competition among automakers in terms of quality, delivery time and price, but also by competition from other dealerships in the same region who sell the same brands and models of automobiles as we do. Please see the section entitled "Risk Factors — Risks Relating to the PRC Automobile Industry — Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile industry" in this prospectus for more details.

The overall average selling price of the new automobiles sold decreased from RMB297,592 for 2006 to RMB234,637 for 2008, and further decreased to RMB205,875 for the nine months ended 30 September 2009. Such decrease in overall average selling price was primarily due to a decrease in the selling prices of certain brands of new automobiles sold by us, an increase in entry-level luxury automobiles in our product mix, the global economic slowdown in 2008 as well as an increase in our sales of automobile models produced locally that were previously imported.

The following table sets forth a breakdown of the average selling price of our new automobile sales for the periods indicated:

	Years ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2008	2009
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Mid-to-high end automobile brands[(1)]	214,405	199,392	184,118	170,669	166,646
Luxury automobile brands[(1)]	572,913	535,283	497,723	475,677	474,695
Overall average[(2)]	297,592	269,633	234,637	221,449	205,875

Notes:

(1) The average selling price for this catalogue is calculated by dividing the revenue generated through sales of the automobiles of this catalogue, by the total number of automobiles of the catalogue sold by us during the relevant year or period.

(2) The overall average selling price is calculated by dividing the total revenue generated through sales of automobiles, by the total number of automobiles sold by us during the relevant year or period.

Taxation

During the Track Record Period, some of our subsidiaries in the PRC enjoyed tax preferential treatments pursuant to applicable tax laws and regulations of the PRC and local policies. These subsidiaries were entitled to exemptions from and/or reductions of the state or local enterprise income tax for certain years as confirmed by the relevant tax authorities in the PRC. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our effective tax rate was 15.2%, 24.6%, 26.2% and 27.1%, respectively. According to the New EIT Law which became effective on 1 January 2008, the statutory income tax rate of domestic companies was reduced from 33% to 25%. All of our PRC subsidiaries have been subject to the statutory income tax rate of 25% since 2008, except for Shenzhen Zhongsheng Toyota Sales and Services Co., Ltd., which was, or is, as the case may be, required to pay income tax at a tax rate of 20%, 22% and 24% for 2009, 2010 and 2011, respectively, and will start paying income tax at the statutory tax rate of 25% from 2012. Our PRC legal advisers, King & Wood, have confirmed that the tax preferential treatments to which we have been entitled are in compliance with the PRC laws and regulations.

Sales of new automobiles, spare parts and automobile accessories and revenues generated from our provision of repair, maintenance and detailing services are generally subject to a 17% value-added tax (VAT). Any modification of the foregoing tax treatments currently applicable to our subsidiaries and jointly-controlled entities will affect our financial condition and results of operations.

Seasonality

We have over the Track Record Period recorded higher revenues from new automobile sales in the first and fourth quarters of each year, which reflects higher spending patterns of PRC customers coinciding with periods before major holidays in the PRC, such as the Chinese New Year in the first quarter and the National Day holiday in the fourth quarter. As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between same periods in different financial years, may not be meaningful and should not be relied upon as indicators of our performance. Please see the section headed "Risk Factors — Risks Relating to Our Business — Our sales may be affected by seasonality" in this prospectus.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 3 to the Accountants' Report included in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Basis of combination

This prospectus includes our combined financial information for the Track Record Period. The acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The acquisition of all other subsidiaries during the Track Record Period is accounted for using the purchase method of accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

All significant intra-group transactions and balances have been eliminated on combination.

Non-controlling interests represent the interests of outside shareholders not held by our Group in the results and net assets of the companies now comprising our Group. Any excess of our Group's interest in the book value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of non-controlling interests (previously referred to as negative goodwill), after reassessment, is recognized immediately in the income statement.

Judgments and Estimates

The preparation of our Group's combined financial information requires our management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial information:

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax-planning strategies. The carrying values of deferred tax assets relating to recognised tax losses were RMB7.1 million, RMB3.4 million, RMB3.1 million and RMB4.4 million as at 31 December 2006, 2007 and 2008 and 30 September 2009, respectively.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill were Nil, RMB65.5 million, RMB76.6 million and RMB200.5 million as at 31 December 2006, 2007 and 2008 and 30 September 2009, respectively.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangible assets with indefinite life are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, our management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

The following summarizes components of certain items appearing in the Accountants' Report set out in Appendix I to this prospectus, which we believe will be helpful in understanding the period-to-period discussion that follows below.

Revenue

Our new automobile sales business generated a substantial portion of our revenue, accounting for 95.9%, 94.7%, 91.9% and 90.4% of our revenue for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively. The remaining portion of our revenue during the Track Record Period was generated by our after-sales businesses. All of our revenue is derived from our operations in the PRC. We experienced a decline in average selling price of our new automobiles during the Track Record Period and a slowdown in the growth of new automobile sales volume in 2008 as a result of the global economic downturn. Our revenue generated from our operations in Liaoning Province represented 70%, 53%, 45% and 43% of our total revenue for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively. The decrease in the proportion of our revenue from Liaoning Province was primarily due to the continuing increase in revenue from other regions, which in turn reflected our business expansion in such other regions.

During the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, revenue from sales of mid-to-high end brand automobiles was RMB3,437.3 million, RMB5,042.6 million, RMB6,386.7 million and RMB5,891.4 million, accounting for 55.3%, 58.5%, 65.8% and 70.6% of our revenue from new automobile sales, respectively. Revenue from sales of our luxury brand automobiles was RMB2,775.2 million, RMB3,579.4 million, RMB3,315.3 million and RMB2,449.0 million, accounting for 44.7%, 41.5%, 34.2% and 29.4% of our revenue from new automobile sales, for the same periods, respectively.

Revenue from our after-sales businesses was RMB262.8 million, RMB486.9 million, RMB853.1 million and RMB883.4 million for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively, accounting for 4.1%, 5.3%, 8.1% and 9.6% of our total revenue, for the same periods, respectively.

Our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. The following table sets out a breakdown of our revenue and gross profit contributed by our after-sales businesses for the periods indicated:

	Years ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2008	2009
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue					
Sales of spare parts and automobile accessories	5,913	32,730	169,134	131,035	189,467
Repair and maintenance services, detailing services and other services	256,860	454,181	683,979	485,950	693,892
Total	262,773	486,911	853,113	616,985	883,359
Gross profit					
Sales of spare parts and automobile accessories	1,286	10,339	78,258	59,727	94,214
Repair and maintenance services, detailing services and other services	86,476	159,405	265,128	189,153	295,048
Total	87,762	169,744	343,386	248,880	389,262
Gross profit margin					
Sales of spare parts and automobile accessories	21.7%	31.6%	46.3%	45.6%	49.7%
Repair and maintenance services, detailing services and other services	33.7%	35.1%	38.8%	38.9%	42.5%
Overall average	33.4%	34.9%	40.3%	40.3%	44.1%

We provide repair and maintenance services under warranties which are subject to the terms of sale to our customers, who purchase new automobiles through our 4S dealerships. The automakers set the price that we charge for providing repair and maintenance services under warranties. We derive gross profit from the difference between the fee charged and the cost of providing such services. During the Track Record Period, none of our claims for payment for repairs performed under warranty was rejected by the automaker and the contribution of revenue from repair and maintenance services under warranties to the total revenue from our after-sales businesses was insignificant. As at 31 December 2009, approximately 101,000 automobiles sold by us were still within their respective warranty period.

Cost of sales and services

Our cost of sales and services primarily comprises the cost of the new automobiles purchased from automakers, which represented 97.1%, 96.2%, 94.8% and 94.1% of our total cost of sales and services for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively. Our cost of sales and services also includes the costs involved in our after-sales businesses, primarily the cost of purchasing spare parts for our repair, maintenance and detailing services business and the cost of purchasing automobile accessories supplied to our customers. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our cost of sales and services represented 93.9%, 92.1%, 92.6% and 91.7% of our revenue, respectively.

The purchase cost of new automobiles is affected by the rebates received by us from the automakers. Our purchase arrangements with the automakers often include volume-based rebates, which are decided with reference to the units of new automobiles purchased, and adjusted based on our satisfaction of certain targets set by the relevant automakers, including sales targets, customer satisfaction indices and dealership presentation standards. The automakers will settle the rebates with us from time to time taking into account the above factors by deducting the price payable by the Group in the subsequent purchases placed by the Group. Purchase rebates are accrued at each reporting date based on the actual purchasing amounts, corresponding rebate rates as agreed with the automakers and our management's estimate on relevant factors, including without limitation, meeting certain sales and service targets set by the relevant automakers. Rebates relating to automobiles purchased and sold are deducted from cost of sales, while rebates relating to automobiles purchased but still held on the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates. There is no material discrepancy between accrued rebates and actual rebates we received from the automakers during the Track Record Period. For the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, we recorded rebates of approximately RMB47.0 million, RMB173.5 million, RMB171.2 million and RMB218.7 million, respectively. Our Company confirms that the provision of rebates by the automakers is a common industry practice and the rates of the rebates that we received are in line with market rates.

Other income and gains

Our other income and gains primarily include commission received from insurance companies which provide their services to our customers at our 4S dealerships and interest income from bank deposits.

We received RMB6.8 million, RMB1.3 million, RMB2.1 million and RMB70,000 of government grants from local government authorities for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, respectively, which were given on a non-recurring basis to encourage our business development. We understand that there is no specific standard for the entitlements to the grants and the grants received by us were given by the relevant local government authorities at their discretion.

For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our other income and gains represented 0.4%, 0.3%, 0.3% and 0.4% of our revenue, respectively.

Selling and distribution costs

Our selling and distribution costs primarily include salary expenses and welfare costs, advertising and promotion expenses and provisions for depreciation. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our selling and distribution costs represented 2.4%, 2.4%, 2.6% and 2.5% of our revenue, respectively.

Administrative expenses

Our administrative expenses primarily include expenditure on office supplies, entertainment expenses, taxation, utilities fees and travelling expenses. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our administrative expenses represented 1.0%, 1.0%, 1.1% and 1.2% of our revenue, respectively.

Finance costs

Our finance costs primarily include interest expenses on bank borrowings and other borrowings. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, finance costs represented 0.5%, 0.6%, 1.0% and 0.6% of our revenue, respectively. Our business requires sufficient financing for our increasing inventory level and prepayments for new automobiles that we purchased from the automakers. We expect the finance costs of the Group to increase as our inventory level and prepayments for new automobiles will increase due to the continuing expansion of our business.

Share of profits of jointly-controlled entities

A jointly-controlled entity is an entity subject to joint control, resulting in none of the participating parties having unilateral control over the entity's economic activity.

Our Group has a 50% interest in Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廈門中升豐田汽車銷售服務有限公司) ("**Xiamen Zhongsheng**"), which is a 4S dealership operating Toyota brand. Xiamen Zhongsheng is accounted for as a jointly-controlled entity of our Group, not a subsidiary, and it is not a connected person of our Company under Listing Rule 14A.11. Our Group's interest in Xiamen Zhongsheng is stated in the combined balance sheet at our Group's share of net assets under the equity method of accounting, less any impairment loss. Our Group's share of the results of Xiamen Zhongsheng is included in our combined income statement as share of profits of jointly-controlled entities. The remaining 50% interest in Xiamen Zhongsheng is owned by Xiamen ITG Motors Co., Ltd. (廈門國貿汽車股份有限公司), an Independent Third Party 4S dealership group and a subsidiary of Xiamen International Trade Group Co., Ltd. (廈門國貿集團股份有限公司). Xiamen International Trade Group Co., Ltd. is listed on the Shanghai Stock Exchange.

We have not entered into any jointly-controlled entity agreement with Xiamen International Trade Group Co., Ltd. with respect to Xiamen Zhongzheng. According to the updated articles of association of Xiamen Zhongsheng, its profit shall be divided among the shareholders proportionately according to the shareholders' percentage of contribution. The controlling power of the jointly-controlled entity shall be exercised pursuant to resolutions passed at the shareholders' meeting. Accordingly, any specific profit-sharing plan proposed by the board of directors will be reviewed and approved at the shareholders' meeting. If there is any circumstance which may lead to the termination of the jointly-controlled entity, the termination will also be decided by the shareholders' meeting of Xiamen Zhongsheng. Resolutions at the shareholders' meeting of Xiamen Zhongsheng require approval of the majority. As a result, under the current shareholding structure, in the event that the two shareholders of Xiamen Zhongsheng have different opinions, a deadlock at the shareholders meeting could arise. However, the directors of our Company are of the view that such deadlock is unlikely to occur, and if it occurs, we will endeavor to negotiate and reach a consensus with Xiamen International Trade Group Co., Ltd.

Our Group has a 50% interest in Zhongsheng Tacti Automobile Services (Dalian) Co., Ltd. ("**Zhongsheng Tacti**"). Zhongsheng Tacti, which provides quick automobile repair services in China, is accounted for as a jointly-controlled entity of our Group, not a subsidiary. It is not a connected person of our Company under Listing Rule 14A.11. We did not record any profit from Zhongsheng Tacti during the Track Record Period.

Tax

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to our Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Our subsidiaries incorporated in Hong Kong were subject to an income tax at the rates of 17.5% in both 2006 and 2007 and 16.5% in both 2008 and the nine months ended 30 September 2009. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Track Record Period.

Before 1 January 2008, enterprises incorporated in the PRC were normally subject to corporate income tax at a rate of 33%, of which 30% is attributable to national enterprise income tax and 3% attributable to local income tax. Certain subsidiaries of the Group enjoyed preferential income tax rates lower than 33% during the Track Record Period as approved by the relevant PRC tax authorities or operated in designated areas with preferential income tax policies in the PRC.

The National People's Congress approved the New EIT Law on 16 March 2007 and the State Council has announced the detailed implementation regulations to the New EIT Law on 6 December 2007, both of which have been effective since 1 January 2008. According to the New EIT Law, the income tax rates for both domestic and foreign investment enterprises in the PRC were unified at 25% effective from 1 January 2008.

Pursuant to the New EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. See the section entitled "Risk Factors — Risks relating to conducting business in the PRC — There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities".

REVIEW OF HISTORICAL OPERATING RESULTS

The following table sets forth information relating to certain income and expense items from our combined income statement, for the periods indicated:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)	(RMB'000)
Revenue	6,472,043	9,103,134	10,548,577	8,133,630	9,212,624
Cost of sales and services provided	(6,074,757)	(8,382,066)	(9,771,214)	(7,516,264)	(8,444,162)
Gross profit	397,286	721,068	777,363	617,366	768,462
Other income and gains, net	24,162	27,361	33,412	23,107	39,409
Selling and distribution costs	(154,187)	(215,054)	(274,317)	(198,567)	(227,051)
Administrative expenses	(64,705)	(87,115)	(118,861)	(86,010)	(108,297)
Profit from operations	202,556	446,260	417,597	355,896	472,523
Finance costs	(31,065)	(50,744)	(104,443)	(81,830)	(57,808)
Share of profits of jointly-controlled entities	5,860	6,873	4,520	4,029	4,545
Profit before tax	177,351	402,389	317,674	278,095	419,260
Tax	(27,035)	(98,933)	(83,265)	(72,116)	(113,601)
Profit for the year/period	150,316	303,456	234,409	205,979	305,659
Attributable to:					
Equity holders of the parent	147,643	284,325	218,702	192,884	287,431
Non-controlling interests	2,673	19,131	15,707	13,095	18,228
	150,316	303,456	234,409	205,979	305,659

The following tables set out our gross profit and gross profit margin by product and service categories for the periods indicated:

	Years ended 31 December						Nine months ended 30 September			
	2006		2007		2008		2008		2009	
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)
Gross profit from:										
— New automobile sales business	309,524	77.9	551,324	76.5	433,977	55.8	368,486	59.7	379,200	49.3
— After-sales businesses	87,762	22.1	169,744	23.5	343,386	44.2	248,880	40.3	389,262	50.7
	397,286	100.0	721,068	100.0	777,363	100.0	617,366	100.0	768,462	100.0

	Years ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2008	2009
	(%)	(%)	(%)	(%)	(%)
Gross profit margin					
— New automobile sales business	5.0	6.5	4.5	5.0	4.7
— After-sales businesses	33.4	34.9	40.3	40.3	44.1
Overall average	6.1	7.9	7.4	7.6	8.3

The following table sets forth a breakdown of sales volume of our new automobile sales for the periods indicated:

	Years ended 31 December						Nine months ended 30 September			
	2006		2007		2008		2008		2009	
	Units	(%)	Units	(%)	Units	(%)	Units	(%)	Units	(%)
Mid-to-high end automobile brands	16,032	76.8	25,290	79.1	34,688	83.9	28,311	83.3	35,353	87.3
Luxury automobile brands	4,844	23.2	6,687	20.9	6,661	16.1	5,655	16.7	5,159	12.7
Total	20,876	100.0	31,977	100.0	41,349	100.0	33,966	100.0	40,512	100.0

The following table sets forth a breakdown of our revenue from our various automobile brands of our new automobile sales for the periods indicated:

	Years ended 31 December						Nine months ended 30 September			
	2006		2007		2008		2008		2009	
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)
Mid-to-high end automobile brands										
— Toyota	2,753,580	44.3	4,062,501	47.1	5,138,256	53.0	3,884,991	51.6	4,268,292	51.2
— Honda	249,821	4.0	531,856	6.2	678,934	7.0	540,593	7.2	560,014	6.7
— Nissan	431,240	6.9	443,176	5.1	569,488	5.8	406,216	5.4	846,047	10.1
— Chevrolet	—	—	—	—	—	—	—	—	62,775	0.7
— Buick	—	—	—	—	—	—	—	—	154,321	1.9
— Others	2,707	0.1	5,085	0.1	—	—	—	—	—	—
Sub-total	3,437,348	55.3	5,042,618	58.5	6,386,678	65.8	4,831,800	64.2	5,891,449	70.6
Luxury automobile brands										
— Lexus	1,894,646	30.5	2,942,715	34.1	2,394,857	24.7	1,969,157	26.2	1,389,589	16.7
— Audi	880,542	14.2	636,725	7.4	920,473	9.5	720,796	9.6	1,022,108	12.3
— Benz	—	—	—	—	—	—	—	—	37,256	0.4
Sub-total	2,775,188	44.7	3,579,440	41.5	3,315,330	34.2	2,689,953	35.8	2,448,953	29.4
Total revenue from new automobile sales	6,212,536	100.0	8,622,058	100.0	9,702,008	100.0	7,521,753	100.0	8,340,402	100.0
Sales tax	(3,266)		(5,835)		(6,544)		(5,108)		(11,137)	
Total revenue from new automobile sales (after deducting sales tax)	6,209,270		8,616,223		9,695,464		7,516,645		8,329,265	

The following table sets forth a breakdown of our gross profit from our various automobile brands of our new automobile sales and their gross profit margins for the periods indicated:

	Years ended 31 December						Nine months ended 30 September			
	2006		2007		2008		2008		2009	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Mid-to-high end automobile brands										
— Toyota	167,392	6.1	211,961	5.2	202,496	3.9	170,139	4.4	182,205	4.3
— Honda	10,456	4.2	41,862	7.9	32,569	4.8	24,497	4.5	13,013	2.3
— Nissan	9,409	2.2	24,005	5.4	22,367	3.9	15,527	3.8	41,674	4.9
— Chevrolet	—	—	—	—	—	—	—	—	2,392	3.8
— Buick	—	—	—	—	—	—	—	—	2,979	1.9
— Others	81	3.0	(28)	(0.5)	—	—	—	—	—	—
Luxury automobile brands										
— Lexus	112,442	5.9	241,096	8.2	143,276	6.0	131,306	6.7	106,673	7.7
— Audi	13,010	1.5	38,264	6.0	39,813	4.3	32,126	4.5	38,727	3.8
— Benz	—	—	—	—	—	—	—	—	2,674	7.2

The nine months ended 30 September 2009 compared with the nine months ended 30 September 2008

Revenue. Revenue for the nine months ended 30 September 2009 was RMB9,212.6 million, an increase of RMB1,079.0 million, or 13.3%, compared to RMB8,133.6 million for the same period of 2008. This increase was primarily due to an increase of RMB812.7 million, or 10.8%, in new automobile sales to RMB8,329.3 million for the nine months ended 30 September 2009, compared with RMB7,516.6 million for the same period of 2008. In addition, our revenue from our after-sales businesses increased significantly by RMB266.4 million, or 43.2%, to RMB883.4 million for the nine months ended 30 September 2009, compared with RMB617.0 million for the same period of 2008, as a result of the expansion of our business and the growing recognition of our "*Zhongsheng*" brand.

The increase in revenue from new automobile sales for the nine months ended 30 September 2009 was due to an increase in our sales volume from 33,966 units for the nine months ended 30 September 2008 to 40,512 units for the same period in 2009, representing an increase of 19.3%. The effect of such increase in sales volume was partially offset by the decline in the average selling price of our new automobiles from RMB221,449 to RMB205,875 during the same period. Such decrease in average selling prices was attributable to, among other factors, a decrease in the selling prices of certain new automobiles sold, an increase in entry-level luxury automobiles in our product mix as well as an increase in our sales of automobile models produced locally which were previously imported.

In terms of product mix, revenue from sale of mid-to-high end brand automobiles increased by 21.9% to RMB5,891.4 million for the nine months ended 30 September 2009, compared to RMB4,831.8 million for the nine months ended 30 September 2008. Revenue from luxury brand automobiles decreased by 9.0% to RMB2,449.0 million for the nine months ended 30 September 2009, compared to RMB2,690.0 million for the nine months ended 30 September 2008. Sales of mid-to-high end brand automobiles represented 64.2% and 70.6% of our total revenue from new automobile sales for the nine months periods ended 30 September 2008 and 2009, respectively. Sales of luxury brand automobiles represented 35.8% and 29.4% of our total revenue from new automobile sales for the nine months ended 30 September 2008 and 2009, respectively.

For the nine months ended 30 September 2009, we introduced Mercedes-Benz and GM brand automobiles into our products mix.

Cost of sales and services. Cost of sales and services for the nine months ended 30 September 2009 was RMB8,444.2 million, an increase of RMB927.9 million, or 12.3%, compared with RMB7,516.3 million for the same period of 2008. The increase was consistent with the continuous expansion of our business, and was primarily due to our increased purchases of automobiles, spare parts and automobile accessories. Costs attributable to our new automobile sales business amounted to RMB7,950.1 million for the nine months ended 30 September 2009, an increase of RMB801.9 million, or 11.2%, from RMB7,148.2 million for the same period in 2008. Costs attributable to our after-sales businesses amounted to RMB494.1 million for the nine months ended 30 September 2009, an increase of RMB126.0 million, or 34.2%, from RMB368.1 million for the same period in 2008.

Gross profit. Gross profit for the nine months ended 30 September 2009 was RMB768.5 million, an increase of RMB151.1 million, or 24.5%, from RMB617.4 million for the same period in 2008. Our gross profit margin for the nine months ended 30 September 2009 was 8.3%, compared with 7.6% for the same period in 2008. The increase in gross profit margin in the nine months ended 30 September 2009 was primarily due to the increased market demand for automobiles as well as the increased rebates we received from automakers as we sold more automobiles during the period.

Other income and gains. Our other income and gains were RMB39.4 million for the nine months ended 30 September 2009, an increase of RMB16.3 million, or 70.6%, from RMB23.1 million for the same period of 2008. This increase was primarily due to the increase in commission income received from insurance companies serving our customers in our 4S dealerships. The growth of our commission income is attributable to an increase in our new automobile sales. Commission income amounted to RMB22.4 million for the nine months ended 30 September 2009, an increase of RMB9.6 million, or 75.0%, from RMB12.8 million for the same period in 2008.

Selling and distribution costs. Selling and distribution costs for the nine months ended 30 September 2009 were RMB227.1 million, an increase of RMB28.5 million, or 14.4%, from RMB198.6 million for the same period in 2008. The increase was primarily due to an increase of RMB12.5 million in our salary and welfare expenses as we employed more people to support our increased sales, and an increase in depreciation primarily due to the increase in the number of our 4S dealerships during the period.

Administrative expenses. Administrative expenses for the nine months ended 30 September 2009 were RMB108.3 million, an increase of RMB22.3 million, or 25.9%, from RMB86.0 million for the same period in 2008. This increase was consistent with our expanded operations and primarily attributable to an increase in our rental expenses for our 4S dealerships and an increase in our salaries and welfares paid to our administrative personnel, primarily due to the increase in the number of our 4S dealerships during that period.

Profit from operations. Profit from operations for the nine months ended 30 September 2009 was RMB472.5 million, an increase of RMB116.6 million, or 32.8%, from RMB355.9 million for the same period in 2008. Our operating profit margin for the nine months ended 30 September 2009 was 5.1%, compared with 4.4% for the same period in 2008.

Finance costs. Our finance costs for the nine months ended 30 September 2009 were RMB57.8 million, a decrease of RMB24.0 million, or 29.3%, from RMB81.8 million for the same period in 2008. The decrease was primarily due to a decrease in the interest rate of our average bank loans and other borrowings during the nine months ended 30 September 2009.

Share of profits of jointly-controlled entities. Our share of profits of our jointly-controlled entity, Xiamen Zhongsheng, was RMB4.5 million for the nine months ended 30 September 2009, an increase of 0.5 million, or 12.5%, from RMB4.0 million for the same period in 2008.

Profit before tax. Our profit before tax for the nine months ended 30 September 2009 was RMB419.3 million, an increase of RMB141.2 million, or 50.8%, from RMB278.1 million for the same period in 2008.

Tax. Our tax for the nine months ended 30 September 2009 was RMB113.6 million, an increase of RMB41.5 million, or 57.6%, from RMB72.1 million for the same period in 2008. The increase was primarily due to the significant increase in our profit before tax during the period. In addition, some of our subsidiaries in the PRC ceased to enjoy preferential tax treatments and started to pay normal income tax rate since 2009 in accordance with the New EIT Law. Please see "— Factors Affecting Our Results of Operations — Taxation".

Profit for the period. Our profit for the nine months ended 30 September 2009 was RMB305.7 million, an increase of RMB99.7 million, or 48.4%, from RMB206.0 million for the same period in 2008. Our profit margin for the nine months ended 30 September 2009 was 3.3%, compared with 2.5% for the same period in 2008.

Profit attributable to equity holders of the parent. Our profit attributable to equity holders of our Company for the nine months ended 30 September 2009 was RMB287.4 million, an increase of RMB94.5 million, or 49.0%, from RMB192.9 million for the same period in 2008.

Profit attributable to non-controlling interests. Our profit attributable to non-controlling interests was RMB18.2 million for the nine months ended 30 September 2009, an increase of RMB5.1 million, or 38.9%, from RMB13.1 million for the same period in 2008.

The year ended 31 December 2008 compared with the year ended 31 December 2007

Revenue. Revenue for 2008 was RMB10,548.6 million, an increase of RMB1,445.5 million, or 15.9%, compared to RMB9,103.1 million for 2007. This increase was primarily due to an increase of RMB1,079.3 million, or 12.5%, in new automobile sales to RMB9,695.5 million for 2008, compared with RMB8,616.2 million for 2007. In addition, our revenue from our after-sales businesses increased significantly by RMB366.2 million, or 75.2%, to RMB853.1 million for 2008, compared with RMB486.9 million for 2007, as a result of the expansion of our business and the growing recognition of our "*Zhongsheng*" brand.

The increase in revenue from new automobile sales for 2008 was due to an increase in our sales volume from 31,977 units in 2007 to 41,349 units in 2008, representing an increase of 29.3%. The effect of such increase in sales volume was partially offset by the decline in the average selling price of our new automobiles from RMB269,633 to RMB234,637. Such decrease in average selling prices was attributable to, among other factors, a decrease in the selling prices of certain new automobiles sold, an increase in the entry-level luxury automobiles in our product mix, the global economic downturn in 2008 as well as an increase in our sales of automobile models produced locally which were previously imported. We also experienced a slowdown in the growth of new automobile sales volume in 2008 due to the impact of the global economic downturn in 2008.

In terms of product mix, revenue from sale of mid-to-high end automobile brands increased by 26.7% from RMB5,042.6 million for 2007 to RMB6,386.7 million for 2008, while revenue from luxury automobile brands decreased by 7.4% from RMB3,579.4 million for 2007 to RMB3,315.3 million for 2008. Sales of mid-to-high end brand automobiles represented 58.5% and 65.8% of our total revenue from new automobiles sales for 2007 and 2008, respectively. Sales of luxury brand automobiles represented 41.5% and 34.2% of our total revenue from new automobiles sales for 2007 and 2008, respectively.

Cost of sales and services. Cost of sales and services for 2008 was RMB9,771.2 million, an increase of RMB1,389.1 million, or 16.6%, compared with RMB8,382.1 million in 2007. The increase was consistent with the continuous expansion of our business, and was primarily due to our increased purchases of new automobiles, spare parts and automobile accessories. Costs attributable to our new automobile sales business amounted to RMB9,261.5 million in 2008, an increase of RMB1,196.6 million, or 14.8%, from RMB8,064.9 million in 2007. Costs attributable to our after-sales businesses amounted to RMB509.7 million in 2008, an increase of RMB192.5 million, or 60.7%, from RMB317.2 million in 2007.

Gross profit. Gross profit for 2008 was RMB777.4 million, an increase of RMB56.3 million, or 7.8%, from RMB721.1 million for 2007. Our gross profit margin for 2008 was 7.4%, compared with 7.9% for 2007. The decrease in gross profit margin in 2008 was primarily due to a decrease in our average selling prices in 2008.

Other income and gains. Our other income and gains were RMB33.4 million for 2008, an increase of RMB6.0 million, or 21.9%, from RMB27.4 million for 2007. This increase was primarily due to the increase in commission income received from insurance companies serving our customers in our 4S dealerships. The growth of our commission income is attributable to an increase in our new automobile sales. Commission income amounted to RMB18.0 million for 2008, an increase of RMB8.9 million, or 97.8%, from RMB9.1 million for 2007.

Selling and distribution costs. Selling and distribution costs for 2008 were RMB274.3 million, an increase of RMB59.2 million, or 27.5%, from RMB215.1 million in 2007. The increase was primarily due to an increase of RMB52.0 million in the salary and welfare expense as we employed more people to support our business expansion, and an increase in depreciation primarily due to the increase in the number of our 4S dealerships in 2008.

Administrative expenses. Administrative expenses for 2008 were RMB118.9 million, an increase of RMB31.8 million, or 36.5%, from RMB87.1 million for 2007. This increase was consistent with our expanded operations and primarily attributable to an increase of RMB6.5 million in the lease expenses for our 4S dealerships from RMB3.1 million for 2007 to RMB9.6 million for 2008, and an increase of RMB5.3 million in our office supplies.

Profit from operations. Profit from operations for 2008 was RMB417.6 million, a decrease of RMB28.7 million, or 6.4%, from RMB446.3 million for 2007. Our operating profit margin for 2008 was 4.0%, compared with 4.9% for 2007. The decrease in operating profit margin was primarily due to a decrease in our average selling prices in 2008.

Finance costs. Our finance costs for 2008 were RMB104.4 million, a significant increase of RMB53.7 million, or 105.9%, from RMB50.7 million for 2007. We increased our borrowings in 2008 to finance the growth of our business, resulting in an increase in our interest expense on bank borrowings of RMB42.3 million, or 86.3%, from RMB49.0 million for 2007 to RMB91.3 million for 2008.

Share of profits of jointly-controlled entities. Our share of profits of our jointly-controlled entity, Xiamen Zhongsheng, was RMB4.5 million for 2008, a decrease of RMB2.4 million, or 34.8%, from RMB6.9 million for 2007.

Profit before tax. Our profit before tax for 2008 was RMB317.7 million, a decrease of RMB84.7 million, or 21.0%, from RMB402.4 million for 2007.

Tax. Due to the decrease in profit before tax, our tax for 2008 was RMB83.3 million, a decrease of RMB15.6 million, or 15.8%, from RMB98.9 million for 2007. Our effective income tax rate was 26.2% in 2008, compared to 24.6% in 2007. Our effective income tax rate increased as more of our subsidiaries enjoyed tax concessions in 2007 than in 2008.

Profit for the year. As a result of the above, our profit for 2008 was RMB234.4 million, a decrease of RMB69.1 million, or 22.8%, from RMB303.5 million for 2007.

Profit attributable to equity holders of the parent. Our profit attributable to equity holders of our Company was RMB218.7 million for 2008, a decrease of RMB65.6 million, or 23.1%, from RMB284.3 million for 2007.

Profit attributable to non-controlling interests. Our profit attributable to non-controlling interests was RMB15.7 million for 2008, a decrease of RMB3.4 million, or 17.8%, from RMB19.1 million for 2007.

The year ended 31 December 2007 compared with the year ended 31 December 2006

Revenue. Revenue for 2007 was RMB9,103.1 million, an increase of RMB2,631.1 million, or 40.7%, compared to RMB6,472.0 million for 2006. This increase was primarily due to an increase of RMB2,406.9 million, or 38.8%, in new automobile sales to RMB8,616.2 million for 2007, compared with RMB6,209.3 million for 2006. In addition, our revenue from our after-sales businesses increased by RMB224.1 million, or 85.3%, to RMB486.9 million for 2007, compared with RMB262.8 million for 2006.

The increase in revenue from new automobile sales for 2007 was due to an increase in our sales volume from 20,876 units in 2006 to 31,977 units in 2007, representing an increase of 53.2%. The effect of such increase in sales volume was partially offset by the decline in the average selling price of our new automobiles from RMB297,592 to RMB269,633.

In terms of product mix, revenue from sale of mid-to-high end automobile brands increased significantly by 46.7% from RMB3,437.3 million for 2006 to RMB5,042.6 million for 2007, while revenue from luxury automobile brands increased by 29.0% from RMB2,775.2 million for 2006 to RMB3,579.4 million for 2007. Sales of mid-to-high end brand automobiles represented 55.3% and 58.5% of our total revenue from new automobiles sales for 2006 and 2007, respectively. Sales of luxury brand automobiles represented 44.7% and 41.5% of our total revenue from new automobiles sales for 2006 and 2007, respectively.

The increase in revenue from our after-sales businesses was primarily due to the expansion of our distribution network of 4S dealerships, as well as the development of our after-sales businesses, and the growing recognition of our "*Zhongsheng*" brand, which led to greater consumer recognition and contributed to increased patronage by our customers.

Cost of sales and services. Cost of sales and services for 2007 was RMB8,382.1 million, an increase of RMB2,307.3 million, or 38.0%, compared with RMB6,074.8 million in 2006. The increase was consistent with the continuous expansion of our business, and was primarily due to our increased purchases of automobiles, spare parts and automobile accessories to retail to our customers. Costs attributable to our new automobile sales business amounted to RMB8,064.9 million in 2007, an increase of RMB2,165.2 million, or 36.7%, from RMB5,899.7 million in 2006. Costs attributable to our after-sales businesses amounted to RMB317.2 million in 2007, an increase of RMB142.2 million, or 81.2%, from RMB175.0 million in 2006.

Gross profit. Gross profit for 2007 was RMB721.1 million, an increase of RMB323.8 million, or 81.5%, from RMB397.3 million for 2006. Our gross profit margin for 2007 was 7.9%, compared with 6.1% for 2006. The increase in our gross profit margin was primarily attributable to (i) an increase in the gross profit margin for our new automobile sales business from 5.0% in 2006 to 6.4% in 2007, due to a greater proportion of our new automobile sales attributable to new automobile models with higher profit margins, such as the Camry of GZ-Toyota, the CR-V of DF-Honda, and the LX470 and ES350 of Lexus, and (ii) an increase in the contribution of our after-sales businesses to our revenue, which generally yield higher margins than sales of new automobiles.

Other income and gains. Our other income and gains were RMB27.4 million for 2007, an increase of RMB3.2 million, or 13.2%, from RMB24.2 million for 2006. This increase was primarily due to the increase in commission income received from insurance companies serving to our customers in our 4S dealerships. The growth of our commission income is attributable to an increase in our new automobile sales. Commission income amounted to RMB9.1 million in 2007, an increase of RMB5.5 million, or 152.8%, from RMB3.6 million in 2006. We also experienced a decrease in the government grants received from local government authorities of RMB5.5 million, or 80.9%, from RMB6.8 million in 2006 to RMB1.3 million in 2007.

Selling and distribution costs. Selling and distribution costs for 2007 were RMB215.1 million, an increase of RMB60.9 million, or 39.5%, from RMB154.2 million for 2006. The increase was primarily due to an increase of RMB36.1 million, or 78.0%, in our salary expenses and welfare costs from RMB46.3 million in 2006 to RMB82.4 million in 2007 and an increase of RMB14.5 million, or 54.1% in our depreciation expense from RMB26.8 million in 2006 to RMB41.3 million in 2007. We substantially increased the number of our employees in 2007 primarily to support the significant expansion of our network of 4S dealerships. The increase in our depreciation expense was primarily due to the increase in number of our 4S dealerships in 2007.

Administrative expenses. Administrative expenses for 2007 were RMB87.1 million, an increase of RMB22.4 million, or 34.6%, from RMB64.7 million for 2006. This increase was consistent with our expanded operations and primarily attributable to (i) higher expenditure on office supplies, which increased by RMB4.6 million, or 32.4% to RMB18.8 million in 2007 from RMB14.2 million in 2006, (ii) increased utilities fees, which amounted to RMB8.5 million in 2007, representing an increase of RMB3.0 million, or 54.5%, from RMB5.5 million in 2006, and (iii) increased administrative taxes, such as stamp duties and property taxes.

Profit from operations. Profit from operations for 2007 was RMB446.3 million, an increase of RMB243.7 million, or 120.3%, from RMB202.6 million for 2006. Our operating profit margin for 2007 was 4.9%, compared with 3.1% for 2006. The increase in operating profit margin was primarily due to the increase in our revenue of 40.7%, against the increase in our cost of sales and services of 38.0%.

Finance costs. Our finance costs for 2007 were RMB50.7 million, an increase of RMB19.6 million, or 63.0%, from RMB31.1 million in 2006. We increased our borrowings in 2007 to finance the growth of our business, resulting in an increase in our interest expense on bank borrowings of RMB18.1 million, or 58.6%, from RMB30.9 million for 2006 to RMB49.0 million for 2007.

Share of profits of jointly-controlled entities. Our share of profits of our jointly-controlled entity, Xiamen Zhongsheng, was RMB6.9 million for 2007, an increase of RMB1.0 million, or 16.9%, from RMB5.9 million for 2006. This increase was consistent with the increase in Xiamen Zhongsheng's profit for 2007 by RMB2.0 million, or 17.1% to RMB13.7 million, from RMB11.7 million for 2006.

Profit before tax. As a result of the growth in our operations and business, our profit before tax for 2007 was RMB402.4 million, an increase of RMB225.0 million, or 126.8%, from RMB177.4 million for 2006.

Tax. Our tax for 2007 was RMB98.9 million, an increase of RMB71.9 million, or 266.3%, from RMB27.0 million for 2006. The increase was largely due to the increase in profit before tax of RMB225.0 million. Our effective income tax rate was 24.6% in 2007, compared to 15.2% in 2006. Our effective income tax rate increased as more of our subsidiaries enjoyed tax concessions in 2006 than in 2007.

Profit for the year. As a result of the above, our profit for 2007 was RMB303.5 million, an increase of RMB153.2 million, or 101.9%, from RMB150.3 million for 2006. Our profit margin for 2007 was 3.3%, compared with 2.3% for 2006.

Profit attributable to equity holders of the parent. Our profit attributable to equity holders of our Company was RMB284.3 million for 2007, an increase of RMB136.7 million, or 92.6%, from RMB147.6 million for 2006. This increase was primarily due to the increase in our profit after income tax.

Profit attributable to non-controlling interests. Our profit attributable to non-controlling interests was RMB19.1 million for 2007, an increase of RMB16.4 million, or 607.4%, from RMB2.7 million for 2006.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

Our primary uses of cash are to pay for purchases of new automobiles, spare parts and automobile accessories, to pay for our indebtedness, to fund our working capital and normal recurring expenses, and to establish new 4S dealerships and acquire additional 4S dealerships. We finance our liquidity requirements through a combination of cash flows generated from our operating activities and bank loans and other borrowings.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of the proceeds from this Global Offering, bank loans and other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time.

The following table presents selected cash flow data from our combined cash flow statements for the periods indicated:

	Years ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Net cash generated from/(used in) operating activities	(272,130)	152,499	327,885	152,357	227,171
Net cash used in investing activities	(220,088)	(239,208)	(545,688)	(371,106)	(247,945)
Net cash generated from financing activities	596,388	44,589	832,979	804,219	56,506
Net increase/(decrease) in cash and cash equivalents	104,170	(42,120)	615,176	585,470	35,732
Cash and cash equivalents at the end of the period	380,738	344,997	964,245	933,897	996,572

Cash flow generated from/(used in) operating activities

For the nine months ended 30 September 2009, our net cash generated from operating activities was RMB227.2 million, consisting primarily of profit before taxation of RMB419.3 million, a decrease in inventories of RMB443.6 million and an increase in trade and bills payable of RMB102.3 million, primarily offset by an increase in prepayments, deposits and other receivables of RMB462.5 million and an increase in pledged bank deposits of RMB228.3 million.

For 2008, our net cash generated from operating activities was RMB327.9 million, consisting primarily of profit before taxation of RMB317.7 million, primarily adjusted for finance costs by RMB104.4 million, a decrease in prepayments, deposits and other receivables of RMB181.7 million, an increase in trade and bills payables of RMB178.8 million, and primarily offset by an increase in inventories of RMB407.7 million.

For 2007, our net cash generated from operating activities was RMB152.5 million, consisting primarily of profit before tax of RMB402.4 million, an increase in trade and bills payable of RMB232.1 million, and primarily offset by an increase in inventories of RMB216.9 million and an increase in prepayments, deposits and other receivables of RMB220.8 million.

For 2006, our net cash used in operating activities was RMB272.1 million, consisting primarily of profit before tax of RMB177.4 million, and reduced primarily by an increase in prepayments, deposits and other receivables of RMB223.8 million, an increase in pledged bank deposits of RMB152.9 million and an increase in inventories of RMB141.2 million.

Cash flow used in investing activities

For the nine months ended 30 September 2009, our net cash used in investing activities was RMB247.9 million, consisting primarily of purchases of property, plant and equipment of RMB143.7 million, purchases of land use rights of RMB107.7 million and acquisition of subsidiaries of RMB85.8 million, partially offset by collection of advances to third parties of RMB146.7 million.

For 2008, our net cash used in investing activities was RMB545.7 million, consisting primarily of advances to the subsidiaries to be acquired of RMB159.7 million, purchases of property, plant and equipment of RMB137.0 million, RMB121.5 million relating to acquisition of 4S dealerships, and purchases of land use rights of RMB75.7 million, all of which were used for the expansion of our network of 4S dealerships.

For 2007, our net cash used in investing activities was RMB239.2 million, consisting primarily of purchases of property, plant and equipment of RMB116.2 million in connection with the expansion of our network of 4S dealerships by setting up certain new 4S dealerships, acquisitions of subsidiaries (net of cash acquired) of RMB75.4 million, and advances to third parties of RMB40.7 million, primarily in relation to one of our ongoing acquisitions, where we advanced monies to the group we were acquiring to buy out their minority interests/franchisees.

For 2006, our net cash used in investing activities was RMB220.1 million, consisting primarily of purchases of property, plant and equipment of RMB120.1 million and purchases of land use rights of RMB81.2 million, in connection with the expansion of our network of 4S dealerships.

Cash flow generated from financing activities

For the nine months ended 30 September 2009, our net cash generated from financing activities was RMB56.5 million, consisting primarily of proceeds from bank loans and other borrowings of RMB3,088.9 million, partially offset by repayment of bank loans and other borrowings of RMB2,769.3 million, repayment of advances from the Controlling Shareholders of RMB154.5 million and repayment of advances from third parties of RMB93.6 million.

For 2008, our net cash generated from financing activities was RMB833.0 million, consisting primarily of proceeds from bank loans and other borrowings of RMB4,493.3 million, contributions from the then equity holders of the subsidiaries of RMB746.7 million and advances from third parties of RMB93.6 million, partially offset by repayment of bank loans and other borrowings of RMB4,383.9 million and interest paid of RMB104.4 million.

For 2007, our net cash generated from financing activities was RMB44.6 million, consisting primarily of proceeds from bank loans and other borrowings of RMB1,345.1 million, and primarily offset by repayment of bank loans and other borrowings amounting to RMB1,204.2 million, interest paid amounting to RMB50.7 million, repayment of advances to the then equity holders of a subsidiary amounting to RMB29.9 million, repayment of advances from our Controlling Shareholders of RMB10.8 million, and repayment of advances from our minority shareholders of RMB6.1 million. We repaid short-term secured bank loans due in 2007 and entered into new short-term secured bank loans due in 2008. We use the proceeds from such short-term bank loans primarily for working capital purpose.

For 2006, our net cash generated from financing activities was RMB596.4 million, consisting primarily of proceeds from bank loans and other borrowings of RMB960.4 million, and primarily offset by repayment of bank loans and other borrowings of RMB321.8 million, interest paid amounting to RMB31.1 million and repayment to our minority shareholders of RMB10.1 million. We repaid short-term secured bank loans due in 2006 and entered into new short-term secured bank loans due in 2007. We use the proceeds from the bank loans primarily for working capital.

Net current assets and liabilities

The following table sets forth the breakdown of our current assets and current liabilities as at the dates indicated below:

	30 September	31 January
	2009	2010
	Amount (RMB'000)	Amount (RMB'000)
CURRENT ASSETS		
Inventories	890,577	1,094,047
Trade receivables	110,510	111,173
Prepayments, deposits and other receivables	1,027,457	1,416,808
Amounts due from related parties	1,563	2,354
Term deposits and pledged bank deposits	438,404	315,594
Cash in transit	46,493	81,081
Cash and cash equivalents	996,572	849,675
Total current assets	3,511,576	3,870,732
CURRENT LIABILITIES		
Trade and bills payables	1,238,098	1,403,621
Other payables and accruals	345,891	285,665
Amounts due to related parties	1,308	34,905
Bank loans and other borrowings	1,513,158	1,709,942
Income tax payable	58,739	27,294
Total current liabilities	3,157,194	3,461,427
NET CURRENT ASSETS	354,382	409,305

As at 31 January 2010, we had net current assets of RMB409.3 million, representing an increase of RMB54.9 million from our net current assets of RMB354.4 million as at 30 September 2009. The increase in our net current assets was primarily due to increases in inventories and prepayments, deposits and other receivables, being partially offset by increases in bank loans and other borrowings and trade and bills payables, as a result of increase in our new automobile purchases and business expansion.

As at 30 September 2009, we had net current assets of RMB354.4 million, representing a decrease of RMB319.4 million from our net current assets of RMB673.8 million as at 31 December 2008. The decrease in our net current assets was primarily due to our capital expenditures incurred in the nine months ended 30 September 2009.

As at 31 December 2008, we had net current assets of RMB673.8 million, as compared to our net current liabilities of RMB20.2 million as at 31 December 2007. This was primarily due to the increase in cash and cash equivalents from RMB345.0 million as of 31 December 2007 to RMB964.2 million as of 31 December 2008 and the increase in inventories from RMB705.6 million as of 31 December 2007 to RMB1,133.4 million as of 31 December 2008. The increase in cash and cash equivalents was primarily due to the investment in our Company by General Atlantic. The increase in inventories was primarily due to an increase in our new automobile purchases.

As at 31 December 2007, we had net current liabilities of RMB20.2 million, representing an RMB5.3 million increase from our net current liabilities as at 31 December 2006. This change was primarily due to the increases in bank loans and other borrowings and trade and bills payables as a result of our business expansion, being partially offset by an increase in the our inventories. Our total current assets amounted to RMB2,101.8 million as at 31 December 2007, primarily consisting of inventories of RMB705.6 million and prepayments, deposits and other receivables of RMB706.2 million, and our current liabilities amounted to RMB2,122.0 million as at 31 December 2007, primarily consisting of bank loans and other borrowings of RMB1,033.5 million and trade and bills payables of RMB645.6 million.

As at 31 December 2006, our net current liabilities were approximately RMB14.9 million. This change was primarily due to the increase in bank loans and other borrowings as a result of our business expansion, being partially offset by an increase in our inventories. Our total current assets amounted to RMB1,622.1 million as at 31 December 2006, consisting primarily of prepayments, deposits and other receivables of RMB486.5 million, inventories of RMB427.1 million and cash and cash equivalents of RMB380.7 million. Our total current liabilities as at 31 December 2006 was RMB1,636.9 million, consisting primarily of bank loans and other borrowings of RMB877.6 million and trade and bills payables of RMB411.0 million.

We intend to continue to rely on existing financial resources and cash generated from operations to fund our future business development. We may also increase our financial resources in line with our future development or for other purposes, when appropriate. Our ability to obtain adequate financing to satisfy our business development or debt service requirements may be limited by our financial condition and the results of business operations, as well as the liquidity of international and domestic financial markets. Any failure to achieve timely extension or refinancing of our short-term debt may result in our inability to meet our obligations in connection with trade and bills payables, debt service and/or other liabilities when they become due and payable. See "Risk Factors — Risks Relating to Our Business — We may not be able to obtain adequate financing on acceptable terms" and "Risk Factors — Risks Relating to Our Business — We recorded net current liabilities as at 31 December 2006 and 2007 and we cannot assure you that we will not experience the same again in the future."

Capital expenditure and investment

Our capital expenditures comprised expenditures on property, plant and equipment and land use rights. During the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, our total capital expenditures were RMB178.0 million, RMB152.3 million, RMB204.9 million and RMB219.5 million, respectively.

The following table sets out our expenditures on property, plant and equipment and land use rights as at each date indicated:

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Capital expenditure				
— Property, plant and equipment.	113,291	134,193	135,568	131,033
— Land use rights.	64,740	18,115	69,371	88,505
Total	178,031	152,308	204,939	219,538

Capital commitments

The following table sets out our capital commitments in respect of property, plant and equipment and land use rights, as at each date indicated.

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Contracted, but not provided for:				
— Land use rights and buildings	8,391	92	37,071	58,534
Authorized, but not contracted for:				
— Land use rights and buildings	20,923	21,755	18,159	10,885
Total	29,314	21,847	55,230	69,419

Operating lease commitments

The following table sets out our total future minimum lease payments under non-cancellable operating leases as at each date indicated:

	31 December						30 September	
	2006		2007		2008		2009	
	Properties	Land	Properties	Land	Properties	Land	Properties	Land
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Within 1 year	623	1,848	806	4,388	3,729	5,802	5,880	8,297
After 1 year but within 5 years	460	7,485	4,273	17,964	14,646	24,238	26,874	47,992
After 5 years	—	39,702	4,555	85,016	16,480	90,751	23,748	100,390
Total	1,083	49,035	9,634	107,368	34,855	120,791	56,502	156,679

Certain of our properties, plant and equipment and land are held under operating leases, which typically have an initial period of between two to twenty years, and an option to renew the relevant lease when all the terms are renegotiated.

Working capital

We finance our working capital needs primarily through cash flow from operations and short-term bank borrowings. Taking into account our internal resources, our cash flow from operations, presently available bank loans and other borrowings and the estimated net proceeds from the Global Offering, our Directors are satisfied, after due and careful inquiry, that our Group has sufficient available working capital for our Group's present requirements for at least the next 12 months from the date of publication of this prospectus.

Financial assets at fair value through profit or loss

We recorded RMB12.9 million of financial assets at fair value through profit or loss as at 31 December 2006, representing the fair value of three million shares which we held in Bank of China (H.K.) Limited, a commercial banking group listed on the Hong Kong Stock Exchange based on such shares' then market price as at 31 December 2006. We subsequently disposed of all three million shares in 2007. The total number of shares that we held in this company was less than 0.01% of its then total share capital.

Inventory analysis

During the Track Record Period, our inventories primarily consisted of new automobiles, spare parts and automobile accessories. Generally, each of our 4S dealerships individually manages the quotas and orders for new automobiles and after-sales products. We also coordinate and aggregate orders for automobile accessories and other automobile-related products across our 4S dealership network. We manage our quotas and inventory levels through our information technology systems, including our ERP system.

The following table sets forth a summary of our total inventories as at each date indicated:

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Automobiles	400,649	652,568	1,071,533	774,612
Spare parts	25,709	52,229	60,014	106,216
Automobile accessories	785	780	1,868	9,749
Total	427,143	705,577	1,133,415	890,577

Our inventories decreased by 21.4% from RMB1,133.4 million as at 31 December 2008 to RMB890.6 million as at 30 September 2009, primarily due to a decrease in our inventory of new automobiles by RMB296.9 million, or 27.7%, to RMB774.6 million as at 30 September 2009 from RMB1,071.5 million as at 31 December 2008, as our sales increased due to the increased market demand during the nine months ended 30 September 2009.

Our inventories increased by 60.6% from RMB705.6 million as at 31 December 2007 to RMB1,133.4 million as at 31 December 2008, primarily due to an increase in our inventory of new automobiles by RMB418.9 million, or 64.2%, to RMB1,071.5 million as at 31 December 2008, from RMB652.6 million as at 31 December 2007. The increase in the inventories of new automobiles was mainly a result of our business expansion.

Our inventories increased by 65.2% from RMB427.1 million as at 31 December 2006 to RMB705.6 million as at 31 December 2007, primarily due to an increase in our inventory of new automobiles by RMB252.0 million, or 62.9%, to RMB652.6 million as at 31 December 2007, from RMB400.6 million as at 31 December 2006, to support the growth in our new automobile sales.

Our inventory provision policy is to determine provisions of inventories on an item-by-item basis when carrying value of the inventories is higher than their net realizable value. Net realizable value is based on the estimated selling price of the relevant inventories in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale. We did not record any inventory provision during the Track Record Period.

Certain of our inventories with carrying amounts of RMB3.9 million, RMB30.3 million and RMB30.0 million as at 31 December 2007 and 2008 and 30 September 2009 were pledged as security for our bank loans and other borrowings.

The following table sets forth our average inventory turnover days for the periods indicated:

	Years ended 31 December			Nine months ended 30 September
	2006	2007	2008	2009
Average inventory turnover days [(1)]	21.4	24.7	34.3	32.7

Note:

(1) The average inventory turnover day for a certain period is the average of opening and closing inventory balances divided by the cost of sales and services for that period and multiplied by 365 days for a year or 273 days for a nine-month period, as applicable.

Our average inventory turnover days in 2008 increased to 34.3 days from 24.7 days in 2007, primarily due to a significant increase in our inventories in the fourth quarter of 2008.

Trade receivables

The balance of trade receivables at the end of respective year or period represented outstanding amounts receivable by us from our customers, mainly customers of our repair, maintenance and detailing services. The balance of our trade receivables are mainly derived from our after-sale businesses.

As at 30 September 2009, our trade receivables were RMB110.5 million. Our trade receivables increased from RMB39.4 million as at 31 December 2006 to RMB54.9 million as at 31 December 2007, and to RMB61.4 million as at 31 December 2008. The significant increase in trade receivables in the nine months ended 30 September 2009 was primarily due to the increase in trade receivables in relation to our after-sales services as a result of expansion of our after-sale businesses. Trade receivables relating to our after-sale businesses are mainly due from the automakers for the repair and maintenance services provided to our customers during the warranty period, for which we are entitled to charge the automakers, as well as the repair services provided to our customers for the automobiles recalled by automakers even if the relevant warranty period has expired. In addition, a portion of such trade receivables are due from insurance companies for repair services covered by the relevant insurance policies maintained by the customers. Generally, such receivables are settled by automakers and insurance companies in three months. For the nine months ended 30 September 2009, the revenue from the after-sale businesses increased significantly by 43.2% compared with the nine months ended 30 September 2008. In addition, the increase in trade receivables in the nine months ended 30 September 2009 was also due to the increase in the number of our 4S dealerships during the period.

The following table sets forth an ageing analysis (based on dates of invoices) of our trade receivables (net of impairment losses for bad and doubtful debts) as at each date indicated:

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Within 3 months	33,611	48,918	54,112	103,097
More than 3 months but less than 1 year	5,321	4,703	6,692	7,381
Over 1 year	501	1,304	639	32
Total	39,433	54,925	61,443	110,510

As at 30 September 2009, our trade receivables within three months were RMB103.1 million, increased by RMB49.0 million, or 90.6%, from RMB54.1 million as at 31 December 2008.

Most of our sales are conducted on a cash basis. Based on our understanding of industry practice, we believe that settlement on a cash basis is in line with normal industry practice in the PRC. Subject to our management's approval, we extend credit to certain of our customers. Typically, any decision to extend credit is made only after our management's case-by-case assessment of the relevant customer's creditworthiness. During the Track Record Period, most of our trade receivables were due within three months from the relevant date of invoice.

Our Directors are of the opinion that there is no significant impairment risk in relation to these overdue balances of our trade receivables, which are reviewed regularly by our senior management. As our trade receivables relate to numerous individual customers, we do not have any significant concentration of credit risk. Our trade receivables are non-interest-bearing.

The following table sets forth our average trade receivables turnover days for the periods indicated:

	Years ended 31 December			Nine months ended 30 September
	2006	**2007**	**2008**	**2009**
Average trade receivables turnover days(1)	1.9	1.9	2.0	2.5

Note:

(1) The average trade receivables turnover day for a certain period is the average of opening and closing trade receivables balances divided by revenue for that period and multiplied by 365 days for a year or 273 days for a nine-month period, as applicable.

Our average trade receivables turnover days reflect the changes in the average of the opening and the closing trade receivable balances as divided by the revenue for the relevant periods. Therefore, our average trade receivables turnover days indicate the time required for our Group to obtain cash proceeds from our sales. Our Group maintained short turnover days during the Track Record Period mainly because most of our sales were conducted on a cash basis. Our average trade receivable turnover days remained low for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009.

Prepayments, deposits and other receivables

The following table sets out our prepayment, deposits and other receivables as at each date indicated:

	31 December			30 September
	2006	2007	2008	2009
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Prepayments and deposits to suppliers	397,120	508,050	325,998	841,787
Deposits paid for acquisition of land use rights	55,200	54,878	41,245	66,677
Advances to certain companies to be acquired	912	41,622	215,335	—
Loans to non-controlling shareholders	4,120	13,971	—	—
Rebate receivables	13,647	56,839	45,475	48,269
VAT recoverable	1,867	13,114	45,702	11,051
Receivables on disposal of subsidiaries	—	—	28,186	14,817
Prepayment related to the listing of the Company's shares	—	—	4,247	7,407
Others	13,602	17,747	18,635	37,449
Total	486,468	706,221	724,823	1,027,457

Our prepayments, deposits and other receivables as at 31 December 2006, 2007 and 2008 and 30 September 2009 were RMB486.5 million, RMB706.2 million, RMB724.8 million and RMB1,027.5 million, respectively. From 31 December 2006 to 31 December 2007, our prepayments, deposits and other receivables increased by RMB219.7 million, or 45.2%, primarily due to the increase in prepayments and deposits to automakers and other suppliers, being consistent with our increased sales. From 31 December 2007 to 31 December 2008, our prepayments and deposits to suppliers decreased by RMB182.1 million, or 35.8%, primarily due to the higher level of new automobile inventory balance as at 31 December 2008. The amount of the prepayments and deposit to suppliers increased by 158.2% from RMB326.0 million as at 31 December 2008 to RMB841.8 million as at 30 September 2009. The significant increase was due to the increase in the number of our 4S dealerships during the period and our management's anticipation of an increase in market demand for automobiles. Advances to certain companies to be acquired increased as at 31 December 2008 compared to 31 December 2007 because we made more advances to certain target companies, which were later acquired by us.

Cash and cash equivalents

The following table sets out our cash and cash equivalents as at the dates indicated below:

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Cash and bank balances	380,287	344,997	661,063	744,592
Short-term deposits	451	—	303,182	251,980
Cash and cash equivalents	380,738	344,997	964,245	996,572

Our cash and cash equivalents as at 31 December 2006, 2007 and 2008 and 30 September 2009 were RMB380.7 million, RMB345.0 million, RMB964.2 million and RMB996.6 million, respectively. For further details, please refer to the section entitled "Liquidity and Capital Resources" in this prospectus.

Trade and bills payables

The balance of trade and bills payables at the end of each year or period represented outstanding amounts payable by us to the automakers for new automobiles, spare parts and automobile accessories we purchased from them. Trade payables are mainly relating to purchases of spare parts and automobile accessories, and are recognized upon receipt of spare parts and automobile accessories. Generally, automakers do not give any credit period and require us to pay for spare parts and automobiles accessories before delivery. We also purchase a small portion of automobile accessories from manufacturers other than automakers if such accessories are not designated products that must be provided by automakers. Such manufacturers generally grant us a credit period for no more than three months for spare parts and automobile accessories purchased from them.

Our trade and bills payables as at 31 December 2006, 2007 and 2008 and 30 September 2009 were RMB411.0 million, RMB645.6 million, RMB835.7 million and RMB1,238.1 million, respectively. From 31 December 2006 to 31 December 2007, our trade and bills payables increased by RMB234.6 million, or 57.1%. From 31 December 2007 to 31 December 2008, our trade and bills payables increased by RMB190.1 million, or 29.4%. Our trade and bills payables as at 30 September 2009 increased by 48.2% to RMB1,238.1 million compared to RMB835.7 million as at 31 December 2008. The continuous increases in our trade and bills payables are primarily due to the increase in our purchase of automobiles, spare parts and automobile accessories, which is in line with the growth of our sales.

Our bills payables are primarily related to our purchases of new automobiles by using bank acceptance notes. We use bank acceptance notes in addition to cash to purchase new automobiles and are required to bear relevant discount interests.

During the Track Record Period, most of our trade and bills payable were settled within three months. Our trade and bills payables are non-interest-bearing.

The following table sets forth an ageing analysis of our trade and bills payables as at the dates indicated:

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Within 3 months	319,343	529,325	834,226	1,233,333
3 to 6 months	74,849	90,175	265	1,023
6 to 12 months	15,901	25,623	29	235
Over 12 months	894	459	1,179	3,507
	410,987	645,582	835,699	1,238,098

The following table sets forth our average trade and bills payables turnover days for the periods indicated:

	31 December			30 September
	2006	2007	2008	2009
Average trade and bills payables turnover days[1]	23.5	23.0	27.7	33.5

Note:

(1) The average trade and bills payables turnover days for a certain period is the average of opening and closing trade and bills payables balances divided by cost of sales and services for that period and multiplied by 365 days for a year or 273 days for a nine-month period, as applicable.

Our average trade and bills payables turnover days for the three years ended 31 December 2006, 2007 and 2008 were generally stable and we maintained good credit terms with the automakers and other suppliers. Our average trade and bills payable turnover days for the nine months ended 30 September 2009 increased to 33.5 days from 27.7 days for the year ended 31 December 2008, mainly because we obtained longer credit terms from the suppliers as a result of our improved credibility.

Other payables and accruals

The following table sets forth our other payables and accruals as at the dates indicated:

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Payables for purchases of property, plant and equipment and land use rights	25,323	45,550	33,189	26,742
Advances and deposits from the automakers and other suppliers	6,977	7,939	13,028	9,587
Advances from minority shareholders	9,359	3,269	1,254	2,367
Advances from third parties	—	—	93,576	—
Advances from customers	119,602	110,790	94,899	123,166
Payables for purchase of equity interests from third parties	3,504	24,300	—	138,788
Staff payroll and welfare payables	6,631	9,535	13,853	14,344
Others	14,471	18,980	23,402	30,897
	185,867	220,363	273,201	345,891

Our other payables and accruals as at 31 December 2006, 2007 and 2008 and 30 September 2009 were RMB185.9 million, RMB220.4 million, RMB273.2 million and RMB345.9 million, respectively. Our other payables and accruals increased between 2006 and 2007 by RMB34.5 million, or 18.6%, and increased from 31 December 2007 to 31 December 2008 by RMB52.8 million, or 24.0%, and further increased by RMB72.7 million, or 26.6% between 31 December 2008 and 30 September 2009.

Payables for purchase of equity interests from third parties was RMB24.3 million as at 31 December 2007, due to our purchase of equity shares of Hokuryo Holding Company Limited from its minority shareholder and the purchase of equity shares of Xinshengrong Group entities in 2007. Payables for purchase of equity interests from third parties increased to RMB138.8 million as at 30 September 2009, due to our purchase of equity interests in 4S dealerships in the northeastern coastal region. Payables for purchases of property, plant and equipment and land use rights increased by RMB20.3 million, or 80.2%, from RMB25.3 million as at 31 December 2006 to RMB45.6 million as at 31 December 2007 and decreased by RMB12.4 million, or 27.2% to RMB33.2 million as at 31 December 2008. Our payables for purchases of property, plant and equipment and land use rights as at 30 September 2009 decreased by 19.6% to RMB26.7 million from RMB33.2 million as at 31 December 2008.

We recorded significant amounts of advances from customers during the Track Record Period because we normally require our customers to make advance payment for the purchase of new automobiles. Advances from customers decreased slightly from RMB119.6 million as at 31 December 2006 to RMB110.8 million as at 31 December 2007 and to RMB94.9 million as at 31 December 2008, primarily due to the fact that we reduced the amount of advance payment for automobile purchase in response to increased competition in the PRC automobile market. Advances from customers as at 30 September 2009 increased by 29.8% to RMB123.2 million from RMB94.9 million, primarily due to the increase in our sales.

Amounts due to related parties

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Non-trade related				
The Controlling Shareholders				
— Mr. Huang Yi and Mr. Li Guoqiang	141,878	171,592	155,827	1,308
Key management personnel				
— Ms. Wang Hongbo	1,167	467	947	—
	143,045	172,059	156,774	1,308
Trade related				
Our jointly-controlled entity				
— Xiamen Zhongsheng	17	92	—	—
	143,062	172,151	156,774	1,308

Our amounts due to related parties as at 31 December 2006, 2007 and 2008 and 30 September 2009 were RMB143.1 million, RMB172.2 million, RMB156.8 million and RMB1.3 million, respectively.

All non-trade related outstanding balances with our related parties will be settled before the Listing. With respect to the trade related transactions with related parties set out in Note 40 to the Accountants' Report in Appendix I of this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or our terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of the Shareholders of our Company as a whole.

Term deposits and pledged bank deposits

	31 December			30 September
	2006	2007	2008	2009
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Term deposits	24,113	19,664	10,583	10,000
Deposits pledged with banks as collateral against credit facilities granted by the banks	230,622	240,773	200,137	428,404
	254,735	260,437	210,720	438,404

Our term deposits and pledged bank deposits increased from RMB254.7 million as at 31 December 2006 to RMB260.4 million as at 31 December 2007. This was primarily due to an increase in the deposits we pledged with banks as collateral for the issuance of bank acceptance notes used to finance the expansion of our business. Our term deposits and pledged bank deposits as at 30 September 2009 were RMB438.4 million, an increase of 108.1% from RMB210.7 million as at 31 December 2008, primarily due to our increased sales during that period.

INDEBTEDNESS

Bank loans and other borrowings

Our bank loans and other borrowings as at 31 December 2006, 2007 and 2008, 30 September 2009 and 31 January 2010 were RMB877.6 million, RMB1,033.5 million, RMB1,157.5 million, RMB1,513.2 million and RMB1,709.9 million, respectively. Our bank loans and other borrowings increased during the Track Record Period to finance our expanded operations.

	31 December			30 September	31 January
	2006	2007	2008	2009	2010
	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)	Amount (RMB'000)
Current bank borrowings and other borrowings representing:					
— secured	49,000	67,389	52,000	73,505	51,567
— entrusted	18,000	15,000	20,000	10,000	30,000
— guaranteed	25,250	73,000	403,000	405,800	349,500
— unsecured	785,314	878,086	682,543	1,023,853	1,278,875
	877,564	1,033,475	1,157,543	1,513,158	1,709,942

As of 30 September 2009 and 31 January 2010, certain of our bank loans were secured by mortgages or pledges over our land use rights, buildings and inventories, and/or guaranteed by our Controlling Shareholders and third parties. The pledged buildings had an aggregate net book value of

RMB46.8 million, RMB28.1 million, RMB79.0 million and RMB38.0 million, respectively, while the pledged land use rights had an aggregate net book value of RMB33.6 million, RMB47.0 million, RMB38.5 million and RMB27.5 million, respectively, as at 31 December 2006, 2007 and 2008 and 30 September 2009. As at 30 September 2009, RMB332.0 million and RMB73.8 million of our bank loans and other borrowings were guaranteed by our Controlling Shareholders and Independent Third Parties, respectively. As of the date of this prospectus, all of the guarantees provided by our Controlling Shareholders were released.

As at 31 January 2010, we had total bank loan facilities of approximately RMB1,791 million, of which RMB1,509 million was utilized.

Statement of indebtedness

As at 31 January 2010, being the latest practicable date for the purpose of this indebtedness statement, save as disclosed in this prospectus, we did not have any other debt securities, borrowings, indebtedness, mortgages, contingent liabilities, or guarantees.

We confirm that there had not been any material adverse change in our indebtedness and contingent liabilities since 31 January 2010.

Contingent liabilities

We are not currently involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us. If we were involved in such material legal proceedings, we would record any loss or contingency when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

As at the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

No material adverse change

Our Directors confirm that, since the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

Off-balance sheet commitments and arrangements

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MARKET RISK DISCLOSURE

We are exposed to various types of market risks, including interest rate risks, foreign exchange risk and liquidity risk.

Interest rate risks

We are exposed to interest rate risks resulting from fluctuations in interest rates on our debt. Increases in interest rates could result in an increase in our cost of borrowing. If this occurs, it could adversely affect our revenue, profit and other financial condition. The interest rate on bank loans and overdrafts in the PRC depends on PRC regulations. We do not currently use any derivative instruments to manage our interest rate risks as such risks are considered minimal.

Foreign exchange risks

We conduct our business primarily in Renminbi. On 21 July 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an appreciation of the Renminbi against the US dollar. The PRC Government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation of the Renminbi would adversely affect the value of any dividends we pay to investors outside the PRC. In addition, although we obtain all of our new automobiles from domestic suppliers, a depreciation of the Renminbi would result in an increase in the price of goods with imported content as our suppliers may adjust the price to pass any losses caused by Renminbi depreciation on to us. An appreciation of the Renminbi would adversely affect the value of proceeds we receive from the Global Offering if they are not converted into Renminbi in a timely manner. We currently do not engage in hedging activities designed or intended to manage such currency risk.

Liquidity risks

We are exposed to liquidity risks. The cash management of all our operating entities in the PRC is centralized, including the raising of loans to cover expected cash demands. Our individual operating entities outside the PRC are responsible for their own cash management. Our policy is to regularly monitor current and expected liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient cash inflows from operations, reserves of cash, and external financing to meet our liquidity requirements in the short and longer term.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 23 June 2008 and has not carried out any business since the date of incorporation. We did not record any distributable reserves as at 30 September 2009.

DIVIDEND POLICY

We may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as our Board may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in general meeting may approve and make any declaration of dividends, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as appear to them to be justified by our profits. No dividend shall be declared or payable except out of our profits or reserves set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for such purpose in accordance with the Cayman Companies Law and our Articles of Association. Any declaration of dividends may or may not reflect our prior declarations of dividends and any dividend recommendation will be at the absolute discretion of our Board.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. Some of our subsidiaries in China, which are foreign-invested enterprises, set aside part of their net profit as statutory reserves, in accordance with the requirements of relevant PRC laws and the provisions of their respective articles of association. These portions of our subsidiaries' net profits are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Our Board has absolute discretion in whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. We currently intend to pay dividends of no more than 30% of our profits available for distribution of each accounting year beginning from the year ended 31 December 2009. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. The determination to pay dividends, however, will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2009

Estimated combined profit attributable to equity holders of the parent (1)(2)	not less than RMB452 million (approximately HK$514 million)
Unaudited pro forma estimated earnings per Share (3)	not less than RMB0.242 (approximately HK$0.275)
Unaudited pro forma estimated earnings per Share (4)	not less than RMB0.243 (approximately HK$0.276)

Notes:

(1) The bases on which the above profit estimate for the year ended 31 December 2009 have been prepared are summarized in Appendix III to this prospectus.

(2) The estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 prepared by our Directors is based on the audited combined results of our Group for the nine months ended 30 September 2009 and our Group's unaudited combined results for the two months ended 30 November 2009 and an estimate of the combined results of our Group for the remaining one month ended 31 December 2009 on the basis that the current group structure had been in existence throughout the whole financial year ended 31 December 2009. The estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by our Group as set out in the Accountants' Report in Appendix I to this prospectus.

(3) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 by a total of 1,866,492,795 Shares in issue, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company and without taking into account the Over-allotment Option and options which may be granted under the Share Option Scheme).

(4) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 by a total of 1,861,277,295 Shares in issue, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company and without taking into account the Over-allotment Option and options which may be granted under the Share Option Scheme).

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 September 2009 or any future date. It is prepared based on our combined net assets as of 30 September 2009 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Combined net tangible assets attributable to equity holders of the parent as of 30 September 2009	**Estimated net proceeds from the Global Offering and the partial exercise of the Anti-Dilution Right by General Atlantic**	**Unaudited pro forma adjusted combined net tangible assets**	**Unaudited pro forma adjusted combined net tangible assets per Share**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 4)*
Based on an offer price of HK$9.54 per Share	1,474,667	2,415,122	3,889,789	2.08	2.37
Based on an offer price of HK$12.83 per Share	1,474,667	3,213,999	4,688,666	2.52	2.86

Notes:

1. The combined net tangible assets of the Group attributable to equity holders of the parent as of 30 September 2009 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited combined equity attributable to equity holders of the parent as of 30 September 2009 of RMB1,933,771,000 less intangible assets and goodwill as at 30 September 2009 of RMB258,612,000 and RMB200,492,000, respectively.

2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$9.54 or HK$12.83 per Share after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of the options granted under the Share Option Scheme.

3. Details of the valuations of the Group's properties as at 31 December 2009 are set out in "Appendix IV — Property Valuation". The revaluation surplus or deficit of properties included in buildings held for own use, construction in progress, land use rights and properties under development was not incorporated in the Group's combined financial statements for the nine months ended 30 September 2009. If the revaluation surplus was recorded in the Group's combined financial statements, the annual depreciation expense would increase by approximately RMB1.0 million.

4. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,866,492,795 Shares are in issue assuming that the Global Offering has been completed on 30 September 2009 and an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range, and 1,861,277,295 Shares are in issue assuming that the Global Offering has been completed on 30 September 2009 and an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range, taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of the options granted under the Share Option Scheme.

5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2009.

PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as at 31 December 2009. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix IV to this prospectus.

The table below sets forth the reconciliation between the net book value of our Group's property interests as at 30 September 2009 and the valuation of such property interest as at 31 December 2009:

	(RMB'000)
Net book value of property interests of our Group as at 30 September 2009	
— Buildings, land use rights and construction in progress	1,023,165
Movements for the three months ended 31 December 2009	
Add: Net addition during the period	68,197
Less: Depreciation and amortization during the period	(8,505)
Net book value as at 31 December 2009	1,082,857
Valuation surplus	12,831
Valuation as at 31 December 2009(1)	1,095,688

Note:

(1) The property interests of our Group as indicated are comprised of the properties valued by Jones Lang LaSalle Sallmanns Limited as which are described in Appendix IV to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES ORDINANCE

Paragraph 27 of Part I of the Third Schedule of the Companies Ordinance prescribes that a statement as to the gross trading income or sales turnover of the company during the three preceding years as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities, be included in the prospectus. Paragraph 31 of Part II of the Third Schedule of the Companies Ordinance further prescribes that a report by the auditors of the company with respect to (i) the profits and losses of the company for each of the three financial years immediately preceding the issue of the prospectus and (ii) the assets and liabilities of the Company at the last date to which the accounts of the company were made up, be included in the prospectus. An application has been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 December 2009 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 December 2009. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance on the condition that (i) particulars of the exemption are set out in this prospectus; and (ii) this prospectus will be issued on or before 16 March 2010.

Rule 4.04(1) of the Listing Rules states that the accountants' report must include, inter alia, "the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Exchange". An application has also been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 December 2009, and such waiver has been granted by the Hong Kong Stock Exchange on the condition that listing of the shares of our Company on the Hong Kong Stock Exchange will commence on or before 31 March 2010.

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects since 30 September 2009 and there is no event since 30 September 2009 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus. Our Directors consider that all information necessary for the public to make an informed assessment of the activities and financial position of the Group has been included in this prospectus.

FUTURE PLANS

See the section entitled "Our Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering in the amount of approximately HK$2,552 million (assuming an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range), approximately HK$3,008 million (assuming an Offer Price of HK$11.19 per Share, being the mid-point of the estimated Offer Price range) and approximately HK$3,461 million (assuming an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range), after deducting the underwriting fees and expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised. We intend to use these net proceeds for the following purposes:

- approximately 70% (or approximately HK$1,787 million, HK$2,106 million and HK$2,424 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the expansion of our distribution network of 4S dealerships, both through organic growth and selective acquisitions, alliances, joint ventures and other strategic investments. We have plans to add approximately 33 4S dealerships in the northeastern coastal region, 21 4S dealerships in the eastern coastal region, 13 4S dealerships in the southern coastal region, and 21 4S dealerships in selected inland areas of China, by the end of 2011. We have plans to establish approximately 28 new 4S dealerships by the end of 2010, 14 of which are under construction. For each new 4S dealership, we estimate an average capital expenditure of approximately RMB40 million to RMB80 million, among which approximately RMB20 million to RMB40 million will be used for purchase of land use rights, approximately RMB15 million to RMB30 million will be used for property construction, purchase and renovation cost, and approximately RMB5 million to RMB10 million will be used for procuring repairing equipments required for after-sales businesses. The estimated expenditures for each new 4S dealership are in line with the historical expenditures we incurred. Each 4S dealership has a staffing requirement of approximately 120 to 140 employees.

- approximately 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the continued upgrading, maintenance and refurbishment of 4S dealerships, 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the establishment of additional quick service shops, 4% (or approximately HK$102 million, HK$120 million and HK$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the establishment of additional automobile accessories exhibition centers, and 8% (or approximately HK$204 million, HK$241 million and HK$277 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for our used automobile sales business.

- approximately 10% (or approximately HK$255 million, HK$301 million and HK$346 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for funding our general corporate purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the purposes described above on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate we would receive additional net proceeds in the amount of approximately HK$395 million (assuming an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range), approximately HK$464 million (assuming an Offer Price of HK$11.19 per Share, being the mid-point of the estimated Offer Price range) and approximately HK$531 million (assuming an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range) which we intend to apply as additional funding for the purposes described above on a pro-rata basis.

Although from time to time we identify certain potential strategic investments and acquisition targets for preliminary evaluation and assessment, as at the Latest Practicable Date, we do not have any finalized and definitive understanding, commitment or agreement and we have not engaged in any related negotiations or entered into any letter of intent (legally binding or otherwise), with respect to any acquisitions, alliances, joint ventures or strategic investments. We may or may not proceed with any or all of these investments and/or acquisitions.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions. Our PRC legal advisers, King & Wood, have confirmed that no provision for PRC enterprise income tax should be required for interest income from the proceeds of the Global Offering and other income sourced outside the PRC, as our Group does not intend to deposit the proceeds of the Global Offering or any other income sourced outside the PRC in PRC banks or financial institutions. When the net proceeds from the Global Offering are received, our Group will apply for the relevant approvals from the PRC Government authorities under existing applicable PRC laws, rules and regulations, to remit proceeds from the Global Offering to our PRC subsidiaries, businesses and operations.

UNDERWRITERS

Hong Kong Underwriters

Joint Lead Managers

Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch
BOCI Asia Limited

Co-lead Managers

BOCOM International Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Kingston Securities Limited
Platinum Securities Company Limited
Taifook Securities Company Limited

HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is initially offering 30,650,000 Hong Kong Offer Shares for subscription under the Hong Kong Public Offering on and subject to the terms and conditions set out in this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be offered as mentioned herein and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Bookrunners (on behalf of the Underwriters) and the Company, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and the conditions set out in this prospectus and the related Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed, becoming unconditional and not having been terminated in accordance with its terms. One of the conditions is that the Offer Price must be agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters). For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters) the Global Offering will not proceed.

Grounds for termination of the Hong Kong Underwriting Agreement

The obligations of the Hong Kong Underwriters to subscribe or to procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time, by giving notice orally or in writing from the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) if, prior to 8:00 a.m. on the day that trading in the Shares is expected to commence on the Hong Kong Stock Exchange:

(a) there has come to the notice of the Joint Bookrunners:

(i) that any statement contained in any of this prospectus and the Application Forms and/or in any notices, announcements, web proof information pack, advertisements, communications, or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or inaccurate in any material respect or misleading, or that any forecast, expression of opinion, intention or expectation contained in any of this prospectus and the Application Forms, and/or in any notices, announcements, web proof information pack, advertisements, communications, or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission and/or in any notices, announcements, web proof information pack, advertisements, communications, or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the indemnification provisions under the Hong Kong Underwriting Agreement; or

(v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(vi) any breach of, or any matter or event rendering untrue, incorrect, inaccurate or misleading in any respect any of the warranties; or

(vii) approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws this prospectus (and any other documents issued or used in connection with the Global Offering) or the Global Offering;

(b) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infections disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is or has been declared), acts of God, acts of terrorism); or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or the Renminbi is linked to any foreign currency or currencies), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the Cayman Islands or the British Virgin Islands (each a "**Relevant Jurisdiction**"); or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), Japan, the Cayman Islands or the British Virgin Islands, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or

(v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any Relevant Jurisdiction; or

(viii) any adverse change or prospective adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of the Company or any member of the Group (including any litigation or claim of any third party being threatened or instigated against the Company or any member of the Group); or

(ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or chief executive officer of the Company vacating his office; or

(xi) an authority or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xii) a contravention by any member of the Group of non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) with, the Listing Rules or applicable laws; or

(xiii) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

(xiv) any event or series of events in the nature of force majeure, including, without limitation, acts of government, labour disputes strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics including, but not limited to, SARS and H5N1 and such related/mutated forms or accident or interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis; or

(xv) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

which, individually or in the aggregate, in the sole opinion of the Joint Bookrunners (1) has or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented or proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or (4) has or will or is likely to have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

(a) ***Undertaking by us***

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering or any issue of Shares or securities in compliance with Rule 10.08(1) to (4) of the Listing Rules, we will not, at any time during the period of six months from the date on which dealings in the Shares commence on the Hong Kong Stock Exchange ("**First Six-month Period**"), allot or issue or agree to allot or issue any Shares or other securities of our Company (including warrants or other securities of our Company) or grant or agree to grant any options or rights over any Shares or other securities of our Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or announce the intention to do so.

(b) ***Undertaking by our Controlling Shareholders***

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Hong Kong Stock Exchange that it or he shall not and shall procure that the relevant registered shareholder(s) shall not, without prior consent of the Hong Kong Stock Exchange:

(i) during the period commencing from the date of this prospectus up to the expiry of the First Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner (the ***Locked-up Shares***); and

(ii) within the Second Six-month Period (as defined below), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Locked-up Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be a controlling shareholder of our Company.

Note(2) of Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the shares owned by it as securities (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Each of our Controlling Shareholders has further undertaken to the Hong Kong Stock Exchange that it or he will, at any time after the date of this prospectus and until the end of the Second Six-month Period, immediately inform us and the Hong Kong Stock Exchange of:

(i) any pledges or charges of any Shares or other securities of our Company beneficially owned by it, together with the number of Shares or other securities of our Company so pledged or charged and the purpose for which such pledge or charge is to be created; and

(ii) any indication received by it, either verbal or written, from the pledgee or chargee of any Shares or other securities of our Company pledged or charged that such Shares or other securities of our Company so pledged or charged will be disposed of.

Upon receiving the above information in writing from the Controlling Shareholders, we will also, as soon as practicable, notify the Hong Kong Stock Exchange and make a public disclosure of such information by way of an announcement pursuant to the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(a) *Undertaking by us*

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Joint Sponsors that, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), we will not, and will procure that each other member of our Group not to, without the prior written consent of the Joint Sponsors and the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and until the end of the First Six-month Period:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

(iii) enter into any transaction with the same economic effect of the foregoing transactions; or

(iv) offer to or agree to or announce any intention to effect any of the foregoing transactions,

in each case, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires ("**Second Six-month Period**"), our Company enters into any of the foregoing transactions or offers to or agrees to or announces any intention to effect any such transaction, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of our Controlling Shareholders undertakes to each of the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Joint Sponsors to procure us to comply with the foregoing undertakings.

(b) ***Undertaking by our Controlling Shareholders***

Pursuant to the Hong Kong Underwriting Agreement each of our Controlling Shareholders has undertaken to each of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Joint Sponsors that it or he will not, without the prior written consent of the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) during the First Six-month Period, (1) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, (other than any mortgage, pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) not involving a change of legal ownership of such Shares other than on enforcement) for a bona fide commercial loan), hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) (the foregoing restriction is expressly agreed to preclude our Controlling Shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than our Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares), or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (3) enter into any transaction with the same economic effect as any transaction specified in (1) or (2) above, or (4) offer to or agree to or announce any intention to effect any transaction specified in (1), (2) or (3) above, in each case, whether any of the transactions specified in (1), (2) or (3) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

(ii) it will not, during the Second Six-month Period, enter into any of the transactions specified in (1), (2) or (3) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company; and

(iii) until the expiry of the Second Six-month period, in the event that it enters into any of the transactions specified in (1), (2) or (3) above or offer to or agrees to or announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in our securities.

Each of our Controlling Shareholders has further undertaken with each of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Joint Sponsors that, it will, at any time within the period commencing on the date of this Agreement and ending on the date which is 6 months after the Listing Date, immediately inform our Company, the Sole Global Coordinator, the Joint Bookrunners and the Joint Sponsors of:

(i) any pledges or charges of any Shares or other securities of our Company beneficially owned by it, together with the number of Shares or other securities of our Company so pledged or charged and the purpose for which such pledge or charge is to be created; and

(ii) any indication received by it, either verbal or written, from the pledgee or chargee of any Shares or other securities of our Company pledged or charged that such Shares or other securities of our Company so pledged or charged will be disposed of.

We agree and undertake to the Sole Global Coordinator, the Joint Bookrunners and the Joint Sponsors and each of the Hong Kong Underwriters that upon receiving such information in writing from any of our Controlling Shareholder we shall, as soon as practicable, notify the HKEx and make a public disclosure in relation to such information in accordance with the Listing Rules.

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

(c) *Undertaking by General Atlantic*

General Atlantic has undertaken to each of the Joint Bookrunners that it shall not and shall procure that the relevant registered holder(s) of the GA Shares shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the requirements of the Listing Rules, at any time during the First Six-month Period,

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any GA Shares (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any GA Shares, as applicable), or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of GA Shares or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any GA Shares), or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of GA Shares, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period).

Notwithstanding the above restrictions, General Atlantic may transfer the GA Shares to any of its affiliates.

Commission

The Hong Kong Underwriters will receive a commission of 3% of the aggregate Offer Price of all the Hong Kong Offer Shares less any unsubscribed Hong Kong Offer Shares reallocated to the International Offering and ignoring for this purpose any Hong Kong Offer Shares reallocated from the International Offering due to over-subscription. The underwriting commission for such reallocated shares will continue to be payable under the International Underwriting Agreement, out of which the Hong Kong Underwriters will pay any sub-underwriting commission. In addition, our Company may, in our sole discretion, pay the Joint Bookrunners an additional incentive fee.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally and not jointly, agree to procure subscribers for or purchasers for, or failing which to subscribe for or purchase themselves, their respective applicable proportions (set forth in the International Underwriting Agreement) of the International Offer Shares being offered pursuant to the International Offering and which are not taken up under the International Offering.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Bookrunners on behalf of the International Underwriters for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 42,924,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued and sold at the Offer Price per Share (plus brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of, among other things, covering over-allocations, if any, in the International Offering.

TOTAL COMMISSIONS AND EXPENSES

Assuming an Offer Price of HK$11.19 per Share (being the mid-point of the stated offer price range of HK$9.54 to HK$12.83 per Offer Share), the aggregate commissions and fees, together with the Hong Kong Stock Exchange listing fee, SFC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to be approximately HK$194 million (assuming that the Over-allotment Option is not exercised) in total.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for Morgan Stanley, its affiliates or any person acting for it as the Stabilizing Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to our shares, those activities could include acting as agent for buyers and sellers of the shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a Hong Kong Stock Exchange) which have as their underlying, assets including the shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the shares in baskets of securities or indices including the Shares in units of funds that may purchase the shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying, whether on the Hong Kong Stock Exchange or on any other Hong Kong Stock Exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the shares in most cases.

All of this activity may occur both during and after the end of the stabilizing period described under "Structure of the Global Offering — Over-allotment and stabilization". This activity may affect the market price or value of the Shares, the liquidity or trading volume in the shares and the volatility of the share price, and the extent to which this occurs from day to day cannot be estimated.

JOINT SPONSORS' INDEPENDENCE

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTEREST IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe to or to nominate persons to subscribe to securities in our Company or any of our subsidiaries.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offering of an initial 30,650,000 Shares (subject to adjustment as mentioned below) (representing approximately 10.7% of the initial total number of Offer Shares) in Hong Kong as described in the paragraph headed "The Hong Kong Public Offering" of this section;

- the International Offering of an initial 255,510,000 Shares (subject to adjustment as mentioned below and the Over-allotment Option) (representing approximately 89.3% of the initial total number of Offer Shares) (a) in the United States with QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in accordance with Regulation S.

Morgan Stanley is the Sole Global Coordinator. Morgan Stanley and UBS are the Joint Sponsors. Morgan Stanley, UBS and BOCI, are the Joint Bookrunners and Joint Lead Managers of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation and, in the case of the International Offering only, the Over-allotment Option as described below in the paragraph headed "Over-Allotment and Stabilization" of this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Bookrunners (on behalf of the Underwriters), agreeing on the Offer Price. The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarized in "Underwriting".

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Under the Hong Kong Public Offering, the Company is initially offering 30,650,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing approximately 10.7% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.65% (assuming an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range) and approximately 1.64% (assuming an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range), of our issued share capital immediately after completion of the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company), assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Hong Kong Public Offering" of this section.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Offer Shares in the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the existing issued Shares, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), and of the Shares issuable on the exercise of any options which may be granted under the Share Option Scheme;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 15 April 2010 being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters on or before 5:00 p.m. on Wednesday, 24 March 2010), the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, 26 March 2010 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those, applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Shares in pool A will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Shares in pool B will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate price of more than HK$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Shares in one (but not both) of the pools are under-subscribed, the surplus Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 15,325,000 Shares (being 50% of the 30,650,000 Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Shares between (i) the Hong Kong Public Offering and (ii) the International Offering is subject to adjustment. If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Shares initially available under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Shares available under the Hong Kong Public Offering will be increased to 85,848,000 Shares (in the case of (i)), 114,464,000 Shares (in the case of (ii)) and 143,080,000 Shares (in the case of (iii)) representing 30%, 40% and 50% of the Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may allocate Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Bookrunners deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$12.83 per Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" of this section below, is less than the maximum price of HK$12.83 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply For Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 255,510,000 Shares.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "bookbuilding" process described in the paragraph headed "Pricing of the Global Offering" of this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Bookrunners on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Bookrunners have the right, exercisable at any time from the day on which trading of the Shares commences on the Hong Kong Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to 42,924,000 additional Shares, representing no more than 15% of the initial Offer Shares, at the same price per Share under the International Offering, to among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 2.3% (assuming an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range) and 2.2% (assuming an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range), of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company. In the event that the Over-allotment Option is exercised, a press announcement will be made.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, 19 March 2010, and in any event on or before Wednesday, 24 March 2010, by agreement between the Joint Bookrunners, on behalf of the Underwriters, the Company and the number of Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$12.83 per Share and is expected to be not less than HK$9.54 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the estimated offer price range stated in this prospectus.**

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company reduce the number of Offer Shares being offered under the Global Offering and/or the estimated offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post and the Hong Kong Economic Times notices of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the estimated offer price range. Such notice will also be available at the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the Company at **www.zs-group.com.cn**. Upon issue of a notice in the reduction of the Offer Price, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, the Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the estimated offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with the Company and the Joint Bookrunners, will under no circumstances be set outside the offer price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting fees and estimated expenses payable by the Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$2,552 million, assuming an Offer Price per Share of HK$9.54, approximately HK$3,008 million, assuming an Offer Price per Share of HK$11.19, or approximately HK$3,461 million, assuming an Offer Price per Share of HK$12.83 (or if the Over-allotment Option is exercised in full, approximately HK$2,947 million, assuming an Offer Price per Share of HK$9.54, or approximately HK$3,992 million, assuming an Offer Price per Share of HK$12.83).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Shares available under the Hong Kong Public Offering, are expected to be announced on Thursday, 25 March 2010, in the manner set out in "How to Apply for the Hong Kong Offer Shares — Results of Allocation".

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Morgan Stanley, its affiliates or any person acting for it, as Stabilizing Manager, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Morgan Stanley, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of Morgan Stanley, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be issued and sold upon exercise of the Over-allotment Option, being 42,924,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Morgan Stanley, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

(i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(ii) in connection with any action described in paragraph (i) above;

(A) (1) over-allocate the Shares; or

(2) sell or agree to sell the Shares so as to establish a short position in them,

for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Shares in order to close out any position established under paragraph (A) above;

(C) sell or agree to sell any of the Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; or

(D) offer or attempt to do anything as described in paragraphs (ii)(A)(2), (ii)(B) or (ii)(C) above.

Morgan Stanley, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by Morgan Stanley, its affiliates or any person acting for it, which may include a decline in the market price of the Shares.

Stabilization cannot be used to support the price of the Shares for longer than the stabilization period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the earlier of the 30th day after the last day for lodging of applications under the

Hong Kong Public Offering or the commencement of trading of the Shares. The stabilization period is expected to expire on 17 April 2010, after which an announcement will be made pursuant to section 9 of and schedule 3 to the Securities and Futures (Price Stabilization) Rules. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore then market price, could fall.

Any stabilizing action taken by Morgan Stanley, its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Shares.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, Morgan Stanley may choose to enter into an agreement on its own or through its affiliate and agents with Blue Natural, to borrow up to 42,924,000 Shares, representing 15% of the Offer Shares, from Blue Natural to cover over-allocations (being the maximum number of additional Shares which may be allotted and issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Over-allotment Option.

If such stock borrowing arrangement with Blue Natural is entered into, it will only be effected by Morgan Stanley, its affiliates or its agent for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with:

(a) the stock borrowing arrangement with Blue Natural will only be effected for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares to be borrowed from Blue Natural will be limited to the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;

(c) the same number of Shares so borrowed (if any) must be returned to Blue Natural or its nominees (as the case may be), no later than three Business days after the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full;

(d) the stock borrowing arrangement will be effected in compliance with all applicable laws, Listing Rules and regulatory requirements; or

(e) no payments will be made to Blue Natural by Morgan Stanley, its affiliates or any person acting for it in relation to the stock borrowing arrangement.

DEALINGS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 26 March 2010, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on Friday, 26 March 2010.

UNDERWRITING ARRANGEMENTS

The Hong Kong Pubic Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and the Company on the Price Determination Date.

We expect that we will, on or about Friday, 19 March 2010, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Offering.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section entitled "Underwriting" in this prospectus.

LISTING ON ANY OTHER STOCK EXCHANGE

Our Directors are not considering any listing of our Company on any other overseas stock exchange. The Company has not submitted any application nor obtained any approval for the listing of the Shares.

1. METHODS OF APPLICATION

There are three ways to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either

(i) using a **WHITE** or **YELLOW** Application Form;

(ii) applying online through the designated website of the White Form eIPO Service Provider, referred herein as the "**White Form eIPO** service", or

(iii) giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

2. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S);
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number, and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Joint Bookrunners (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Bookrunners or the designated **White Form eIPO** Service Provider or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, or Directors or chief executives of the Company or any of its subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of the Company or its subsidiaries.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Offer Shares under the International Offering, but may not do both.

3. APPLYING BY USING AN APPLICATION FORM

(1) Which Application Form to Use

(a) Use a **WHITE** Application Form if you want the Shares to be issued in your own name.

(b) Use a **YELLOW** Application Form if you want the Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(2) Where to Collect the Application Forms

(a) You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 16 March 2010 until 12:00 noon on Friday, 19 March 2010 from:

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Hong Kong

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

BOCI Asia Limited
26th Floor
Bank of China Tower
1 Garden Road
Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Kingston Securities Limited
Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Platinum Securities Company Limited
22/F Standard Chartered Bank Building
4 Des Voeux Road Central
Hong Kong

Taifook Securities Company Limited
25/F New World Tower
16–18 Queen's Road Central
Hong Kong

or any of the following branches of Bank of China (Hong Kong) Limited:

	Branch	Address
Hong Kong Island	Central District (Wing On House) Branch	71 Des Voeux Road Central
	Bank of China Tower Branch	3/F, 1 Garden Road
	North Point (Kiu Fai Mansion) Branch	413–415 King's Road, North Point
Kowloon	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
	Mong Kok Branch	589 Nathan Road, Mong Kok
	Hung Hom (Eldex Industrial Building) Branch	21 Ma Tau Wai Road, Hung Hom
New Territories	Castle Peak Road (Tsuen Wan) Branch	201–207 Castle Peak Road, Tsuen Wan
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II

or any of the following branches of The Hongkong and Shanghai Banking Corporation Limited:

	Branch	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central, HK
	Hay Wah Building Branch	G/F, Hay Wah Bldg, 71–85B Hennessy Rd, Wan Chai
Kowloon	Whampoa Garden Branch	Shop No. G6 & 6A, G/F, Site 4, Whampoa Garden
	Telford Gardens Branch	Shop Unit P16, Blk G, Telford Plaza I, Kowloon Bay
	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	L/G & U/G, 673 Nathan Road, Mong Kok
New Territories	Citylink Plaza Branch	Shops 38–46, Citylink Plaza, Shatin Station Circuit, Sha Tin
	Yuen Long Branch	G/F, HSBC Building Yuen Long, 150–160 Castle Peak Rd, Yuen Long

or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

	Branch	**Address**
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Hennessy Road Branch	Shop 2A, G/F & Basement, Cameron Commercial Centre, 468 Hennessy Road, Causeway Bay
	Quarry Bay Branch	G/F, 1036-1040 King's Road, Quarry Bay
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Yaumatei Branch	542 Nathan Road, Yaumatei
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
New Territories	Sha Tsui Road Branch	Shop 4, G/F., Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

(b) You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 16 March 2010 until 12:00 noon on Friday, 19 March 2010 from:

(1) The Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) Your stockbroker, who may have such Application Forms and this prospectus available.

(3) How to Complete the Application Form

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, amongst other things, you:

(a) **agree** with the Company and each shareholder of the Company, and the Company agrees with each of its shareholders, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;

(b) **agree** with the Company and each shareholder of the Company that the Shares in the Company are freely transferable by the holders thereof;

(c) **authorize** the Company to enter into a contract on your behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders as stipulated in the Articles of Association;

(d) **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(e) **agree** that the Company and the Directors, the Joint Bookrunners, the Underwriters, their respective directors, and any other parties involved in Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;

(f) **undertake and confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Offering;

(g) **agree** to disclose to the Company and/or the Hong Kong Share Registrar, receiving bankers, Joint Bookrunners, Joint Sponsors and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

In order for the **YELLOW** Application Forms to be valid:

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

    (1) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.

(b) If the application is made by an individual CCASS Investor Participant:

    (1) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

    (2) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

    (1) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all joint CCASS Investor Participants; and

(2) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

(1) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(2) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorized attorney, the Company and the Joint Bookrunners as its agent may accept it at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. The Company and the Joint Bookrunners, in their capacity as the Company's agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

4. APPLYING THROUGH WHITE FORM eIPO

General

(a) You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria for this as set out in "II. WHO CAN APPLY FOR HONG KONG OFFER SHARES" and on the same website. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk.** You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

(c) If you give **electronic application instructions** through the designated website at **www.eipo.com.hk**, you will have authorized the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(d) In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(e) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and the Hong Kong Share Registrar.

(f) You may submit an application through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(g) You should give **electronic application instructions** through **White Form eIPO** at the times set out in the paragraph headed "When May Applications Be Made" below.

(h) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Friday, 19 March 2010, or such later time as described under the paragraph headed "Effects of bad weather conditions on the opening of the application lists" below, the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(i) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(j) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, our Directors, the Joint Sponsors, the Joint Bookrunners, the Underwriters and the **White Form eIPO** Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 for each "ZHONGSHENG GROUP HOLDINGS LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of the "Source of DongJiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

(a) **applies** for the desired number of Hong Kong Offer Shares on the terms and conditions of the prospectus and **White Form eIPO** designated website at **www.eipo.com.hk** subject to the Articles of Association of the Company;

(b) **undertakes and agrees** to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

(c) **declares** that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instruction** to HKSCC or to the **White Form eIPO** Service Provider under the **White Form eIPO** service, to benefit the applicant or the person for whose benefit the applicant is applying;

(d) **undertakes** and confirms that the applicant and the person for whose benefit the applicant are applying have not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, nor otherwise participate in the International Offering;

(e) **understands** that this declaration and representation will be replied upon by the Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;

(f) **authorizes** the Company to place the applicant's name on the register of members of the Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set out in this prospectus) to send any share certificates and/or any refund cheque(s) by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any share certificate(s) and/or refund cheque(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus;

(g) **authorizes** the Company to despatch e-Refund payment instructions to the applicant's application payment bank account if the applicant has completed payment of the **White Form eIPO** application monies from a single bank account; or **authorizes** the Company to issue and despatch refund cheque to the address given on the **White Form eIPO** application if the applicant has completed payment of the application monies from multi-bank accounts, and requests that any refund cheque(s) be made payable to the applicant (except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and collects any refund cheque(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at **www.eipo.com.hk** and the prospectus);

(h) **have read** the terms and conditions and application procedures set out on in the **White Form eIPO** designated website at **www.eipo.com.hk** and the prospectus and **agree** to be bound by them;

(i) **represents, warrants and undertakes** that the applicant, and any persons for whose benefit the applicant are applying are non-U.S. person(s) outside the United States (as defined in Regulation S under the U.S. Securities Act of 1993 as amended), when completing and submitting this Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S under the U.S. Securities Act of 1993, as amended or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require the Company to comply with any requirements under any law or regulation (whether nor not having the force of law) of any territory outside Hong Kong; and

(j) **agrees** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

(a) **instruct and authorize** the Company, the Joint Sponsors and/or the Joint Bookrunners as agent for the Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**;

(b) **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(c) **agree** that the Company and the Directors, are liable only for the information and representations contained in this prospectus and any supplement thereto;

(d) **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(e) (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service;

(f) (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorized to submit the application as that other person's agent;

(g) **undertake and confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Offering;

(h) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(i) **agree** to disclose to the Company, and/or the Hong Kong Share Registrar, receiving bankers, Joint Sponsors, Joint Bookrunners and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

(j) **agree** with the Company and each shareholder of the Company, and the Company agrees with each of its shareholders, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;

(k) **agree** with the Company and each shareholder of the Company that the Shares in the Company are freely transferable by the holders thereof;

(l) **authorize** the Company to enter into a contract on your behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his or her obligations to shareholders as stipulated in the Memorandum and Articles of Association;

(m) **represent, warrant and undertake** that you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S);

(n) **represent and warrant** that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(o) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk** and agree to be bound by them;

(p) **undertake and agree** to accept the Shares applied for, or any lesser number allocated to you under your application; and

(q) if the laws of any place outside Hong Kong are applicable to your application, **agree and warrant** that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus, the **White Form eIPO** Application Form and the **White Form eIPO** designated website at **www.eipo.com.hk**.

The Company, the Joint Sponsors, the Joint Bookrunners, the Underwriters and their respective directors, officers, employees, partners, agents, advisers, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorized attorney, the Company, the Joint Sponsors or the Joint Bookrunners, as its agents, may accept it at their discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in "Despatch/Collection of Share Certificates/e-Refund payment instructions/Refunds Cheques".

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the Company and its Hong Kong Share Registrar.

(b) Giving electronic application instructions to HKSCC to Apply for Hong Kong Offer Shares by HKSCC Nominees On Your Behalf

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes** and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- **undertakes and confirms** that that person has not applied for or taken up any Offer Shares under the International Offering nor otherwise participated in the International Offering;

- (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;

- **understands** that the above declaration will be relied upon by the Company, the Directors, the Joint Sponsors and the Joint Bookrunners in deciding whether or not to make any allocation of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorizes** the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Hong Kong Offer Shares allocated in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- **confirms** that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;

- **agrees** that the Company and the Directors, the Joint Sponsors, the Joint Bookrunners, the Underwriters, their respective directors, and any other parties involved in Global Offering are liable only for the information and representations contained in this prospectus;

- **agrees** to disclose that person's personal data to the Company, the Joint Sponsors, the Joint Bookrunners and/or their respective agents any information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to the **electronic application instructions** given by that person is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by the Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- **agrees** with the Company, for itself and for the benefit of each of its shareholders (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each of its shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;

- **agrees** with the Company (for itself and for the benefit of each of its shareholders) that Shares in the Company are freely transferable by the holders thereof;

- **authorizes** the Company to enter into a contract on your behalf with each Directors and officers of the Company whereby each such Director and officer undertakes to observe and comply with their obligations to shareholders stipulated in the Articles of Association; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

(c) Effect of Giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed and authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for Hong Kong Offer Shares on your behalf;

- **instructed and authorized** HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy, and Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy, and Hong Kong Stock Exchange trading fee by crediting your designated bank account; and

- **instructed and authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

(d) Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

(e) Minimum Subscription Amount and Permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 500 Hong Kong Offer Shares. Such instructions in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

(f) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

(g) Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

(h) Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by the Company and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

(i) Warning

The subscription for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. The Company, the Directors, the Joint Bookrunners and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input of their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 19 March 2010.

6. WHEN MAY APPLICATIONS BE MADE

Applications on WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Friday, 19 March 2010, or, if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" of this section below. Cheque(s) or banker's cashier order(s) should be crossed "Account Payee Only" and made payable to "Bank of China (Hong Kong) Nominees Limited — Zhongsheng Group Public Offer".

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of receiving banks listed under the sub-paragraph headed "Where to collect the Application Forms" above at the following times:

Tuesday, 16 March 2010	**—**	**9:00 a.m. to 4:30 p.m.**
Wednesday, 17 March 2010	**—**	**9:00 a.m. to 4:30 p.m.**
Thursday, 18 March 2010	**—**	**9:00 a.m. to 4:30 p.m.**
Friday, 19 March 2010	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 19 March 2010, except as provided in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until after the closing of the application lists. No allotment of any of the Shares will be made later than the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong).

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Tuesday, 16 March 2010 until 11:30 a.m. on Friday, 19 March 2010 or such later time as described under the paragraph headed "Effects of bad weather conditions on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 19 March 2010, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effects of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

Electronic application instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 16 March 2010	**—**	**9:00 a.m. to 8:30 p.m.[1]**
Wednesday, 17 March 2010	**—**	**8:00 a.m. to 8:30 p.m.[1]**
Thursday, 18 March 2010	**—**	**8:00 a.m. to 8:30 p.m.[1]**
Friday, 19 March 2010	**—**	**8:00 a.m.[1] to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 16 March 2010 until 12:00 noon on Friday, 19 March 2010 (24 hours daily, except the last application day).

The latest time for inputting **electronic application instructions** via CCASS will be 12:00 noon on Friday, 19 March 2010, the last application day, or if the application lists are not open on that day, by the time and date stated in the paragraph headed "Effects of bad weather on the opening of the application lists" below.

Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 19 March 2010. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon.

If the application lists of the Hong Kong Offer do not open and close on Friday, 19 March 2010 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section entitled "Expected Timetable" in this prospectus, such dates mentioned in the section entitled "Expected Timetable" in this prospectus may be affected. A press announcement will be made in such event.

7. HOW MANY APPLICATIONS YOU MAY MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for Hong Kong Offer Shares if and only if:

You are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name if each application is made on behalf of different owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make and application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at **www.eipo.com.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered any such application is liable to be rejected.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service; or

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service and that you are duly authorized to sign the Application Form or give **electronic application instructions** as that other person's agent.

Save as referred to above, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through **White Form eIPO** service;

- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic applications instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service;

- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service for more than 15,325,000 Shares, being 50 per cent. of the Share initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in "Structure of the Global Offering — The Hong Kong Public Offering"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Offering.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on your **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note in particular the following situations in which Hong Kong Offer Shares will not be allotted to you:

(a) If your application is revoked

By completing and submitting an Application Form or submitting **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC or the **White Form eIPO** Service Provider and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf may be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) Full discretion of the Company, the Joint Sponsors, the Joint Bookrunners or the designated White Form eIPO Service Provider or its or their respective agent and nominees to reject or accept your application:

The Company, the Joint Sponsors and the Joint Bookrunners (as agents for the Company) or the designated **White Form eIPO** Service Provider or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

The Company, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters, in their capacity as the Company's agents, and their agents and nominees do not have to give any reason for any rejection or acceptance.

(c) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply using a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

(i) within three weeks from the closing of the application lists; or

(ii) within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) You will not receive any allotment if:

(i) you make multiple applications or suspected multiple applications;

(ii) you or the person for whose benefits you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Offering. By filling in any of the Application Forms or apply by giving **electronic application instructions**, you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

(iii) your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;

(iv) your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;

(v) your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

(vi) the Underwriting Agreements do not become unconditional; or

(vii) the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$12.83 per Share. You must also pay a brokerage fee of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005% in full. This means that for one board lot of 500 Shares you will pay approximately HK$6,479.73. The Application Forms have tables showing the exact amount payable for certain numbers of Shares up to 15,325,000 Shares.

You must pay the amount payable upon application for the Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange or the Hong Kong Stock Exchange (as the case may be), the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

10. RESULTS OF ALLOCATIONS

The Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of Hong Kong Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC via CCASS or the designated **White Form eIPO** Service Provider through the designated **White Form eIPO** website, will be made available at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our results of allocation website at **www.iporesults.com.hk** on a 24 hour basis from 8:00 a.m. on Thursday, 25 March 2010 to 12:00 midnight on Wednesday, 31 March 2010. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result. The Company's website (**www.zs-group.com.cn**) will also publish a hyper-link to the aforesaid website during the same period;

- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862-8669 between 9:00 a.m. and 10:00 p.m. from Thursday, 25 March 2010 to Sunday, 28 March 2010; and

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, 25 March 2010 to Saturday, 27 March 2010 at all the receiving bank branches and sub-branches at the addresses set out in the section entitled "Where to Collect the Application Forms".

Announcement of the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allotment of the Hong Kong Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Thursday, 25 March 2010. The allotment results as published in the newspaper will also be available at the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.zs-group.com.cn** on Thursday, 25 March 2010.

Despatch/Collection of Share Certificates/e-Refund payment instructions/Refund Cheques

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK$12.83 per Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 26 March 2010 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in "Underwriting — Grounds for Termination of the Hong Kong Underwriting Agreement" has not been exercised.

If you apply by **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** through **White Form eIPO** service, subject as mentioned below, in due course, there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your Application Form:

(i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (b) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applicants on **YELLOW** Application Forms: Share certificates for their Shares successfully applied for will be deposited into CCASS as described below); and/or

(ii) If you apply by **WHITE** or **YELLOW** Application Form, refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (a) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (b) all the application monies, if the application is wholly unsuccessful; and/or (c) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including the brokerage fee of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/ surplus monies but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund check. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Subject as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and share certificates for wholly or partially successful applicants under **WHITE** Application Forms are expected to be posted on or before Thursday, 25 March 2010. The right is reserved to retain any share certificates and any surplus application monies pending clearance of cheque(s).

If you apply by giving electronic application instructions to HKSCC, and your application is wholly or partially successful:

(i) your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instruction** on your behalf or your CCASS Investor

Participant stock account at the close of business on Thursday, 25 March 2010 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees; and

(ii) refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Hong Kong Offer Share paid on application, in each case including the related brokerage fee of 1%, SFC transaction levy of 0.004%, and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 25 March 2010. No interest will be paid thereon.

If you apply using a WHITE Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and Share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 25 March 2010 or such other date as notified by the Company in the newspapers as the date of collection/despatch of refund cheques/e-Refund payment instructions/ Share certificates. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) will be sent to the address on your Application Form on Thursday, 25 March 2010, by ordinary post and at your own risk.

If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheques (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) (where applicable) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS

Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Thursday, 25 March 2010, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in accordance with the details set out in "10. Results of Allocations". You should check the results published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 25 March 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account), you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 25 March 2010, or such other date as notified by our company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on Thursday, 25 March 2010 by ordinary post and at your own risk.

If you paid the application monies from a single bank account, e-Refund payment instructions (if any) will be despatched to your application payment bank account on Thursday, 25 March 2010; If you used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to you on Thursday, 25 March 2010.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated White Form eIPO Service Provider set out above in "4. Applying Through White Form eIPO — Additional information".

If you apply by giving electronic application instructions through HKSCC Nominees

If you apply by giving **electronic application instructions** through HKSCC Nominees, you should check the results published by us in accordance with the details set out in "10. Results of Allocations" and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 25 March 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant (by using a **YELLOW** Application Form or giving **electronic application instructions** to HKSCC Nominees), you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 25 March 2010. HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

11. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, the Company will refund your application monies, including a brokerage fee of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for the benefit of the Company.

If your application is accepted only in part, the Company will refund the appropriate portion of your application monies, including the related a brokerage fee of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the offer price per Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) initially paid on application, the Company will refund the surplus application monies, together with the related a brokerage fee of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Joint Bookrunners, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Thursday, 25 March 2010 in accordance with the various arrangements as described above.

12. DEALINGS AND SETTLEMENT

Commencement of Dealings in the Shares

Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence on Friday, 26 March 2010.

The Shares will be traded in board lots of 500 each. The stock code of the Shares is 881.

Shares will be Eligible for Admission into CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

16 March 2010

The Directors
Zhongsheng Group Holdings Limited
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Zhongsheng Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to the "Group"), for each of the three years ended 31 December 2006, 2007 and 2008 and the nine-month period ended 30 September 2009 (the "Relevant Periods"), and the nine-month period ended 30 September 2008 (the "30 September 2008 Financial Information"), prepared on the basis set out in Note 2 of Section II below, for inclusion in the prospectus of the Company dated 16 March 2010 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Financial Information comprises the combined statements of financial position of the Group as at 31 December 2006, 2007, 2008 and 30 September 2009 and the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group for the Relevant Periods and a summary of significant accounting policies and other explanatory notes. The 30 September 2008 Financial Information comprises the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined cash flow statement of the Group, together with the notes thereto.

The Company was incorporated in the Cayman Islands on 23 June 2008 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Through a group reorganisation as set out in the section entitled "Our History and Reorganisation" in the Prospectus (the "Reorganisation"), the Company has become the holding company of the companies now comprising the Group set out in Section II below.

The subsidiaries now comprising the Group are set out in Note 42 of Section II below. All companies comprising the Group and the Group's jointly-controlled entities have adopted 31 December as their financial year end date.

No audited statutory financial statements have been prepared by the Company as it has not carried out any business transaction other than the Reorganisation. The audited financial statements or management accounts of the subsidiaries and jointly-controlled entities have been prepared in accordance with the relevant accounting principles generally accepted in the place of incorporation/establishment of those companies. The names of the statutory auditors of these companies are set out in Note 42 of Section II.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the "HKFRS Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Procedures performed in respect of the Financial Information

The Financial Information has been prepared from the HKFRS Financial Statements and in accordance with the basis set out in Note 2 of Section II. For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were considered necessary to adjust the HKFRS Financial Statements to conform to the accounting policies referred to in Note 3.3 of Section II below for the Relevant Periods.

The directors of the Company are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements and the Financial Information in accordance with HKFRSs. The directors of the respective companies of the Group are responsible for the preparation and the true and fair presentation of the respective financial statements and, where appropriate, management accounts in accordance with the relevant accounting principles and financial regulations applicable to these companies. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, and that judgements and estimates made are prudent and reasonable. It is our responsibility to form an independent opinion based on our audit of the Financial Information and to report our opinion thereon.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Procedures performed in respect of the 30 September 2008 Financial Information

For the purpose of this report, we have also performed a review of the 30 September 2008 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the

HKICPA. A review consists of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of any significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 September 2008 Financial Information. It is our responsibility to form, based on our examination, an independent review conclusion on the comparative financial information and to report our conclusion solely to you.

The Financial Information and the 30 September 2008 Financial Information are the responsibilities of the directors of the Company who approved their issuance. The directors of the Company are responsible for the Financial Information and the 30 September 2008 Financial Information which give, for the purpose of this report, a true and fair view and the contents of the Prospectus in which this report is included. In preparing the Financial Information and the 30 September 2008 Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, and that judgements and estimates made are prudent and reasonable.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in Note 2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2006, 2007, 2008 and 30 September 2009 and of the combined results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the 30 September 2008 Financial Information

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the 30 September 2008 Financial Information, for the purpose of this report, does not give a true and fair view of the combined results and cash flows of the Group for the nine month period ended 30 September 2008.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the Financial Information of the Group for the Relevant Periods prepared on the basis set out in Note 2 of Section II:

1. Combined income statements

		Year ended 31 December			Nine-month period ended 30 September	
	Section II	2006	2007	2008	2008	2009
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5(a)	6,472,043	9,103,134	10,548,577	8,133,630	9,212,624
Cost of sales and services provided	6(b)	(6,074,757)	(8,382,066)	(9,771,214)	(7,516,264)	(8,444,162)
Gross profit		397,286	721,068	777,363	617,366	768,462
Other income and gains, net	5(b)	24,162	27,361	33,412	23,107	39,409
Selling and distribution costs		(154,187)	(215,054)	(274,317)	(198,567)	(227,051)
Administrative expenses		(64,705)	(87,115)	(118,861)	(86,010)	(108,297)
Profit from operations		202,556	446,260	417,597	355,896	472,523
Finance costs	7	(31,065)	(50,744)	(104,443)	(81,830)	(57,808)
Share of profits of jointly-controlled entities	17	5,860	6,873	4,520	4,029	4,545
Profit before tax	6	177,351	402,389	317,674	278,095	419,260
Tax	8(a)	(27,035)	(98,933)	(83,265)	(72,116)	(113,601)
Profit for the year/period		150,316	303,456	234,409	205,979	305,659
Attributable to:						
Equity holders of the parent		147,643	284,325	218,702	192,884	287,431
Non-controlling interests		2,673	19,131	15,707	13,095	18,228
		150,316	303,456	234,409	205,979	305,659
Earnings per share attributable to equity holders of the parent	11	N/A	N/A	N/A	N/A	N/A

2. Combined statements of comprehensive income

	Section II Notes	Year ended 31 December 2006 RMB'000	2007 RMB'000	2008 RMB'000	Nine-month period ended 30 September 2008 RMB'000 (unaudited)	2009 RMB'000
PROFIT FOR THE YEAR/PERIOD		150,316	303,456	234,409	205,979	305,659
Exchange differences on translation of foreign operations		3,048	5,917	3,727	3,052	(3,411)
Other comprehensive income for the year/period, net of tax		3,048	5,917	3,727	3,052	(3,411)
Total comprehensive income for the year/period, net of tax		153,364	309,373	238,136	209,031	302,248
Attributable to:						
Equity holders of the parent		150,567	290,003	222,429	195,936	284,020
Non-controlling interests		2,797	19,370	15,707	13,095	18,228
		153,364	309,373	238,136	209,031	302,248

3. Combined statements of financial position

	Section II Notes	31 December 2006 RMB'000	31 December 2007 RMB'000	31 December 2008 RMB'000	30 September 2009 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	351,539	460,462	548,779	776,876
Land use rights	13	173,782	191,710	256,987	408,678
Prepayments	14	9,000	16,287	33,273	53,346
Intangible assets	15	753	87,617	100,561	258,612
Goodwill	16	—	65,501	76,566	200,492
Interests in jointly-controlled entities	17	9,782	16,655	21,175	35,990
Available-for-sale investment	18	—	—	—	100
Held-to-maturity investments	19	6,028	5,618	5,291	5,287
Deferred tax assets	31(b)	7,173	3,516	3,132	4,810
Total non-current assets		558,057	847,366	1,045,764	1,744,191
CURRENT ASSETS					
Financial assets at fair value through profit or loss	20	12,870	—	—	—
Inventories	21	427,143	705,577	1,133,415	890,577
Trade receivables	22	39,433	54,925	61,443	110,510
Prepayments, deposits and other receivables	23	486,468	706,221	724,823	1,027,457
Amounts due from related parties	40(b)(i)	10	10	459	1,563
Term deposits and pledged bank deposits	24	254,735	260,437	210,720	438,404
Cash in transit	25	20,654	29,603	29,690	46,493
Cash and cash equivalents	26	380,738	344,997	964,245	996,572
Total current assets		1,622,051	2,101,770	3,124,795	3,511,576

	Section II Notes	31 December 2006 RMB'000	31 December 2007 RMB'000	31 December 2008 RMB'000	30 September 2009 RMB'000
CURRENT LIABILITIES					
Trade and bills payables	28	410,987	645,582	835,699	1,238,098
Other payables and accruals	29	185,867	220,363	273,201	345,891
Amounts due to related parties	40(b)(ii)	143,062	172,151	156,774	1,308
Bank loans and other borrowings	27	877,564	1,033,475	1,157,543	1,513,158
Income tax payable	31(a)	19,432	50,407	27,733	58,739
Total current liabilities		1,636,912	2,121,978	2,450,950	3,157,194
NET CURRENT ASSETS/ (LIABILITIES)		(14,861)	(20,208)	673,845	354,382
TOTAL ASSETS LESS CURRENT LIABILITIES		543,196	827,158	1,719,609	2,098,573
NON-CURRENT LIABILITIES					
Deferred tax liabilities	31(b)	—	20,507	33,838	98,117
NET ASSETS		543,196	806,651	1,685,771	2,000,456
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	32	—	—	—	—
Reserves	33	498,487	757,489	1,633,098	1,933,771
		498,487	757,489	1,633,098	1,933,771
Non-controlling interests		44,709	49,162	52,673	66,685
Total equity		543,196	806,651	1,685,771	2,000,456

4. Combined statements of changes in equity

		Attributable to equity holders of the parent								
	Section II Notes	Share capital Note 32	Dis-cretionary reserve fund Note 33(i)	Statutory reserve Note 33(ii)	Merger reserve Note 33(iii)	Exchange fluctuation reserve Note 33(iv)	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000 *	RMB'000 *	RMB'000 *	RMB'000 *	RMB'000 *	RMB'000	RMB'000	RMB'000
At 1 January 2006		—	2,915	24,639	111,135	980	211,110	350,779	37,329	388,108
Contribution by the then equity holders of the subsidiaries		—	—	—	635	—	—	635	5,022	5,657
Distribution to the equity holders of the Company		—	—	—	(3,433)	—	—	(3,433)	—	(3,433)
Acquisition of non-controlling interests by the Group		—	—	—	(61)	—	—	(61)	(439)	(500)
Transfer from retained profits		—	684	21,147	—	—	(21,831)	—	—	—
Comprehensive income for the year		—	—	—	—	2,924	147,643	150,567	2,797	153,364
At 31 December 2006		—	3,599	45,786	108,276	3,904	336,922	498,487	44,709	543,196
Contribution by the then equity holders of the subsidiaries		—	—	—	—	—	—	—	1,900	1,900
Acquisition of equity interests by the Group from the equity holders of the Company		—	—	—	(29,942)	—	—	(29,942)	—	(29,942)
Acquisition of non-controlling interests by the Group		—	—	—	(1,347)	—	—	(1,347)	(18,220)	(19,567)
Disposal of subsidiaries	35	—	—	—	288	—	—	288	72	360
Non-controlling interests arising from a business combination	34(b)	—	—	—	—	—	—	—	1,331	1,331
Transfer from retained profits		—	3,596	14,931	—	—	(18,527)	—	—	—
Comprehensive income for the year		—	—	—	—	5,678	284,325	290,003	19,370	309,373
At 31 December 2007		—	7,195	60,717	77,275	9,582	602,720	757,489	49,162	806,651
Contribution by the then equity holders of the subsidiaries		—	—	—	746,745	—	—	746,745	—	746,745
Reverse on acquisition of non-controlling interests by the Group		—	—	—	1,697	—	—	1,697	—	1,697
Disposal of subsidiaries	35	—	—	—	(31,459)	—	—	(31,459)	(3,137)	(34,596)
Dividends paid to shareholders		—	—	—	—	—	(63,803)	(63,803)	(9,059)	(72,862)
Transfer from retained profits		—	4,239	35,567	—	—	(39,806)	—	—	—
Comprehensive income for the year		—	—	—	—	3,727	218,702	222,429	15,707	238,136
At 31 December 2008		—	11,434	96,284	794,258	13,309	717,813	1,633,098	52,673	1,685,771
Contribution by the then equity holders of the subsidiaries		—	—	—	41,675	—	—	41,675	—	41,675
Acquisition of non-controlling interests by the Group		—	—	—	(25,022)	—	—	(25,022)	(4,217)	(29,239)
Disposal of a subsidiary		—	—	—	—	—	—	—	1	1
Transfer from retained profits		—	(1,001)	4,660	—	—	(3,659)	—	—	—
Comprehensive income for the year		—	—	—	—	(3,411)	287,431	284,020	18,228	302,248
At 30 September 2009		—	10,433	100,944	810,911	9,898	1,001,585	1,933,771	66,685	2,000,456
At 31 December 2007		—	7,195	60,717	77,275	9,582	602,720	757,489	49,162	806,651
Contribution by the then equity holders of the subsidiaries		—	—	—	746,745	—	—	746,745	—	746,745
Reverse on acquisition of non-controlling interests by the Group		—	—	—	1,697	—	—	1,697	—	1,697
Disposal of subsidiaries	35	—	—	—	(31,459)	—	—	(31,459)	(3,137)	(34,596)
Dividends paid to shareholders		—	—	—	—	—	(63,803)	(63,803)	(9,059)	(72,862)
Transfer from retained profits		—	—	21,604	—	—	(21,604)	—	—	—
Comprehensive income for the period		—	—	—	—	3,052	192,884	195,936	13,095	209,031
At 30 September 2008		—	7,195	82,321	794,258	12,634	710,197	1,606,605	50,061	1,656,666

* These reserve accounts comprise the combined reserves of RMB498,487,000, RMB757,489,000, RMB1,633,098,000, RMB1,933,771,000 and RMB1,606,605,000 in the combined statements of financial position as at 31 December 2006, 31 December 2007, 31 December 2008, 30 September 2008 and 30 September 2009, respectively.

5. Combined cash flow statements

		Year ended 31 December			Nine-month period ended 30 September	
	Section II	2006	2007	2008	2008	2009
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities						
Profit before tax		177,351	402,389	317,674	278,095	419,260
Adjustments for:						
— Share of profits of jointly-controlled entities		(5,860)	(6,873)	(4,520)	(4,029)	(4,545)
— Depreciation and impairment of property, plant and equipment	12	27,742	41,483	50,854	36,787	49,879
— Amortisation of land use rights	13	2,870	4,457	4,094	2,996	5,755
— Amortisation of intangible assets	15	182	2,567	5,914	4,292	8,898
— Provision for impairment of trade receivables and other receivables	6(c)	73	25	4,267	4,209	(35)
— Fair value gain on financial assets at fair value through profit or loss	5	(2,522)	—	—	—	—
— Loss on disposal of financial assets at fair value through profit or loss	5	—	552	—	—	—
— Interest income	5	(5,684)	(6,119)	(8,795)	(5,777)	(7,665)
— Net (gain)/loss on disposal of property, plant and equipment	5	295	(219)	(625)	(276)	(3,462)
— Finance costs	7	31,065	50,744	104,443	81,830	57,808
— Loss on disposal of subsidiaries	35(b)	—	—	1,557	1,557	—
— Excess over the cost of a business combination recognized in the income statement	5(b)	—	(2,868)	(103)	(103)	—
		225,512	486,138	474,760	399,581	525,893
(Increase)/decrease in pledged bank deposits		(152,948)	(10,151)	40,636	40,572	(228,267)
Increase in cash in transit		(17,986)	(8,949)	(87)	(26,418)	(16,803)
Increase in trade receivables		(12,690)	(10,942)	(6,430)	(15,079)	(17,387)
(Increase)/decrease in prepayments, deposits and other receivables		(223,772)	(220,832)	181,650	(50,559)	(462,504)
(Increase)/decrease in inventories		(141,185)	(216,884)	(407,690)	(299,484)	443,571
Increase in trade and bills payables		38,252	232,065	178,759	157,012	102,344
Increase/(decrease) in other payables and accruals		44,437	(33,442)	(37,997)	20,990	(51,075)
(Increase)/decrease in amounts due from related parties — trade related		(10)	—	(449)	10	(1,104)
Increase/(decrease) in amounts due to related parties — trade related		17	75	(92)	(92)	—
Cash generated from/(used in) operations		(240,373)	217,078	423,060	226,533	294,668
Tax paid		(31,757)	(64,579)	(95,175)	(74,176)	(67,497)
Net cash generated from/(used in) operating activities		(272,130)	152,499	327,885	152,357	227,171

	Section II Notes	Year ended 31 December 2006 RMB'000	2007 RMB'000	2008 RMB'000	Nine-month period ended 30 September 2008 RMB'000 (unaudited)	2009 RMB'000
Investing activities						
Purchase of property, plant and equipment		(120,066)	(116,188)	(137,001)	(92,996)	(143,691)
Proceeds from disposal of property, plant and equipment		2,279	9,674	7,688	4,140	18,046
Purchase of land use rights		(81,249)	(15,571)	(75,670)	(9,132)	(107,726)
Purchase of intangible assets		(350)	(1,054)	(7,496)	(4,893)	(4,149)
(Increase)/decrease in term deposits		(19,952)	4,449	9,081	9,145	583
Purchase of financial assets at fair value through profit or loss		(10,348)	—	—	—	—
Proceeds from disposal of financial assets at fair value through profit or loss		—	12,318	—	—	—
Purchase of an available-for-sale investment		—	—	—	—	(100)
Purchase of shareholding in a jointly-controlled entity		—	—	—	—	(10,270)
Advances to third parties		—	(40,710)	(159,742)	(99,804)	—
Collection of advances to third parties		7,059	—	—	—	146,735
Advance to minority shareholders		(2,645)	(9,851)	—	—	—
Acquisition of equity interests by the Group from the equity holders of the Company		—	(9,434)	(10,700)	(2,700)	(53,346)
Acquisition of minority interests		(500)	(13,700)	—	—	(29,238)
Acquisition of subsidiaries		—	(75,407)	(121,473)	(121,473)	(85,823)
Disposal of subsidiaries		—	10,147	(59,170)	(59,170)	13,369
Interest received		5,684	6,119	8,795	5,777	7,665
Net cash used in investing activities		(220,088)	(239,208)	(545,688)	(371,106)	(247,945)

	Section II Notes	Year ended 31 December 2006 RMB'000	2007 RMB'000	2008 RMB'000	Nine-month period ended 30 September 2008 RMB'000 (unaudited)	2009 RMB'000
Financing activities						
Proceeds from bank loans and other borrowings		960,394	1,345,070	4,493,293	3,690,225	3,088,945
Repayment of bank loans and other borrowings		(321,814)	(1,204,152)	(4,383,880)	(3,660,594)	(2,769,324)
Contributions from the then equity holders of the subsidiaries		635	—	746,745	746,745	41,675
Contributions from minority shareholders		5,022	1,200	—	—	—
Advances from third parties		—	—	93,576	91,770	(93,576)
Advances from minority shareholders		—	—	458	—	1,113
Repayment of advances from minority shareholders		(10,067)	(6,090)	(2,473)	—	—
Advances from the Controlling Shareholder		—	—	—	17,903	—
Repayment of advances from the Controlling Shareholder		(6,717)	(10,794)	(10,297)	—	(154,519)
Repayment of advance to the then equity holders of a subsidiary		—	(29,901)	—	—	—
Interest paid		(31,065)	(50,744)	(104,443)	(81,830)	(57,808)
Net cash generated from financing activities		596,388	44,589	832,979	804,219	56,506
Net increase/(decrease) in cash and cash equivalents		104,170	(42,120)	615,176	585,470	35,732
Cash and cash equivalents at the beginning of each year/period		273,275	380,738	344,997	344,997	964,245
Effect of foreign exchange rate changes, net		3,293	6,379	4,072	3,430	(3,405)
Cash and cash equivalents at the end of each year/period		380,738	344,997	964,245	933,897	996,572

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE GROUP AND GROUP REORGANISATION

The Company was incorporated on 23 June 2008 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands in preparation for the listing of the Company's shares on the Stock Exchange (the "Listing"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Particulars of the companies now comprising the Group are set out in Note 42 of Section II below. The Group has established a principal place of business which is located at Rooms 3504–12, 35/F, Sun Hung Kai Centre, 30 Harbour Road, Wai Chai, Hong Kong. The Group is principally engaged in the sale and service of motor vehicles (the "Listing Business").

In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is Blue Natural Development Ltd., which is incorporated in the British Virgin Islands ("BVI").

Before the formation of the Group, the Listing Business was carried out by the subsidiaries now comprising the Group as set out in Note 42, all of which were collectively controlled by Mr. Huang Yi and Mr. Li Guoqiang (hereinafter collectively referred to as the "Controlling Shareholder"). Pursuant to the reorganisation as described in the section entitled "Our History and Reorganisation" in the Prospectus and in Appendix VII "Statutory and General Information" to the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on 22 February 2010.

2. BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 22 February 2010. Since the Company and the companies now comprising the Group were under common control of the Controlling Shareholder both before and after the completion of the Reorganisation, the Reorganisation has been accounted for using merger accounting. The Financial Information has been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group.

The Financial Information presents the combined results, cash flows and financial position of the companies comprising the Group as if the group structure had been in existence throughout the Relevant Periods and as if all of the Listing Business was transferred to the Group as of the earliest period presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Adoption of New and Revised HKFRSs

For the purpose of this Financial Information, the Group has adopted, at the beginning of the Relevant Periods, all the new and revised HKFRSs applicable to the Relevant Periods.

3.2 Impact of Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[2]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs in May 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Improvements to HKFRSs issued in May 2009 contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendix to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and the amendment to Appendix to HKAS 18 which has no specified transitional provisions, the amendments included in Improvements to HKFRS, 2009 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, the other new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.3 Summary of Significant Accounting Policies

Basis of combination

This Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. As explained in Note 2 above, the acquisition of subsidiaries under common control has been accounted for using merger accounting. The acquisition of all other subsidiaries during the Relevant Periods is accounted for using the purchase method of accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

All significant intra-group transactions and balances have been eliminated on combination.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the companies now comprising the Group. Any excess of the Group's interest in the book value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of non-controlling interests (previously referred to as negative goodwill), after reassessment, is recognized immediately in the income statements.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the ventures stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the ventures, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interest in jointly-controlled entities is stated in the combined statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of its jointly-controlled entity is included in the combined income statements and combined reserves, respectively.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognized in the combined statements of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the combined statements of financial position.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its impairment test of goodwill at least annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the combined income statements in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the combined income statements in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statements in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives of property, plant and equipment are as follows:

Buildings	10–20 years
Leasehold improvements	5 years
Plant and machinery	5–10 years
Furniture and fixtures	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each statement of financial position date.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statements in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or pending installation, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Dealership agreements	20 years
Software	3–5 years
Customer relationships	15 years

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the combined income statements on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the combined income statements on the straight-line basis over the lease terms.

Land use rights

All land in Mainland China is state-owned and no individual land ownership rights exist. The Group acquires the right to use certain land and the consideration paid for such right is recorded as land use rights, which are amortised over the lease terms of 35 to 50 years using the straight-line method.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it, and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the statement of financial position date.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on these financial assets are recognized in the income statements. The net fair value gain or loss recognized in the income statements does not include any dividends or interest earned on these financial assets, which are recognized in accordance with the policies set out for "Revenue recognition" below.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the income statements when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the income statements when the investments are derecognized or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognized in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognized in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis and other valuation models.

Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognized in the income statements. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the income statements, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic, or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ''pass-through'' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables, amounts due to related parties and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognized within ''Finance costs'' in the income statements.

Gains and losses are recognized in the income statements when the liabilities are derecognized as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the income statements.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated on specific identification basis as appropriate and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the combined cash flow statements, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with initial terms of three months or less, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the combined income statements, or in equity if it relates to items that are recognized in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statements over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which the services are rendered.

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Vendor rebate

Volume-related vendor rebates are recognized as a deduction from cost of sales on an accruals basis based on the expected entitlement earned up to the reporting date for each relevant supplier contract.

Rebates relating to items purchased but still held at the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

Employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statements as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and charged to the combined income statements as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Other borrowing costs are recognized as expenses in the statement of comprehensive income in the period in which they are incurred.

Foreign currencies

The Financial Information is presented in RMB. Each entity in the Group determines its own functional currency and items included in the Financial Information of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the reporting date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the reporting date, and their income statements are translated into RMB at the weighted average exchange rates for the Relevant Periods. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

For the purpose of the combined cash flow statement, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3.4 Significant Accounting Judgements and Estimates

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial information:

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognized tax losses were RMB7,113,000, RMB3,379,000, RMB3,084,000 and RMB4,350,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively. More details are given in Note 31.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill were Nil, RMB65,501,000, RMB76,566,000 and RMB200,492,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively. More details are given in Note 16.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SEGMENT INFORMATION

The Group is engaged in the principal business of sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since over 90% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during each of the Relevant Periods, no major customers segment information is presented in accordance with HKFRS 8 *Operating Segments*.

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from the sale of motor vehicles	6,209,270	8,616,223	9,695,464	7,516,645	8,329,265
Others	262,773	486,911	853,113	616,985	883,359
	6,472,043	9,103,134	10,548,577	8,133,630	9,212,624

(b) Other income and gains, net:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Commission income	3,633	9,058	18,012	12,768	22,389
Advertisement support received from motor vehicle manufacturers	4,293	3,211	2,409	1,312	2,172
Rental income	1,009	1,507	1,441	1,330	1,564
Government grants	6,778	1,331	2,136	1,747	70
Interest income	5,684	6,119	8,795	5,777	7,665
Net gain/(loss) on disposal of property, plant and equipment	(295)	219	625	276	3,462
Fair value gain on financial assets at fair value through profit or loss	2,522	—	—	—	—
Loss on disposal of financial assets at fair value through profit or loss	—	(552)	—	—	—
Excess over the cost of a business combination recognized in the income statements	—	2,868	103	103	—
Reinvestment allowance	—	2,184	—	—	—
Loss on disposal of subsidiaries	—	—	(1,557)	(1,557)	—
Others	538	1,416	1,448	1,351	2,087
Total	24,162	27,361	33,412	23,107	39,409

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(a) **Employee benefit expense (including directors' remuneration** *(Note 9)*):					
Wages and salaries	35,935	64,040	102,062	77,278	92,181
Pension scheme contributions	5,814	8,998	16,629	10,435	16,976
Other welfare	3,339	6,036	8,348	6,171	6,836
	45,088	79,074	127,039	93,884	115,993
(b) **Cost of sales and services:**					
Cost of sales of motor vehicles	5,899,746	8,064,899	9,261,487	7,148,159	7,950,065
Others	175,011	317,167	509,727	368,105	494,097
	6,074,757	8,382,066	9,771,214	7,516,264	8,444,162
(c) **Other items:**					
Depreciation and impairments of property, plant and equipment	27,742	41,483	50,854	36,787	49,879
Amortisation of land use rights	2,870	4,457	4,094	2,996	5,755
Amortisation of intangible assets	182	2,567	5,914	4,292	8,898
Lease expenses	698	3,124	9,568	6,544	15,056
Advertisement expenses	29,397	29,862	24,617	18,757	18,444
Office expenses	14,238	18,824	24,136	15,943	21,013
Logistics expenses	14,330	16,553	13,187	9,494	6,514
Business promotion expenses	12,040	16,768	20,229	15,313	16,297
Provision for impairment of trade receivables and other receivables	73	25	4,267	4,209	(35)
Net (gain)/loss on disposal of property, plant and equipment	295	(219)	(625)	(276)	(3,462)
Fair value gain on financial assets at fair value through profit or loss	(2,522)	—	—	—	—
Loss on disposal of financial assets at fair value through profit or loss	—	552	—	—	—

7. FINANCE COSTS

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest expense on bank borrowings	30,930	49,020	91,275	73,931	55,702
Interest expense on other borrowings	135	1,724	13,168	7,899	2,106
	31,065	50,744	104,443	81,830	57,808

8. TAX

(a) Tax in the combined income statements represents:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current Mainland China corporate income tax	29,818	95,554	72,501	60,620	98,504
Deferred tax *(Note 31(b))*	(2,783)	3,379	10,764	11,496	15,097
	27,035	98,933	83,265	72,116	113,601

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Subsidiaries incorporated in Hong Kong are subject to an income tax at the rates of 17.5% in 2006 and 2007 and 16.5% in 2008 and 2009. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Relevant Periods.

Before 1 January 2008, enterprises incorporated in the PRC were normally subject to corporate income tax ("CIT") at a rate of 33%, of which 30% is attributable to national enterprise income tax and 3% attributable to local municipal income tax. Certain subsidiaries of the Group enjoyed preferential CIT rates which were lower than 33% during the Relevant Periods as approved by the relevant tax authorities or operated in designated areas with preferential CIT policies in the PRC. In addition, certain subsidiaries, being incorporated as new trading enterprises in the PRC, have obtained approvals from the relevant tax authorities in the PRC for their entitlement to exemption from CIT for the first year.

The National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 6 December 2007, which has been effective since 1 January 2008. According to the new CIT Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1 January 2008.

Pursuant to the new CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 are exempted from the withholding tax.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit before tax using the applicable rates for the regions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Profit before tax	177,351	402,389	317,674	278,095	419,260
Tax at applicable tax rates (2006 and 2007: 33%; 2008 and 2009: 25%)	58,526	132,788	79,418	69,524	104,815
Lower tax rates for specific provinces or local authority	—	(2,650)	—	—	—
Tax effect of non-deductible expenses	3,780	3,749	2,455	992	5,550
Tax effect of non-taxable income	(180)	(1,249)	—	—	—
Profits attributable to a jointly-controlled entity	(1,934)	(2,268)	(1,130)	(1,007)	(1,136)
Effect of tax concessions obtained	(33,157)	(31,493)	(9,135)	(8,037)	(11,966)
Effect of changes in tax rates on deferred tax assets recognized	—	56	—	—	—
Effect of withholding tax at 5% on the distributable profits of the Group's subsidiaries of Mainland China	—	—	11,657	10,644	16,338
Tax charge	27,035	98,933	83,265	72,116	113,601

9. DIRECTORS' REMUNERATION

Details of the remuneration of the directors of the Company during the Relevant Periods and the nine-month period ended 30 September 2008 are presented below based on the remuneration that the directors obtained from the Group in the respective years.

	Year ended 31 December 2006				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Mr. Li Guoqiang	—	887	—	12	899
— Mr. Huang Yi	—	707	—	12	719
— Mr. Yu Guangming	—	25	—	18	43
	—	1,619	—	42	1,661

	Year ended 31 December 2007				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Mr. Li Guoqiang	—	835	—	15	850
— Mr. Huang Yi	—	659	—	11	670
— Mr. Yu Guangming	—	60	—	30	90
— Mr. Du Qingshan	—	115	—	11	126
	—	1,669	—	67	1,736

	Year ended 31 December 2008				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Mr. Li Guoqiang	—	2,202	—	30	2,232
— Mr. Huang Yi	—	1,955	—	11	1,966
— Mr. Yu Guangming	—	60	—	12	72
— Mr. Du Qingshan	—	287	—	24	311
	—	4,504	—	77	4,581

	Nine-month period ended 30 September 2009				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Mr. Li Guoqiang.	—	1,767	—	36	1,803
— Mr. Huang Yi.	—	1,586	—	8	1,594
— Mr. Yu Guangming	—	30	—	33	63
— Mr. Du Qingshan	—	214	—	26	240
	—	3,597	—	103	3,700

	Nine-month period ended 30 September 2008 (unaudited)				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Mr. Li Guoqiang.	—	1,375	—	28	1,403
— Mr. Huang Yi.	—	1,190	—	8	1,198
— Mr. Yu Guangming	—	30	—	21	51
— Mr. Du Qingshan	—	214	—	17	231
	—	2,809	—	74	2,883

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the nine-month period ended 30 September 2008.

No emoluments were paid to the non-executive directors and independent non-executive directors of the Company during the Relevant Periods and the nine-month period ended 30 September 2008.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals included two directors for each of the Relevant Periods and the nine-month period ended 30 September 2008 and details of whose remuneration are detailed in Note 9 above. Details of the remuneration of the remaining three non-directors, highest paid employees for each of the Relevant Periods and the nine-month period ended 30 September 2008 are as follows:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind.	631	710	700	671	982
Pension scheme contributions	48	52	72	50	76
	679	762	772	721	1,058

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the results for the Relevant Periods on a combined basis as disclosed in Note 2 above.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2006	172,166	4,153	29,707	18,123	44,379	55,260	323,788
Exchange realignment	—	(7)	—	(7)	(34)	—	(48)
Additions	23,739	—	6,520	7,221	24,956	50,855	113,291
Transfer	47,142	408	—	—	—	(47,550)	—
Disposals	—	—	—	(1,989)	(4,718)	—	(6,707)
At 31 December 2006	243,047	4,554	36,227	23,348	64,583	58,565	430,324
Accumulated depreciation and impairment:							
At 1 January 2006	23,165	252	9,857	6,743	15,183	—	55,200
Exchange realignment	—	(4)	—	(5)	(15)	—	(24)
Depreciation and impairment provided during the year	12,025	830	3,356	3,446	8,085	—	27,742
Written back on disposals	—	—	—	(1,469)	(2,664)	—	(4,133)
At 31 December 2006	35,190	1,078	13,213	8,715	20,589	—	78,785
Net book value:							
At 31 December 2006	207,857	3,476	23,014	14,633	43,994	58,565	351,539
Cost:							
At 1 January 2007	243,047	4,554	36,227	23,348	64,583	58,565	430,324
Exchange realignment	—	(14)	—	(13)	(62)	—	(89)
Additions	27,926	7	7,331	9,745	23,968	65,216	134,193
Acquisition of subsidiaries *(Note 34)*	41,180	—	5,435	2,120	5,158	—	53,893
Transfer	117,874	—	215	1,012	345	(119,446)	—
Disposals	(2,053)	—	(2,166)	(551)	(14,030)	—	(18,800)
Disposal of subsidiaries *(Note 35)*	(20,409)	—	(58)	(36)	—	—	(20,503)
At 31 December 2007	407,565	4,547	46,984	35,625	79,962	4,335	579,018
Accumulated depreciation and impairment:							
At 1 January 2007	35,190	1,078	13,213	8,715	20,589	—	78,785
Exchange realignment	—	(10)	—	(10)	(42)	—	(62)
Depreciation and impairment provided during the year	18,101	1,035	4,697	4,972	12,678	—	41,483
Acquisition of subsidiaries *(Note 34)*	4,733	—	2,067	930	1,407	—	9,137
Written back on disposals	(1,136)	—	(1,435)	(549)	(6,225)	—	(9,345)
Disposal of subsidiaries *(Note 35)*	(1,430)	—	(6)	(6)	—	—	(1,442)
At 31 December 2007	55,458	2,103	18,536	14,052	28,407	—	118,556
Net book value:							
At 31 December 2007	352,107	2,444	28,448	21,573	51,555	4,335	460,462

	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2008	407,565	4,547	46,984	35,625	79,962	4,335	579,018
Exchange realignment	—	(12)	—	(8)	—	—	(20)
Additions	23,774	5,658	4,665	8,678	29,061	63,732	135,568
Acquisition of subsidiaries *(Note 34)*	13,694	—	1,615	747	721	—	16,777
Transfer	36,207	—	3,756	3,498	—	(43,461)	—
Disposals	—	—	(936)	(1,465)	(10,299)	—	(12,700)
Disposal of subsidiaries *(Note 35)*	(3,847)	—	—	(890)	(4,009)	—	(8,746)
At 31 December 2008	477,393	10,193	56,084	46,185	95,436	24,606	709,897
Accumulated depreciation and impairment:							
At 1 January 2008	55,458	2,103	18,536	14,052	28,407	—	118,556
Exchange realignment	—	(8)	—	(6)	—	—	(14)
Depreciation and impairment provided during the year	21,927	1,781	4,903	6,617	15,626	—	50,854
Acquisition of subsidiaries *(Note 34)*	350	—	365	262	118	—	1,095
Written back on disposals	—	—	(628)	(1,188)	(3,822)	—	(5,638)
Disposal of subsidiaries *(Note 35)*	(350)	—	—	(489)	(2,896)	—	(3,735)
At 31 December 2008	77,385	3,876	23,176	19,248	37,433	—	161,118
Net book value:							
At 31 December 2008	400,008	6,317	32,908	26,937	58,003	24,606	548,779
Cost:							
At 1 January 2009	477,393	10,193	56,084	46,185	95,436	24,606	709,897
Exchange realignment	—	—	—	(1)	(2)	—	(3)
Additions	14,796	921	11,556	9,184	19,855	74,721	131,033
Acquisition of subsidiaries *(Note 34)*	124,070	5,574	20,768	11,542	23,557	14,759	200,270
Transfer	46,977	—	—	215	—	(47,192)	—
Disposals	(1,318)	(933)	(57)	(361)	(21,103)	—	(23,772)
At 30 September 2009	661,918	15,755	88,351	66,764	117,743	66,894	1,017,425
Accumulated depreciation and impairment:							
At 1 January 2009	77,385	3,876	23,176	19,248	37,433	—	161,118
Depreciation and impairment provided during the year	21,921	2,733	4,633	6,419	14,173	—	49,879
Acquisition of subsidiaries *(Note 34)*	15,046	1,063	8,597	5,446	8,588	—	38,740
Disposals	(27)	(933)	(3)	(229)	(7,996)	—	(9,188)
At 30 September 2009	114,325	6,739	36,403	30,884	52,198	—	240,549
Net book value:							
At 30 September 2009	547,593	9,016	51,948	35,880	65,545	66,894	776,876

As at 30 September 2009, the application of the property ownership certificates of certain buildings with a net book value of approximately RMB261,167,000 was still in progress.

Certain of the Group's buildings with aggregate net book values of approximately RMB46,807,000, RMB28,079,000, RMB78,978,000 and RMB37,991,000 as at 31 December 2006, 31 December 2007 and 31 December 2008 and 30 September 2009, respectively, were pledged as security for the Group's bank borrowings (Note 27(a)).

13. LAND USE RIGHTS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At the beginning of each year/period	116,254	180,994	203,263	272,634
Additions	64,740	18,115	69,371	88,505
Acquisition of subsidiaries *(Note 34)*	—	9,000	—	70,938
Disposal of subsidiaries *(Note 35(a))*	—	(4,846)	—	—
At the end of each year/period	180,994	203,263	272,634	432,077
Accumulated amortisation:				
At the beginning of each year/period	4,342	7,212	11,553	15,647
Charge for the year/period	2,870	4,457	4,094	5,755
Acquisition of subsidiaries *(Note 34)*	—	—	—	1,997
Written back on disposal of subsidiaries *(Note 35(a))*	—	(116)	—	—
At the end of each year/period	7,212	11,553	15,647	23,399
Net book value:				
At the end of each year/period	173,782	191,710	256,987	408,678

The lease prepayments of the Group represent the cost of the Group's land use rights in respect of land located in Mainland China. The remaining periods of the land use rights of the Group are from 28 to 46 years.

Certain of the Group's land use rights with an aggregate net book value of approximately RMB33,643,000, RMB47,044,000, RMB38,529,000 and RMB27,516,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009 were pledged as security for the Group's bank borrowings (Note 27(a)).

As at 30 September 2009, the Group was yet to obtain the legal title of certain land use rights in Mainland China subject to certain administrative procedures to be completed by the Group and the local government authorities. The net book value of these land use rights as at 30 September 2009 amounted to RMB161,950,000.

14. PREPAYMENTS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid lease for land	9,000	9,287	1,601	2,259
Prepaid lease for buildings	—	—	13,972	10,887
Prepayments for potential acquisitions	—	7,000	17,700	40,200
	9,000	16,287	33,273	53,346

15. INTANGIBLE ASSETS

	Software	Dealership agreements	Customer relationships	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2006	808	—	—	808
Exchange realignment	(16)	—	—	(16)
Additions	350	—	—	350
At 31 December 2006	1,142	—	—	1,142
Accumulated amortisation:				
At 1 January 2006	213	—	—	213
Exchange realignment	(6)	—	—	(6)
Amortisation provided during the year	182	—	—	182
At 31 December 2006	389	—	—	389
Net book value:				
At 31 December 2006	753	—	—	753
Cost:				
At 1 January 2007	1,142	—	—	1,142
Exchange realignment	(22)	—	—	(22)
Additions	1,054	—	—	1,054
Acquisition of subsidiaries *(Note 34)*	147	69,753	18,542	88,442
Disposal of subsidiaries *(Note 35)*	(71)	—	—	(71)
At 31 December 2007	2,250	69,753	18,542	90,545
Accumulated amortisation:				
At 1 January 2007	389	—	—	389
Exchange realignment	(6)	—	—	(6)
Amortisation provided during the year	418	1,630	519	2,567
Acquisition of subsidiaries *(Note 34)*	7	—	—	7
Disposal of subsidiaries *(Note 35)*	(29)	—	—	(29)
At 31 December 2007	779	1,630	519	2,928
Net book value:				
At 31 December 2007	1,471	68,123	18,023	87,617

	Software	Dealership agreements	Customer relationships	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2008	2,250	69,753	18,542	90,545
Exchange realignment	(27)	—	—	(27)
Additions	7,496	—	—	7,496
Acquisition of subsidiaries *(Note 34)*	81	10,570	740	11,391
Disposals	(3)	—	—	(3)
Disposal of subsidiaries *(Note 35)*	(41)	—	—	(41)
At 31 December 2008	9,756	80,323	19,282	109,361
Accumulated amortisation:				
At 1 January 2008	779	1,630	519	2,928
Exchange realignment	(16)	—	—	(16)
Amortisation provided during the year/period	813	3,845	1,256	5,914
Acquisition of subsidiaries *(Note 34)*	14	—	—	14
Disposals	(1)	—	—	(1)
Disposal of subsidiaries *(Note 35)*	(39)	—	—	(39)
At 31 December 2008	1,550	5,475	1,775	8,800
Net book value:				
At 31 December 2008	8,206	74,848	17,507	100,561
Cost:				
At 1 January 2009	9,756	80,323	19,282	109,361
Additions	4,170	—	—	4,170
Acquisition of subsidiaries *(Note 34)*	535	136,272	27,899	164,706
At 30 September 2009	14,461	216,595	47,181	278,237
Accumulated amortisation:				
At 1 January 2009	1,550	5,475	1,775	8,800
Amortisation provided during the year/period	1,306	5,961	1,631	8,898
Acquisition of subsidiaries *(Note 34)*	294	1,633	—	1,927
At 30 September 2009	3,150	13,069	3,406	19,625
Net book value:				
At 30 September 2009	11,311	203,526	43,775	258,612

The Group's principal identifiable intangible assets represent dealership agreements in Mainland China with various vehicle manufacturers and customer relationships acquired from third parties. The dealership agreements do not include a specified contract period or termination arrangement. The customer relationships and dealership agreements are amortised over 15 years and 20 years, respectively, which are management's best estimation of their useful lives.

16. GOODWILL

	At 31 December 2006	At 31 December 2007	At 31 December 2008	At 30 September 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cost and net carrying amount:				
At the beginning of each year/period	—	—	65,501	76,566
Acquisition of subsidiaries *(Note 34)*	—	65,501	11,065	123,926
At the end of each year/period	—	65,501	76,566	200,492

Impairment testing of goodwill

The carrying amount of goodwill has been allocated to each of the cash-generating units as follows:

	At 31 December 2006	At 31 December 2007	At 31 December 2008	At 30 September 2009
	RMB'000	RMB'000	RMB'000	RMB'000
1. 大連新盛榮豐田汽車銷售服務有限公司 (Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd.)	—	10,175	10,175	10,175
2. 大連新盛榮汽車銷售服務有限公司 (Dalian Xinshengrong Automobile Sales & Services Co., Ltd.)	—	26,791	26,791	26,791
3. 大連新盛榮貿易有限公司 (Dalian Xinshengrong Trading Co., Ltd.)	—	28,535	28,535	28,535
4. 雲南中升廣福汽車銷售服務有限公司 (Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd.)	—	—	11,065	11,065
5. 大連裕德豐田汽車銷售服務有限公司 (Dalian Yude Toyota Automobile Sales & Services Co., Ltd.)	—	—	—	8,174
6. 諸暨裕豐豐田汽車銷售服務有限公司 (Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd.)	—	—	—	2,476
7. 營口華盛汽車銷售服務有限公司 (Yingkou Huasheng Automobile Sales & Services Co., Ltd.)	—	—	—	8,056
8. 大連裕迪汽車銷售服務有限公司 (Dalian Yudi Automobile Sales & Services Co., Ltd.)	—	—	—	3,526
9. 青島中升搏通汽車銷售服務有限公司 (Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd.)	—	—	—	3,267
10. 青島中升慶通汽車銷售服務有限公司 (Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd.)	—	—	—	2,375
11. 青島中升智通汽車銷售服務有限公司 (Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd.)	—	—	—	4,506
12. 煙台中升上通汽車銷售服務有限公司 (Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.)	—	—	—	2,662

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
13. 煙台中升匯迪汽車銷售服務有限公司 (Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd.)	—	—	—	8,290
14. 煙台中升汽車銷售服務有限公司 (Yantai Zhongsheng Automobile Sales & Services Co., Ltd.)	—	—	—	549
15. 煙台中升華美汽車銷售服務有限公司 (Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd.)	—	—	—	1,523
16. 龍口中升上通汽車銷售服務有限公司 (Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.)	—	—	—	548
17. 遼寧中升捷通汽車銷售服務有限公司 (Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd.)	—	—	—	245
18. 吉林成邦汽車銷售服務有限公司 (Jilin Chengbang Automobile Sales & Services Co., Ltd.)	—	—	—	7,142
19. 長春市成邦商貿有限公司 (Changchun Chengbang Trading Co., Ltd.)	—	—	—	27,741
20. 紹興市匯鑫汽車銷售服務有限公司 (Shaoxing Huixin Automobile Sales & Services Co., Ltd.)	—	—	—	22,078
21. 紹興市中鑫汽車銷售有限公司 (Shaoxing Zhongxin Automobile Sales & Services Co., Ltd.)	—	—	—	7,683
22. 哈爾濱天巳豐田汽車銷售服務有限公司 (Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd.)	—	—	—	13,085
	—	65,501	76,566	200,492

Notes:

The goodwill comprises the fair value of expected business synergies arising from the acquisition, which is not separately recognized.

The recoverable amount of each cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. No growth has been projected beyond the five years. The discount rate applied to the cash flow projections beyond the one-year period is 17%.

Key assumptions used in the value in use calculation

The following describes the key assumptions of the cash flow projections.

Sale and service of motor vehicles revenue — the bases used to determine the future earnings of sale and service of motor vehicles are the historical sales and the average growth rate of similar 4S stores of the Group over the last two years.

Operating expenses — the bases used to determine the values assigned are cost of inventories, staff costs, depreciation, amortisation and other operating expenses. The values assigned to the key assumption reflect past experience and management's commitment to maintain its operating expenses at an acceptable level.

17. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	9,782	16,655	21,175	35,990

廈門中升豐田汽車銷售服務有限公司 (Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd., "Xiamen Zhongsheng") and 中升泰克提汽車服務（大連）有限公司 (Zhongsheng Tacti Automobile Services (Dalian) Co., Ltd., "Zhongsheng Tacti") are jointly-controlled entities of the Group and are considered to be related parties of the Group.

(a) Particulars of jointly-controlled entities

Jointly-controlled entity	Place and date of incorporation/ registration	authorized registered/paid-in/issued capital	Percentage of Ownership interest	Voting power	Profit sharing	Principal activities
Xiamen Zhongsheng	Xiamen, the PRC, 2002	RMB6,000,000	50%	50%	50%	Sale and service of motor vehicles
Zhongsheng Tacti	Dalian, the PRC, 2009	RMB10,270,000	50%	50%	50%	Service of motor vehicles

(b) The following table illustrates the summarised financial information of the Group's jointly-controlled entities shared by the Group:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the jointly-controlled entity's assets and liabilities:				
Non-current assets	1,802	2,570	1,827	664
Current assets	29,468	28,771	40,168	43,412
Current liabilities	(21,488)	(14,686)	(20,820)	(8,086)
Net assets	9,782	16,655	21,175	35,990

Share of jointly-controlled entities' results:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Income	219,385	244,278	204,744	157,958	149,256
Expenses	(212,117)	(235,902)	(199,578)	(153,331)	(143,572)
Tax	(1,408)	(1,503)	(646)	(598)	(1,139)
Profit for the year/period	5,860	6,873	4,520	4,029	4,545

18. AVAILABLE-FOR-SALE INVESTMENT

The available-for-sale investment at 30 September 2009 is an equity investment in Dalian Mingshi Cheyuan Exhibiting Co., Ltd. (an unlisted company with registered capital of RMB510,000), which was designated as an available-for-sale financial asset. The investment was stated at cost because the investment does not have a quoted market price in an active market and, in the opinion of the Directors, the fair value estimate can not be measured reliably.

19. HELD-TO-MATURITY INVESTMENTS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Corporate bonds	6,028	5,618	5,291	5,287

The held-to-maturity investments are all unlisted bonds, with fixed payments amounting to Hong Kong dollars (HK$) 6,000,000 and a fixed maturity of five years. The bonds earn interest at a rate of 5% per annum for the first three years and of 5.75% per annum for the last two years.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Equity securities — listed in Hong Kong	12,870	—	—	—

The fair value of the above listed equity investments is based on the market prices at the end of each year or period. Changes in fair value of financial assets at fair value through profit or loss are recorded in other income and gains, net in the combined income statements (Note 5(b)).

21. INVENTORIES

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Motor vehicles	400,649	652,568	1,071,533	774,612
Spare parts	25,709	52,229	60,014	106,216
Others	785	780	1,868	9,749
	427,143	705,577	1,133,415	890,577

Certain of the Group's inventories with a carrying amount of Nil, RMB3,916,000, RMB30,265,000 and RMB30,000,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively, were pledged as security for the Group's bank loans and other borrowings (Note 27(a)).

Certain of the Group's inventories with a carrying amount of RMB7,497,000, RMB103,016,000, RMB231,669,000 and RMB166,000,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively, were pledged as security for the Group's bills payable.

22. TRADE RECEIVABLES

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	41,733	57,492	61,933	110,763
Impairment	(2,300)	(2,567)	(490)	(253)
	39,433	54,925	61,443	110,510

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at each reporting date (based on the invoice date, net of impairment) is as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	33,611	48,918	54,112	103,097
More than 3 months but less than 1 year	5,321	4,703	6,692	7,381
Over 1 year	501	1,304	639	32
	39,433	54,925	61,443	110,510

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	38,932	53,621	60,804	110,478
Over one year past due	501	1,304	639	32
	39,433	54,925	61,443	110,510

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The movements in provision for impairment of trade receivables are as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of each year/period	2,302	2,300	2,567	490
Impairment losses recognized	14	42	95	—
Acquisition of subsidiaries	—	345	—	138
Disposal of subsidiaries	—	—	(1,800)	—
Amounts written off as uncollectible	—	(120)	(345)	(338)
Impairment losses reversed	(16)	—	(27)	(37)
At the end of each year/period	2,300	2,567	490	253

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments and deposits to suppliers	397,120	508,050	325,998	841,787
Deposits paid for acquisition of land use rights	55,200	54,878	41,245	66,677
Advances to certain companies to be acquired	912	41,622	215,335	—
Loans to minority shareholders	4,120	13,971	—	—
Rebate receivables	13,647	56,839	45,475	48,269
VAT recoverable (i)	1,867	13,114	45,702	11,051
Receivables on disposal of subsidiaries	—	—	28,186	14,817
Prepayment related to the listing of the Company's shares	—	—	4,247	7,407
Others	13,602	17,747	18,635	37,449
	486,468	706,221	724,823	1,027,457

Note:

(i) The Group's sales of motor vehicles are subject to Mainland China Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable tax rate for domestic sales of the Group is 17%.

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments, deposits, and other receivables	486,501	706,237	724,974	1,027,923
Impairment	(33)	(16)	(151)	(466)
	486,468	706,221	724,823	1,027,457

The movements in provision for impairment of prepayments, deposits and other receivables are as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of each year/period	—	33	16	151
Impairment losses recognized	75	—	4,215	2
Acquisition of subsidiaries	—	—	—	313
Amounts written off as uncollectible	(42)	—	(4,064)	—
Impairment losses reversed	—	(17)	(16)	—
At the end of each year/period	33	16	151	466

24. TERM DEPOSITS AND PLEDGED BANK DEPOSITS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Term deposits	24,113	19,664	10,583	10,000
Deposits pledged with banks as collateral against credit facilities granted by the banks	230,622	240,773	200,137	428,404
	254,735	260,437	210,720	438,404

Term deposits and pledged bank deposits earn interest at interest rates stipulated by respective finance institutions. Included in term deposits and pledged bank deposits at each statement of financial position date are the following amounts denominated in a currency other than the RMB:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
HK$	24,113	19,664	10,583	14,979

25. CASH IN TRANSIT

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash in transit	20,654	29,603	29,690	46,493

Cash in transit represents the sales proceeds settled by credit cards, which have yet to be credited to the Group by the banks.

26. CASH AND CASH EQUIVALENTS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	380,287	344,997	661,063	744,592
Short term deposits	451	—	303,182	251,980
Cash and cash equivalents	380,738	344,997	964,245	996,572

At 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, the cash and bank balances and short term deposits of the Group denominated in a currency other than RMB amounted to RMB19,200,000, RMB5,256,000, RMB22,481,000 and RMB58,004,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and short term deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

27. BANK LOANS AND OTHER BORROWINGS

	Year ended 31 December						Nine-month period ended 30 September 2009	
	2006		2007		2008			
	Effective Interest rate (%)	RMB'000	Effective Interest rate (%)	RMB'000	Effective Interest rate (%)	RMB'000	Effective Interest rate (%)	RMB'000
Current bank borrowings	5–7	837,280	5–8	901,389	5–9	954,750	4–7	1,354,190
Other borrowings	5–6	40,284	6–7	132,086	6–7	202,793	5–7	158,968
		877,564		1,033,475		1,157,543		1,513,158
Current bank borrowings and other borrowings representing:								
— secured (a)		49,000		67,389		52,000		73,505
— entrusted		18,000		15,000		20,000		10,000
— guaranteed (b)		25,250		73,000		403,000		405,800
— unsecured		785,314		878,086		682,543		1,023,853
		877,564		1,033,475		1,157,543		1,513,158

The maturity of bank loans and other borrowings at each balance date were less than one year.

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's land use rights situated in Mainland China, which had an aggregate carrying value of approximately RMB33,643,000, RMB47,044,000, RMB38,529,000 and RMB27,516,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively;

(ii) mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB46,807,000, RMB28,079,000, RMB78,978,000 and RMB37,991,000 as at 31 December 2006, 31 December 2007 and 31 December 2008 and 30 September 2009, respectively; and

(iii) mortgages over the Group's inventories, which had an aggregate carrying value of approximately Nil, RMB3,916,000, RMB30,265,000 and RMB30,000,000 as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively.

(b) Certain of the Group's bank loans which amounted to RMB17,000,000, RMB73,000,000, RMB343,000,000 and RMB332,000,000 were guaranteed by the Controlling Shareholder as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively. The other borrowings which amounted to RMB8,250,000, Nil, RMB60,000,000 and RMB73,800,000 were guaranteed by a third party as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively.

28. TRADE AND BILLS PAYABLES

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	60,391	50,667	58,112	91,370
Bills payable	350,596	594,915	777,587	1,146,728
Trade and bills payables	410,987	645,582	835,699	1,238,098

An aged analysis of the trade and bills payables as at each reporting date, based on the invoice date, is as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	319,343	529,325	834,226	1,233,333
3 to 6 months	74,849	90,175	265	1,023
6 to 12 months	15,901	25,623	29	235
Over 12 months	894	459	1,179	3,507
	410,987	645,582	835,699	1,238,098

The trade and bills payables are non-interest-bearing.

29. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for purchase of property, plant and equipment and land use rights	25,323	45,550	33,189	26,742
Advances and deposits from distributors	6,977	7,939	13,028	9,587
Advances from non-controlling shareholders	9,359	3,269	1,254	2,367
Advances from third parties	—	—	93,576	—
Advances from customers	119,602	110,790	94,899	123,166
Payables for purchase of equity interests from third parties	3,504	24,300	—	138,788
Staff payroll and welfare payables	6,631	9,535	13,853	14,344
Others	14,471	18,980	23,402	30,897
	185,867	220,363	273,201	345,891

30. EMPLOYEE RETIREMENT BENEFITS

In compliance with the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), the Company has participated in an MPF scheme, which is a defined contribution scheme managed by an independent trustee, to provide retirement benefits to its Hong Kong employees. Contributions to the MPF scheme are made in accordance with the statutory limits prescribed by the MPF Ordinance.

As stipulated by the People's Republic of China (the "PRC") state regulations, the subsidiaries of Mainland China participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. The Mainland China subsidiaries are required to make contributions to the local social security bureau at 10% to 22% (2008: 10% to 22%, 2007: 10% to 22%; 2006: 10% to 22%) of the previous year's average basic salary amount of the geographical area where the employees are under employment with the Mainland China Subsidiaries.

The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

According to the relevant rules and regulations of the PRC, the Mainland China Subsidiaries and their employees are each required to make contributions to an accommodation fund at 7% to 10% (2008: 7% to 10%, 2007: 7% to 10%; 2006: 7% to 10%) of the salaries and wages of the employees which is administered by the Public Accumulation Funds Administration Centre. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

As at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, the Group had no significant obligation apart from the contributions as stated above.

31. INCOME TAX PAYABLE AND DEFERRED TAX

(a) The movements in income tax payable during the years/period are as follows:

	At 31 December			At 30 September
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At the beginning of each year/period	21,371	19,432	50,407	27,733
Provision for current tax for the year/period	29,818	95,554	72,501	98,504
Current tax paid	(31,757)	(64,579)	(95,175)	(67,498)
At the end of each year/period	19,432	50,407	27,733	58,739

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax assets/(liabilities) recognized in the combined statements of financial position and the movements during the years/period are as follows:

Deferred Tax Assets:

	Losses available for offset against future taxable profits	Others	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2006	4,346	44	4,390
Deferred tax recognized in the combined income statement during the year *(Note 8(a))*	2,767	16	2,783
At 31 December 2006	7,113	60	7,173
Deferred tax recognized in the combined income statement during the year *(Note 8(a))*	(3,734)	77	(3,657)
At 31 December 2007	3,379	137	3,516
Deferred tax recognized in the combined income statement during the period *(Note 8(a))*	(295)	(89)	(384)
At 31 December 2008	3,084	48	3,132
Deferred tax arising from acquisition of subsidiaries	2,432	—	2,432
Deferred tax recognized in the combined income statement during the period *(Note 8(a))*	(1,166)	412	(754)
At 30 September 2009	4,350	460	4,810

Deferred Tax Liabilities:

	Fair value adjustment arising from acquisition of subsidiaries	Withholding tax	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2006 and 2007	—	—	—
Deferred tax arising from acquisition of subsidiaries *(Note 34 (a) and (b))*	20,785	—	20,785
Deferred tax recognized in the combined income statement during the year *(Note 8(a))*	(278)	—	(278)
At 31 December 2007	20,507	—	20,507
Deferred tax arising from acquisition of subsidiaries *(Note 34 (c) and (d))*	2,951	—	2,951
Deferred tax recognized in the combined income statement during the year *(Note 8(a))*	(1,277)	11,657	10,380
At 31 December 2008	22,181	11,657	33,838
Deferred tax arising from acquisition of subsidiaries *(Note 34 (e) to (k))*	49,936	—	49,936
Deferred tax recognized in the combined income statement during the period	(1,995)	16,338	14,343
At 30 September 2009	70,122	27,995	98,117

32. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 23 June, 2008 with an initial authorized share capital of US$50,000 divided into 50,000 shares of a par value of US$1.00 each. On the date of incorporation, 1 ordinary share of US$1.00 was allotted, issued and credited as fully paid to its then shareholder.

33. RESERVES

(i) Discretionary reserve fund

Pursuant to the articles of association of certain subsidiaries of the Group incorporated in the PRC, these subsidiaries are required to transfer part of their profits after taxation to the discretionary reserve. The amounts allocated to this reserve are determined by the respective boards of directors.

For the PRC subsidiaries, in accordance with the Company Law of the People's Republic of China (revised), the discretionary reserve fund can be used to offset previous years' losses, if any, and may be converted into capital in proportion to the equity shareholders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(ii) Statutory reserve

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in Note 42 of this report are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(iii) Merger reserve

The merger reserve of the Group represents the capital contributions from the equity holders of the Company. The additions during the Relevant Periods represent the injection of additional paid-up capital by the equity holders of the subsidiaries to the respective companies, and the acquisition of non-controlling interests in the respective companies by the equity holders of the subsidiaries, which were combined from the effective date of acquisition. The deductions during the Relevant Periods represent the excess of the consideration over the carrying amount of the non-controlling interests acquired and the distribution of the paid-up capital of certain companies to equity holders of the Company.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside Mainland China. The reserve is dealt with in accordance with the accounting policy set out in Note 3.3.

34. BUSINESS COMBINATION — ACQUISITION OF SUBSIDIARIES

(a) As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired 100% equity interests in the following companies engaged in the motor vehicle sales and service business in Mainland China from a third party vendor on 1 August 2007 for a total consideration of RMB174,556,000. The purchase consideration for the acquisition was in the form of cash, with RMB159,000,000 paid on the acquisition date and the remaining RMB15,556,000 paid in January 2008:

大連新盛榮豐田汽車銷售服務有限公司
(Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd.)
大連新盛榮汽車銷售服務有限公司
(Dalian Xinshengrong Automobile Sales & Services Co., Ltd.)
大連新盛榮貿易有限公司
(Dalian Xinshengrong Trading Co., Ltd.)

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	28,263	33,056
Land use rights	13	19,310	9,000
Intangible assets	15	116	81,235
Inventories		66,832	66,832
Trade receivables		3,400	3,400
Prepayments, deposits and other receivables		22,097	22,097
Cash and cash equivalents		80,849	80,849
Trade and bills payables		(3,188)	(3,188)
Other payables and accruals		(146,332)	(146,332)
Bank loans and other borrowings		(18,993)	(18,993)
Deferred tax liabilities	31(b)	—	(18,901)
Net identifiable assets and liabilities		52,354	109,055
Goodwill on acquisition	16		65,501
Total purchase consideration			174,556

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the subsidiaries is as follows:

Satisfied by cash	(159,000)
Cash acquired	80,849
Net cash outflow	(78,151)

Since its acquisition, the subsidiaries contributed RMB336,385,000, RMB853,333,000 and RMB826,271,000 to the Group's turnover and RMB10,110,000, RMB19,543,000 and RMB29,308,000 to the combined profits for the years/period ended 31 December 2007, 31 December 2008 and 30 September 2009, respectively.

Since the Group cannot obtain the pre-acquisition results of these companies from the vendor, it is impracticable to disclose the pre-acquisition revenue and profits of these companies.

(b) As part of the Group's plan to expand its motor vehicle sales and service business in the Sichuan province, the Group acquired 90% of the equity interests of 成都中道成豐田汽車銷售服務有限公司 (Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd.), which is engaged in the motor vehicle sales and service business in Mainland China from a third party on 14 February 2007 for the consideration of RMB9,108,000. The purchase consideration for the acquisition was in the form of cash and was fully paid on the acquisition date.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	11,349	11,700
Intangible assets	15	17	7,200
Inventories		3,919	3,919
Trade receivables		1,772	1,772
Prepayments, deposits and other receivables		12,301	12,301
Cash and cash equivalents		11,852	11,852
Trade and bills payables		(326)	(326)
Other payables and accruals		(32,454)	(32,454)
Deferred tax liabilities	31(b)	—	(1,884)
Income tax payable		(773)	(773)
Net identifiable assets and liabilities		7,657	13,307
Non-controlling interests arising from a business combination			(1,331)
Excess over the cost of a business combination recognized in the combined income statement			(2,868)
Total purchase consideration			9,108

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

Satisfied by cash	(9,108)
Cash acquired	11,852
Net cash inflow	2,744

Since its acquisition, the subsidiary contributed RMB273,164,000, RMB464,150,000 and RMB385,043,000 to the Group's turnover and RMB3,466,000, RMB4,052,000 and RMB8,263,000 to the combined profits for the years/period ended 31 December 2007, 31 December 2008 and 30 September 2009, respectively.

Since the Group cannot obtain the pre-acquisition results of this company from the vendor, it is impracticable to disclose the pre-acquisition revenue and profits of the company.

(c) As part of the Group's plan to expand its motor vehicle sales and service business in the Yunnan province, the Group acquired 100% of the equity interests of 雲南中升廣福汽車銷售服務有限公司 (Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd.), which is engaged in the motor vehicle sales and service business in Mainland China from a third party on 18 March 2008 for a consideration of RMB24,000,000. The purchase consideration for the acquisition was in the form of cash and was fully paid on the acquisition date.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	14,464	14,847
Intangible assets	15	46	8,216
Inventories		9,469	9,469
Trade receivables		188	188
Prepayments, deposits and other receivables		5,977	5,977
Cash and cash equivalents		14,397	14,397
Trade and bills payables		(12,484)	(12,484)
Other payables and accruals		(25,537)	(25,537)
Deferred tax liabilities	31(b)	—	(2,138)
Net identifiable assets and liabilities		6,520	12,935
Goodwill on acquisition	16		11,065
Total purchase consideration			24,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

Satisfied by cash	(24,000)
Cash acquired	14,397
Net cash outflow	(9,603)

Since its acquisition, the subsidiary contributed RMB121,845,000 and RMB221,504,000 to the Group's turnover and RMB1,552,000 and RMB10,400,000 to the combined profits for the year/period ended 31 December 2008 and 30 September 2009, respectively.

Since the Group cannot obtain the pre-acquisition results of this company from the vendor, it is impracticable to disclose the pre-acquisition revenue and profits of the company.

(d) As part of the Group's plan to expand its motor vehicle sales and service business in the Shandong province, the Group acquired 100% of the equity interests of 煙台大成豐田汽車銷售服務有限公司 (Yantai Dacheng Toyota Automobile Sales & Services Co., Ltd.), which is engaged in the motor vehicle sales and service business in Mainland China, from a third party on 22 July 2008 at the consideration of RMB12,688,000. The purchase consideration for the acquisition was in the form of cash and with fully paid at the acquisition date.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	723	835
Intangible assets	15	21	3,161
Inventories		10,981	10,981
Trade receivables		546	546
Prepayments, deposits and other receivables		21,156	21,156
Cash and cash equivalents		10,125	10,125
Trade and bills payables		(17,506)	(17,506)
Other payables and accruals		(1,039)	(1,039)
Deferred tax liabilities	31(b)	—	(813)
Bank loans and other borrowings		(14,655)	(14,655)
Net identifiable assets and liabilities		10,352	12,791
Excess over the cost of a business combination recognized in the combined income statement			(103)
Total purchase consideration			12,688

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

Satisfied by cash	(12,688)
Cash acquired	10,125
Net cash outflow	(2,563)

Since its acquisition, the subsidiary contributed RMB66,550,000 and RMB133,065,000 to the Group's turnover and RMB941,000 and RMB79,000 to the combined profits for the year/period ended 31 December 2008 and 30 September 2009, respectively.

Since the Group cannot obtain the pre-acquisition results of this company from the vendor, it is impracticable to disclose the pre-acquisition revenue and profits of the company.

(e) As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired 100% equity interests in the following companies engaged in the motor vehicle sales and service business in Mainland China from one third party vendor on 1 January 2009 for a total consideration of RMB125,000,000. The purchase consideration for the acquisition was in the form of cash, with RMB85,794,600 paid before 1 January 2009 and the remaining RMB39,205,400 paid during the first nine months period of 2009:

大連裕增實業有限公司 (Dalian Yuzeng Industrial Co., Ltd.)

大連裕德豐田汽車銷售服務有限公司 (Dalian Yude Toyota Automobile Sales & Services Co., Ltd.)

大連裕迪豐田汽車銷售服務有限公司 (Dalian Yudi Toyota Automobile Sales & Services Co., Ltd.)

營口華盛汽車銷售服務有限公司 (Yingkou Huasheng Automobile Sales & Services Co., Ltd.)

諸暨裕豐豐田汽車銷售服務有限公司 (Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd.)

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	26,532	29,685
Land use rights	13	9,035	15,466
Intangible assets	15	2,697	71,282
Inventories		68,497	68,497
Trade receivables		4,541	4,541
Prepayments, deposits and other receivables		139,413	139,413
Cash and cash equivalents		44,430	44,430
Trade and bills payables		(60,243)	(60,243)
Other payables and accruals		(189,532)	(189,532)
Deferred tax liabilities	31(b)	—	(19,543)
Pension		(206)	(206)
Bank loans and other borrowings		(1,000)	(1,000)
Income tax payable		(22)	(22)
Net identifiable assets and liabilities		44,142	102,768
Goodwill on acquisition	16		22,232
Total purchase consideration			125,000

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of the subsidiaries is as follows:

Satisfied by cash	(39,205)
Cash acquired	44,430
Net cash inflow	5,225

Since its acquisition, the subsidiaries contributed RMB505,104,000 to the Group's turnover and RMB10,753,000 to the combined profits for the nine-month period ended 30 September 2009.

Since the Group cannot obtain the pre-acquisition results of these companies from the vendor, it is impracticable to disclose the pre-acquisition revenue and profits of these companies.

(f) As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired 100% equity interests in the following companies engaged in the motor vehicle sales and service business in Mainland China from two third party vendors on 26 March 2009 at a total consideration of RMB88,971,000. The purchase consideration for the acquisition was in the form of cash, with RMB8,000,000 paid before the acquisition date and the remaining RMB80,971,000 paid during the first nine months period of 2009.

煙台中升汽車銷售服務有限公司 (Yantai Zhongsheng Automobile Sales & Services Co., Ltd.)

煙台中升匯迪汽車銷售服務有限公司 (Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd.)

煙台中升上通汽車銷售服務有限公司 (Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.)

煙台中升華美汽車銷售服務有限公司 (Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd.)

龍口中升上通汽車銷售服務有限公司 (Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.)

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	55,724	60,338
Land use rights	13	10,846	36,644
Intangible assets	15	142	14,742
Deferred tax assets	31(b)	2,432	2,432
Inventories		46,086	46,086
Trade receivables		7,224	7,224
Prepayments, deposits and other receivables		44,324	44,324
Cash and cash equivalents		59,209	59,209
Trade and bills payables		(99,307)	(99,307)
Other payables and accruals		(71,531)	(71,531)
Deferred tax liabilities	31(b)	—	(11,253)
Pension		(46)	(46)
Bank loans and other borrowings		(14,634)	(14,634)
Income tax payable		1,171	1,171
Net identifiable assets and liabilities		41,640	75,399
Goodwill on acquisition	16		13,572
Total purchase consideration			88,971

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition the subsidiaries is as follows:

Satisfied by cash	(80,971)
Cash acquired	59,209
Net cash outflow	(21,762)

Since its acquisition, the subsidiaries contributed RMB452,944,000 to the Group's turnover and RMB7,663,000 to the combined profits for the nine-month period ended 30 September 2009.

Since the Group cannot obtain the pre-acquisition results of these companies from the vendors, it is impracticable to disclose the pre-acquisition revenue and profits of these companies.

(g) As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired 100% equity interests in the following companies engaged in the motor vehicle sales and service business in Mainland China from two third party vendors on 28 April 2009 for a total consideration of RMB40,172,000. The purchase consideration for the acquisition was in the form of cash, with RMB2,000,000 paid before the acquisition date and RMB34,172,000 paid during the first nine months period of 2009.

青島中升智通汽車銷售服務有限公司 (Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd.)

青島中升搏通汽車銷售服務有限公司 (Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd.)

青島中升慶通汽車銷售服務有限公司 (Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd.)

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	18,438	23,217
Intangible assets	15	2	10,142
Inventories		31,980	31,980
Trade receivables		10,616	10,616
Prepayments, deposits and other receivables		40,248	40,248
Cash and cash equivalents		19,989	19,989
Trade and bills payables		(9,835)	(9,835)
Deferred tax liabilities	31(b)	—	(3,730)
Other payables and accruals		(94,920)	(94,920)
Pension		2	2
Income tax payable		2,315	2,315
Net identifiable assets and liabilities		18,835	30,024
Goodwill on acquisition	16		10,148
Total purchase consideration			40,172

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the subsidiaries is as follows:

Satisfied by cash	(34,172)
Cash acquired	19,989
Net cash outflow	(14,183)

Since its acquisition, the subsidiaries contributed RMB220,295,000 to the Group's turnover and RMB1,945,000 to the combined profits for the nine-month period ended 30 September 2009.

Since the Group cannot obtain the pre-acquisition results of these companies from the vendors, it is impracticable to disclose the pre-acquisition revenue and profits of these companies.

(h) As part of the Group's plan to expand its motor vehicle sales and service business in the Liaoning province, the Group acquired 100% of the equity interests of 遼寧中升捷通汽車銷售服務有限公司 (Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd.), which is engaged in the motor vehicle sales and service business in Mainland China, from two third parties on 30 September 2009 for a consideration of RMB10,000,000. The purchase consideration for the acquisition was in the form of cash, with RMB5,000,000 paid on the acquisition date.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	268	252
Intangible assets	15	3,700	3,840
Inventories		1,033	1,033
Cash and cash equivalents		5,001	5,001
Other payables and accruals		(340)	(340)
Deferred tax liabilities	31(b)	—	(31)
Net identifiable assets and liabilities		9,662	9,755
Goodwill on acquisition	16		245
Total purchase consideration			10,000

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

Satisfied by cash	(5,000)
Cash acquired	5,001
Net cash inflow	1

Since the Group cannot obtain the pre-acquisition results of this company from the vendors, it is impracticable to disclose the pre-acquisition revenue and profits of the company.

(i) As part of the Group's plan to expand its motor vehicle sales and service business in the Jilin province, the Group acquired 100% of the equity interests of 吉林成邦汽車銷售服務有限公司 (Jilin Chengbang Automobile Sales & Services Co., Ltd.) and 100% of equity interests of 長春市成邦商貿有限公司 (Changchun Chengbang Trading Co., Ltd.) engaged in the motor vehicle sales and service business in Mainland China, from three third parties on 30 September 2009 for a total consideration of RMB115,376,000. The purchase consideration for the acquisition was in the form of cash, with RMB37,062,000 paid on the acquisition date.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	22,307	23,216
Land use rights	13	14,011	14,263
Intangible assets	15	64	17,474
Inventories		41,797	41,797
Trade receivables		7,640	7,640
Prepayments, deposits and other receivables		99,581	99,581
Cash and cash equivalents		48,927	48,927
Trade and bills payables		(80,392)	(80,392)
Other payables and accruals		(67,515)	(67,515)
Tax payable		(860)	(860)
Bank loans and other borrowings		(18,995)	(18,995)
Deferred tax liabilities	31(b)	—	(4,643)
Net identifiable assets and liabilities		66,565	80,493
Goodwill on acquisition	16		34,883
Total purchase consideration			115,376

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of the subsidiaries is as follows:

Satisfied by cash	(37,062)
Cash acquired	48,927
Net cash inflow	11,865

Since the Group cannot obtain the pre-acquisition results of these companies from the vendors, it is impracticable to disclose the pre-acquisition revenue and profits of these companies.

(j) As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired 100% of equity interests of 紹興市匯鑫汽車銷售服務有限公司 (Shaoxing Huixin Automobile Sales & Services Co., Ltd.) and 80% of equity interests of 紹興市中鑫汽車銷售有限公司 (Shaoxing Zhongxin Automobile Sales & Services Co., Ltd.) engaged in the motor vehicle sales and service business in Mainland China from two third parties on 30 September 2009 for a total consideration of RMB72,360,000. The purchase consideration for the acquisition was in the form of cash and was fully paid on the acquisition date.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	19,508	15,806
Land use rights	13	1,238	2,568
Intangible assets	15	9	21,359
Inventories		7,315	7,315
Trade receivables		333	333
Prepayments, deposits and other receivables		49,930	49,930
Cash and cash equivalents		19,947	19,947
Trade and bills payables		(26,805)	(26,805)
Other payables and accruals		(19,776)	(19,776)
Bank loans and other borrowings		(19,000)	(19,000)
Income tax payable		(1,200)	(1,200)
Pension		(384)	(384)
Deferred tax liabilities	31(b)	—	(4,744)
Net identifiable assets and liabilities		31,115	45,349
Non-controlling interests arising from a business combination			(2,750)
Goodwill on acquisition	16		29,761
Total purchase consideration			72,360

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the subsidiaries is as follows:

Satisfied by cash	(72,360)
Cash acquired	19,947
Net cash outflow	(52,413)

Since the Group cannot obtain the pre-acquisition results of these companies from the vendors, it is impracticable to disclose the pre-acquisition revenue and profits of these companies.

(k) As part of the Group's plan to expand its motor vehicle sales and service business in the Heilongjiang province, the Group acquired 100% of the equity interests of 哈爾濱天巳豐田汽車銷售服務有限公司 (Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd.), which is engaged in the motor vehicle sales and service business in Mainland China from two third party vendors on 30 September 2009 for the consideration of RMB34,871,000.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Pre-acquisition carrying amount	Recognized fair values on acquisition
		RMB'000	RMB'000
Property, plant and equipment	12	8,989	9,016
Intangible assets	15	—	23,940
Inventories		5,032	5,032
Trade receivables		8,514	8,514
Prepayments, deposits and other receivables		6,540	6,540
Cash and cash equivalents		17,994	17,994
Trade and bills payables		(23,474)	(23,474)
Other payables and accruals		(19,643)	(19,643)
Pension		(141)	(141)
Deferred tax liabilities	31(b)	—	(5,992)
Net identifiable assets and liabilities		3,811	21,786
Goodwill on acquisition	16		13,085
Total purchase consideration			34,871

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

Satisfied by cash	—
Cash acquired	17,994
Net cash inflow	17,994

Since the Group cannot obtain the pre-acquisition results of this company from the vendors, it is impracticable to disclose the pre-acquisition revenue and profits of the company.

35. DISPOSAL OF SUBSIDIARIES

(a) The Group disposed of its 100% equity interests in the following companies engaged in the automotive distribution business in Mainland China to third parties on 31 July 2007:

盤錦奧通汽車銷售服務有限公司 (Panjin Aotong Automobile Sales and Services Co., Ltd.)
營口中升奧通汽車銷售服務有限公司 (Yingkou Zhongsheng Aotong Automobile Sales & Services Co., Ltd.)

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	12	19,061
Land use rights	13	4,730
Intangible assets	15	42
Cash and cash equivalents		1,853
Trade receivables		355
Prepayments, deposits and other receivables		7,628
Inventories		9,201
Trade and bills payables		(984)
Bank loans and other borrowings		(4,000)
Other payables and accruals		(26,246)
Non-controlling interests		72
		11,712
Gain on disposal of these subsidiaries		288
		12,000
Satisfied by:		
Cash		12,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of these subsidiaries is as follows:

	RMB'000
Cash consideration	12,000
Cash and cash equivalents disposed of	(1,853)
Net inflow of cash and cash equivalents in respect of the disposal of these subsidiaries	10,147

(b) The Group disposed of its entire equity interests in the following companies engaged in the automotive distribution business in Mainland China to third parties on 31 May 2008:

大連保税區日產汽車銷售有限公司 (Dalian Bonded Zone Nissan Automobile Sales and Services Co., Ltd.)
大連保税區北菱汽車銷售有限公司 (Dalian Bonded Zone Hokuryo Automobile Sales and Services Co., Ltd.)

	Note	RMB'000
Net assets disposed of:		
Property, plant and equipment	12	107
Cash and cash equivalents		1,605
Amounts due from controlling shareholder		511
Prepayments, deposits and other receivables		31,702
Other payables and accruals		(1,307)
Dividends payable		(3,346)
		29,272
Reverse on acquisition of non-controlling interests by the Group		1,697
Loss on disposal of these subsidiaries		(2,783)
		28,186
Satisfied by:		
Cash		—

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of these subsidiaries is as follows:

	RMB'000
Cash consideration	—
Cash and cash equivalents disposed of	(1,605)
Net outflow of cash and cash equivalents in respect of the disposal of these subsidiaries	(1,605)

(c) The Group disposed of its entire equity interests in the following companies engaged in the automotive distribution business in Mainland China to third parties in 2008:

雲南中升豐田汽車銷售服務有限公司 (Yunnan Zhongsheng Toyota Automobile Sales and Services Co., Ltd.)
雲南雲豐汽車銷售服務有限公司 (Yunnan Yunfeng Automobile Sales and Services Co., Ltd.)
雲南中升汽車銷售有限公司 (Yunnan Zhongsheng Automobile Sales Co., Ltd.)
福建中升汽車銷售服務有限公司 (Fujian Zhongsheng Automobile Sales and Services Co., Ltd.)
南京中升豐田汽車銷售有限公司 (Nanjing Zhongsheng Toyota Automobile Sales Co., Ltd.)

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	12	4,904
Intangible assets	15	2
Cash and cash equivalents		57,565
Cash in transit		823
Trade receivables		580
Amounts due from related parties		4,028
Prepayments,deposits and other receivables		78,737
Inventories		304
Trade and bills payables		(18,392)
Amounts due to controlling shareholder		(5,980)
Amounts due to related parties		(220)
Other payables and accruals		(6,344)
Dividends payable		(82,637)
Non-controlling interests		(3,137)
		30,233
Gain on disposal of these subsidiaries		1,226
		31,459
Satisfied by:		
Cash		—

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of these subsidiaries is as follows:

	RMB'000
Cash consideration	—
Cash and cash equivalents disposed of	(57,565)
Net outflow of cash and cash equivalents in respect of the disposal of these subsidiaries	(57,565)

(d) The Group disposed of its entire equity interests in 昆明中升豐田汽車服務有限公司 (Kunming Zhongsheng Toyota Automobile Services Co., Ltd.) on 6 April 2009. This company was dormant since the date of its establishment.

	Notes	RMB'000
Net assets disposed of:		
Cash and cash equivalents		2,218
		2,218
Gain on disposal of this subsidiary		—
		2,218

An analysis of the net flow of cash and cash equivalents in respect of the disposal of this subsidiary is as follows:

	RMB'000
Cash received	2,218
Cash and cash equivalents disposed of	(2,218)
Net flow of cash and cash equivalents in respect of the disposal of this subsidiary	—

36. FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments as at the reporting date were as follows:

2006

Financial assets

	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Held-to-maturity investments	—	6,028	—	6,028
Trade receivables	—	—	39,433	39,433
Financial assets included in prepayments, deposits and other receivables	—	—	33,236	33,236
Financial assets at fair value through profit or loss	12,870	—	—	12,870
Amounts due from related parties	—	—	10	10
Term deposits and pledged bank deposits	—	—	254,735	254,735
Cash in transit	—	—	20,654	20,654
Cash and cash equivalents	—	—	380,738	380,738
	12,870	6,028	728,806	747,704

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	410,987
Financial liabilities included in other payables and accruals	59,288
Amounts due to related parties	143,062
Bank loans and other borrowings	877,564
	1,490,901

2007

Financial assets

	Held-to-maturity investments	Loans and receivables	Total
	RMB'000	RMB'000	RMB'000
Held-to-maturity investments	5,618	—	5,618
Trade receivables	—	54,925	54,925
Financial assets included in prepayments, deposits and other receivables	—	101,671	101,671
Amounts due from related parties	—	10	10
Term deposits and pledged bank deposits	—	260,437	260,437
Cash in transit	—	29,603	29,603
Cash and cash equivalents	—	344,997	344,997
	5,618	791,643	797,261

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	645,582
Financial liabilities included in other payables and accruals	101,634
Amounts due to related parties	172,151
Bank loans and other borrowings	1,033,475
	1,952,842

2008

Financial assets

	Held-to-maturity investments	Loans and receivables	Total
	RMB'000	RMB'000	RMB'000
Held-to-maturity investments	5,291	—	5,291
Trade receivables	—	61,443	61,443
Financial assets included in prepayments, deposits and other receivables	—	137,998	137,998
Amounts due from related parties	—	459	459
Term deposits and pledged bank deposits	—	210,720	210,720
Cash in transit	—	29,690	29,690
Cash and cash equivalents	—	964,245	964,245
	5,291	1,404,555	1,409,846

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	835,699
Financial liabilities included in other payables and accruals	71,698
Amounts due to related parties	156,774
Bank loans and other borrowings	1,157,543
	2,221,714

Nine-month period ended 30 September 2009

Financial assets

	Available-for-sale investments	Held-to-maturity investments	Loans and receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Held-to-maturity investments	—	5,287	—	5,287
Available-for-sale investments	100	—	—	100
Trade receivables	—	—	110,510	110,510
Financial assets included in prepayments, deposits and other receivables	—	—	111,586	111,586
Amounts due from related parties	—	—	1,563	1,563
Term deposits and pledged bank deposits	—	—	438,404	438,404
Cash in transit	—	—	46,493	46,493
Cash and cash equivalents	—	—	996,572	996,572
	100	5,287	1,705,128	1,710,515

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	1,238,098
Financial liabilities included in other payables and accruals	213,138
Amounts due to related parties	1,308
Bank loans and other borrowings	1,513,158
	2,965,702

37. CONTINGENT LIABILITIES

As at 31 December 2006, 2007 and 2008, and 30 September 2009, neither the Group nor the Company had any significant contingent liabilities.

38. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of property and equipment outstanding at each reporting date not provided for in the Financial Information were as follows:

	31 December			30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for land use rights and buildings	8,391	92	37,071	58,534
authorized, but not contracted for land use rights and buildings	20,923	21,755	18,159	10,885
	29,314	21,847	55,230	69,419

(b) Operating lease commitments

At each statement of financial position date, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	31 December						30 September	
	2006		2007		2008		2009	
	Properties	Land	Properties	Land	Properties	Land	Properties	Land
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	623	1,848	806	4,388	3,729	5,802	5,880	8,297
After 1 year but within 5 years	460	7,485	4,273	17,964	14,646	24,238	26,874	47,992
After 5 years	—	39,702	4,555	85,016	16,480	90,751	23,748	100,390
	1,083	49,035	9,634	107,368	34,855	120,791	56,502	156,679

The Group is the lessee in respect of a number of properties and land held under operating leases. The leases typically run for an initial period of two to twenty years, with an option to renew the leases when all the terms are renegotiated.

39. PLEDGE OF ASSETS

Details of the Group's bank loans and other borrowings, which are secured by the assets of the Group, are included in Note 12, Note 13 and Note 21, to the combined financial information.

40. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Li Guoqiang and Mr. Huang Yi are collectively the Controlling Shareholder of the Group. They are also considered to be related parties of the Group.

The following key management personnel of the Group are considered to be related parties of the Group:

王紅波 (Wang Hongbo)
俞光明 (Yu Guangming)

(a) Transactions with related parties

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended 31 December			Nine-month period ended 30 September	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(i) Sales of goods to a jointly-controlled entity:					
— Xiamen Zhongsheng	103,751	91,227	54,321	51,251	10,728
(ii) Purchase of goods or services from a jointly-controlled entity:					
— Xiamen Zhongsheng	12,984	16,862	40,663	30,307	12,298

The terms of sales and purchases were mutually agreed between the parties with reference to the ordinary course of business.

(iii) The Group's bank loans which amounted to RMB17,000,000, RMB73,000,000, RMB343,000,000 and RMB332,000,000 were partially guaranteed by the Controlling Shareholder at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, respectively.

(b) Balances with related parties

The Group had the following significant balances with its related parties during the Relevant Periods:

(i) Due from related parties:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related				
A jointly-controlled entity				
— Xiamen Zhongsheng	10	10	459	1,563

Balances with related parties were unsecured and non-interest-bearing and had no fixed repayment terms.

The maximum balances outstanding for amounts due from related parties during the Relevant Periods were as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
A jointly-controlled entity — Xiamen Zhongsheng	10	10	459	1,563

(ii) Due to related parties:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related				
The Controlling Shareholder — Mr. Li Guoqiang and Mr. Huang Yi	141,878	171,592	155,827	1,308
Key management personnel — Wang Hongbo	1,167	467	947	—
	143,045	172,059	156,774	1,308
Trade related				
A jointly-controlled entity — Xiamen Zhongsheng	17	92	—	—
	143,062	172,151	156,774	1,308

(iii) Compensation of key management personnel of the Group:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Short term employee benefits	2,250	2,379	5,204	4,151
Post-employee benefits	89	119	149	103
Total compensation paid to key management personnel	2,339	2,498	5,353	4,254

Further details of directors' emoluments are included in Note 9 to the financial information.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables, advances from third parties and advances to minority shareholders, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group has no significant interest-bearing assets other than held-to-maturity investments (Note 19), term deposits and pledged bank deposits (Note 24), and cash and cash equivalents (Note 26).

The Group's interest rate risk arises from its borrowings, details of which are set out in Note 27. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits, cash and cash equivalents, trade and other receivables included in the combined financial information represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2006, 31 December 2007 and 31 December 2008 and the nine months period ended 30 September 2009, all bank deposits and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the statement of financial position date, based on the contractual undiscounted payments, was as follows:

	Year 2006					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	—	643,329	248,773	—	—	892,102
Trade and bills payables	—	410,987	—	—	—	410,987
Other payables	—	40,534	38,186	6,977	—	85,697
Amounts due to related parties	143,062	—	—	—	—	143,062
	143,062	1,094,850	286,959	6,977	—	1,531,848

	Year 2007					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	—	580,189	476,366	—	—	1,056,555
Trade and bills payables.	—	645,582	—	—	—	645,582
Other payables	—	78,922	73,119	7,939	—	159,980
Amounts due to related parties	172,151	—	—	—	—	172,151
	172,151	1,304,693	549,485	7,939	—	2,034,268

	Year 2008					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	—	578,793	617,450	—	—	1,196,243
Trade and bills payables.	—	834,351	294	1,179	—	835,824
Other payables	—	263,934	61,576	11,311	—	336,821
Amounts due to related parties	156,774	—	—	—	—	156,774
	156,774	1,677,078	679,320	12,490	—	2,525,662

	Nine-month period ended 30 September 2009					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	—	795,889	741,227	—	—	1,537,116
Trade and bills payables.	—	1,233,334	1,258	3,506	—	1,238,098
Other payables	—	240,697	23,935	9,587	—	274,219
Amounts due to related parties	1,308	—	—	—	—	1,308
	1,308	2,269,920	766,420	13,093	—	3,050,741

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years/period ended 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes bank loans and other borrowings, amounts due to related parties, trade, bills and other payables, accruals, less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent. The gearing ratios as at the reporting dates were as follows:

	At 31 December			At 30 September
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	877,564	1,033,475	1,157,543	1,513,158
Trade and bills payables	410,987	645,582	835,699	1,238,099
Other payables and accruals	185,867	220,363	273,201	387,201
Amounts due to related parties	143,062	172,151	156,774	1,308
Less: Cash and cash equivalents	(380,738)	(344,997)	(964,245)	(996,572)
Net debt	1,236,742	1,726,574	1,458,972	2,143,194
Equity attributable to equity holders of the parent	498,487	757,489	1,633,098	1,933,771
Gearing ratio	71.3%	69.5%	47.2%	52.6%

42. DETAILS OF SUBSIDIARIES NOW COMPRISING THE GROUP

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest — Held by the Company %	Proportion of ownership interest — Held by a subsidiary %	Principal activities
中升(大連)集團有限公司 (Zhongsheng (Dalian) Group Co., Ltd.)	(i)	Dalian, the PRC 1998	Registered and paid-in capital of RMB400,000,000	—	100%	Investment holding
大連中升豐田汽車銷售服務有限公司 (Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 1995	Registered and paid-in capital of US$2,405,000	—	100%	Sale and service of motor vehicles
大連中升豐田汽車銷售有限公司 (Dalian Zhongsheng Toyota Automobile Sales Co., Ltd.)	(i)	Dalian, the PRC 2002	Registered and paid-in capital of RMB20,000,000	—	100%	Sale of motor vehicles
大連中升集團汽車用品有限公司 (Dalian Zhongsheng Group Automobile Accessories Co., Ltd., formerly known as 大連保稅區豐田汽車銷售有限公司)	(i)	Dalian, the PRC 1997	Registered and paid-in capital of US$3,000,000	—	100%	Sale of spare parts and accessories

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activities
				%	%	
大連中升日產汽車銷售服務有限公司 (Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 1998	Registered and paid-in capital of US$3,350,000	—	100%	Sale and service of motor vehicles
大連中升奧通汽車銷售有限公司 (Dalian Zhongsheng Aotong Automobile Sales Co., Ltd.)	(i)	Dalian, the PRC 2003	Registered and paid-in capital of RMB30,000,000	—	100%	Sale of motor vehicles
大連中升東本汽車銷售服務有限公司 (Dalian Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 1998	Registered and paid-in capital of US$2,230,000	—	100%	Sale and service of motor vehicles
大連中升匯迪汽車銷售服務有限公司 (Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 1999	Registered and paid-in capital of RMB16,550,000	—	100%	Sale and service of motor vehicles
昆明中升汽車銷售服務有限公司 (Kunming Zhongsheng Automobile Sales & Services Co., Ltd.)	(ii)	Kunming, the PRC 2005	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
昆明中升豐田汽車銷售服務有限公司 (Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(ii)	Kunming, the PRC 2002	Registered and paid-in capital of RMB5,000,000	—	100%	Sale and service of motor vehicles
福州中升豐田汽車服務有限公司 (Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd.)	(iii)	Fuzhou, the PRC 2002	Registered and paid-in capital of US$1,260,000	—	100%	Service of motor vehicles
福州中升豐田汽車銷售有限公司 (Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd.)	(iii)	Fuzhou, the PRC 2003	Registered and paid-in capital of RMB20,000,000	—	100%	Sale of motor vehicles
福建中升汽車服務有限公司 (Fujian Zhongsheng Automobile Service Co., Ltd)	(iii)	Fujian, the PRC 2001	Registered and paid-in capital of RMB10,000,000	—	100%	Service of motor vehicles
上海中升豐田汽車銷售服務有限公司 (Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(iv)	Shanghai, the PRC 2003	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activities
				%	%	
上海國信汽車銷售有限公司 (Shanghai Guoxin Automobile Sales Co., Ltd.)	(v)	Shanghai, the PRC 2001	Registered and paid-in capital of RMB12,000,000	—	100%	Sale of motor vehicles
南京中升豐田汽車服務有限公司 (Nanjing Zhongsheng Toyota Automobile Services Co., Ltd.)	(vi)	Nanjing, the PRC 2003	Registered and paid-in capital of HK$13,860,000	—	60%	Sale and service of motor vehicles
大連迎賓中升豐田汽車銷售服務有限公司 (Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 2004	Registered and paid-in capital of US$1,200,000	—	100%	Sale and service of motor vehicles
大連中升之星汽車銷售服務有限公司 (Dalian Zhongsheng Star Automobile Sales & Services Co., Ltd., formerly known as 大連迎賓中升豐田汽車銷售有限公司)	(i)	Dalian, the PRC 2005	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
廣州中升豐田汽車銷售服務有限公司 (Guangzhou Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(vii)	Guangzhou, the PRC 2004	Registered and paid-in capital of US$1,800,000	—	100%	Sale and service of motor vehicles
深圳中升豐田汽車銷售服務有限公司 (Shenzhen Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(viii)	Shenzhen, the PRC 2004	Registered and paid-in capital of US$2,250,000	—	60%	Sale and service of motor vehicles
廣州中升凌志汽車銷售服務有限公司 (Guangzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd.)	(ix)	Guangzhou, the PRC 2002	Registered and paid-in capital of US$4,000,000	—	100%	Sale and service of motor vehicles
大連中升凌志汽車銷售服務有限公司 (Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 2004	Registered and paid-in capital of US$11,000,000	—	100%	Sale and service of motor vehicles
大連中升汽車銷售服務有限公司 (Dalian Zhongsheng Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 2006	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest: Held by the Company	Held by a subsidiary	Principal activities
				%	%	
成都中道成豐田汽車銷售服務有限公司 (Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd.)	(x)	Chengdu, the PRC 2003	Registered and paid-in capital of RMB10,000,000	—	90%	Sale and service of motor vehicles
泉州隆星汽車銷售服務有限公司 (Quanzhou Longxing Automobile Sales & Services Co., Ltd.) . . .	(xi)	Quanzhou, the PRC 2006	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
玉溪中升東本汽車銷售服務有限公司 (Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.)	(ii)	Yuxi, the PRC 2006	Registered and paid-in capital of RMB10,000,000	—	70%	Sale and service of motor vehicles
大連中升搏通汽車銷售服務有限公司 (Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd.)	(xii)	Dalian, the PRC 2007	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
大連奧通東本汽車銷售服務有限公司 (Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd.)	(i)	Dalian, the PRC 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
雲南中升雷克薩斯汽車銷售服務有限公司 (Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd.)	(xiii)	Yunnan, the PRC 2006	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
福州中升雷克薩斯汽車銷售服務有限公司 (Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd.)	(xiv)	Fuzhou, the PRC 2006	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
曲靖中升豐田汽車銷售服務有限公司 (Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(xv)	Qujing, the PRC 2007	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
南京中升迎賓豐田汽車銷售服務有限公司 (Nanjing Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd.)	(xvi)	Nanjing, the PRC 2004	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
				%	%	
Zhongsheng Holdings Co., Ltd. . . .	(xvii)	HK 1996	Registered and paid-in capital of HK$32,000,000	—	100%	Investment holding
HOKURYO (Hong Kong) Co., Ltd.	(xviii)	HK 1997	Registered and paid-in capital of HK$10,000	—	100%	Investment holding
HOKURYO Holdings Co., Ltd. . . .	(xvii)	HK 1993	Registered and paid-in capital of HK$2,000,000	—	100%	Investment holding
HOKURYO International Ltd.	(xix)	BVI 2007	Registered and paid-in capital of US$1	—	100%	Investment holding
Zhongsheng International Limited.	(xix)	BVI 2003	Registered and paid-in capital of US$2	—	100%	Investment holding
大連新盛榮新實業有限公司 (Dalian Xinshengrong New Industrial Co., Ltd.)	(xx)	Dalian, the PRC 2007	Registered and paid-in capital of RMB200,000,000	—	100%	Investment holding
大連新盛榮豐田汽車銷售服務有限公司 (Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd.)	(xxi)	Dalian, the PRC 2003	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
大連新盛榮汽車銷售服務有限公司 (Dalian Xinshengrong Automobile Sales & Services Co., Ltd.) . . .	(xxi)	Dalian, the PRC 2004	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
大連中升宏達汽車銷售服務有限公司（原稱大連新盛榮貿易有限公司） (Dalian Zhongsheng Hongda Automobile Sales & Services Co., Ltd.)	(xxi)	Dalian, the PRC 2002	Registered and paid-in capital of RMB11,000,000	—	100%	Sale and service of motor vehicles
雲南中升廣福汽車銷售服務有限公司 (Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd.)	(xxii)	Yunnan, the PRC 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
東莞中升雷克薩斯汽車銷售服務有限公司 (Dongguan Zhongsheng Lexus Automobile Sales & Services Co., Ltd.)	(xxiii)	Dongguan, the PRC 2008	Registered and paid-in capital of US$5,000,000	—	100%	Sale and service of motor vehicles

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activities
				%	%	
煙台中升豐田汽車銷售服務有限公司 (Yantai Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(xxiv)	Yantai, the PRC 2004	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
深圳中升迎賓豐田汽車銷售服務有限公司 (Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd.)	(xxv)	Shenzhen, the PRC 2008	Registered and paid-in capital of US$5,000,000	—	100%	Sale and service of motor vehicles
成都中升豐田汽車銷售服務有限公司 (Chengdu Zhongsheng Toyota Automobile Sales & Services Co., Ltd.)	(xxvi)	Chengdu, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
BRIGHT FRIENDS International Limited	(xix)	BVI 2007	Registered and paid-in capital of US$1	—	100%	Investment holding
SUPER CHARM Limited	(xxvii)	HK 2007	Registered and paid-in capital of HK$1	—	100%	Investment holding
WELL SNAPE Holdings Limited	(xix)	BVI 2007	Registered and paid-in capital of US$1	—	100%	Investment holding
BILLION GREAT Corporation Limited	(xxvii)	HK 2007	Registered and paid-in capital of HK$1	—	100%	Investment holding
大連裕增實業有限公司 (Dalian Yuzeng Industrial Co., Ltd.)	(xxviii)	Dalian, the PRC 2008	Registered and paid-in capital of RMB30,000,000	—	100%	Investment holding
大連裕德豐田汽車銷售服務有限公司 (Dalian Yude Toyota Automobile Sales & Services Co., Ltd.)	(xxviii)	Dalian, the PRC 2003	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
諸暨裕豐豐田汽車銷售服務有限公司 (Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd.)	(xxviii)	Zhuji, the PRC 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
營口華盛汽車銷售服務有限公司 (Yingkou Huasheng Automobile Sales & Services Co., Ltd.)	(xxviii)	Yingkou, the PRC 2004	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles
大連裕迪汽車銷售服務有限公司 (Dalian Yudi Automobile Sales & Services Co., Ltd.)	(xxviii)	Dalian, the PRC 2007	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activities
				%	%	
大連中升匯馳汽車服務有限公司 (Dalian Zhongsheng Huichi Automobile Services Co., Ltd.).	(xxix)	Dalian, the PRC 2009	Registered and paid-in capital of RMB15,000,000	—	100%	Service of motor vehicles
中升汽車(莊河)服務有限公司 (Zhongsheng Automobile (Zhuanghe) Services Co., Ltd) .	(xxix)	Dalian, the PRC 2009	Registered and paid in capital of RMB3,000,000	—	100%	Service of motor vehicles
青島中升搏通汽車銷售服務有限公司 (Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd.)	(xxviii)	Qingdao, the PRC 2005	Registered and paid-in capital of RMB11,000,000	—	100%	Sale and service of motor vehicles
青島中升慶通汽車銷售服務有限公司 (Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd.)	(xxviii)	Qingdao, the PRC 2001	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
青島中升智通汽車銷售服務有限公司 (Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd.)	(xxviii)	Qingdao, the PRC 2005	Registered and paid-in capital of RMB11,000,000	—	100%	Sale and service of motor vehicles
煙台中升華美汽車銷售服務有限公司 (Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd).	(xxviii)	Yantai, the PRC 2004	Registered and paid-in capital of RMB4,000,000	—	100%	Sale and service of motor vehicles
龍口中升上通汽車銷售服務有限公司 (Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.)	(xxviii)	Longkou, the PRC 2005	Registered and paid-in capital of RMB5,000,000	—	100%	Sale and service of motor vehicles
煙台中升上通汽車銷售服務有限公司 (Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.)	(xxviii)	Yantai, the PRC 2003	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
煙台中升匯迪汽車銷售服務有限公司 (Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd.)	(xxviii)	Yantai, the PRC 2002	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
OLYMPIA WELL Limited	(xxvii)	HK 2007	Registered and paid-in capital of HK$1	—	100%	Investment holding

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activities
				%	%	
CHARMING ELEMENTS Holdings Limited	(xix)	BVI 2007	Registered and paid-in capital of US$100	—	100%	Investment holding
NOBLE VILLA Investments Limited	(xix)	BVI 2008	Registered and paid-in capital of US$1	—	100%	Investment holding
煙台中升汽車銷售服務有限公司 (Yantai Zhongsheng Automobile Sales & Services Co., Ltd.)	(xxviii)	Yantai, the PRC 2002	Registered and paid-in capital of RMB6,500,000	—	100%	Sale and service of motor vehicles
昆明中升匯馳汽車銷售服務有限公司 (Kunming Zhongsheng Huichi Automobile Sales & Services Co., Ltd.)	(xxix)	Kunming, the PRC 2009	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
佛山中升之星汽車銷售服務有限公司 (Foshan Zhongsheng Star Automobile Sales & Services Co., Ltd.)	(xxix)	Foshan, the PRC 2009	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
南京中升之星汽車銷售服務有限公司 (Nanjing Zhongsheng Star Automobile Sales & Services Co., Ltd.)	(xxix)	Nanjing, the PRC 2009	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
廈門中升匯馳汽車銷售服務有限公司 (Xiamen Zhongsheng Huichi Automobile Sales & Services Co., Ltd.)	(xxix)	Xiamen, the PRC 2009	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
大理中升汽車銷售服務有限公司 (Dali Zhongsheng Automobile Sales & Services Co., Ltd.)	(xxix)	Dali, the PRC 2009	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles
常熟華星汽車銷售服務有限公司 (Changshu Huaxing Automobile Sales & Services Co., Ltd.)	(xxx)	Changshu, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
瀋陽迎賓中升商務諮詢有限公司 (Shenyang Yingbin Zhongsheng Commercial Consulting Co., Ltd.)	(xxix)	Shenyang, the PRC 2009	Registered and paid-in capital of USD6,000,000/ USD1,800,000	—	100%	Commercial consulting
瀋陽匯馳商務諮詢有限公司 (Shenyang Huichi Commercial Consulting Co., Ltd.)	(xxix)	Shenyang, the PRC 2009	Registered and paid-in capital of USD4,000,000/ USD1,200,000	—	100%	Commercial consulting

Company name	Notes	Place and date of incorporation/ operations	authorized/registered/ paid-in/issued capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activities
				%	%	
瀋陽中升駿通商務諮詢有限公司 (Shenyang Zhongsheng Juntong Commercial Consulting Co., Ltd.)	(xxix)	Shenyang, the PRC 2009	Registered and paid-in capital of USD5,000,000	—	100%	Commercial consulting
營口中升汽車銷售服務有限公司 (Yingkou Zhongsheng Automobile Sales & Services Co., Ltd.)	(xxix)	Yingkou, the PRC 2009	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
遼寧中升捷通汽車銷售服務有限公司 (Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd.)	(xxviii)	Liaoning, the PRC 2007	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
吉林成邦汽車銷售服務有限公司 (Jilin Chengbang Automobile Sales & Services Co., Ltd.)	(xxviii)	Jilin, the PRC 2009	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
長春市成邦商貿有限公司 (Changchun Chengbang Trading Co., Ltd)	(xxviii)	Changchun, the PRC 2005	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
紹興市匯鑫汽車銷售服務有限公司 (Shaoxing Huixin Automobile Sales & Services Co., Ltd.)	(xxviii)	Shaoxing, the PRC 2001	Registered and paid-in capital of RMB16,400,000	—	100%	Sale and service of motor vehicles
紹興市中鑫汽車銷售有限公司 (Shaoxing Zhongxin Automobile Sales Co., Ltd.)	(xxviii)	Shaoxing, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	100%	Sale of motor vehicles
無錫國信汽車銷售服務有限公司 (Wuxi Guoxin Automobile Sales & Services Co., Ltd.)	(xxix)	Wuxi, the PRC 2009	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
哈爾濱天巳豐田汽車銷售服務有限公司 (Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd.)	(xxviii)	Harbin, the PRC 2004	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles

Notes:

(i) The statutory accounts for the two years ended 31 December 2006 and 31 December 2007 were audited by 遼寧天健會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 華普天健高商會計師事務所.

(ii) The statutory accounts for the two years ended 31 December 2006 and 31 December 2007 were audited by 雲南雲嶺會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 雲南華嶺會計師事務所.

(iii) The statutory accounts for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 were audited by 福建華強有限責任會計師事務所.

(iv) The statutory accounts for the year ended 31 December 2006 was audited by 上海兆信會計師事務所有限公司. The statutory accounts for the year ended 31 December 2007 was audited by 上海新寧會計師事務所有限公司. The statutory accounts for the year ended 31 December 2008 was audited by 上海應明德會計師事務所.

(v) The statutory accounts for the year ended 31 December 2006 was audited by 上海兆信會計師事務所有限公司. The statutory accounts for the two years ended 31 December 2007 and 31 December 2008 were audited by 上海興中會計師事務所有限公司.

(vi) The statutory accounts for the two years ended 31 December 2006 and 31 December 2007 were audited by 江蘇同仁會計師事務所有限公司. The statutory accounts for the year ended 31 December 2008 was audited by 江蘇量平會計師事務所有限公司.

(vii) The statutory accounts for the year ended 31 December 2006 was audited by 廣東中興華會計師事務所有限公司. The statutory accounts for the two years ended 31 December 2007 and 31 December 2008 were audited by 廣州遠華會計師事務所.

(viii) The statutory accounts for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 were audited by 深圳市義達會計師事務所有限責任公司.

(ix) The statutory accounts for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 were audited by 廣州遠華會計師事務所.

(x) The statutory accounts for the two years ended 31 December 2007 and 31 December 2008 after the acquisition date were audited by 四川華瑞中和會計師事務所有限公司 and 四川三泰會計師事務所有限責任公司, respectively.

(xi) The statutory accounts for the year ended 31 December 2006 was audited by 福建華瑞會計師事務所有限公司. The statutory accounts for the two years ended 31 December 2007 and 31 December 2008 were audited by 泉州大同會計師事務所有限公司.

(xii) The statutory accounts for the year ended 31 December 2007 was audited by 遼寧天健會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 華普天健高商會計師事務所.

(xiii) No statutory account for the year ended 31 December 2006 has been prepared for this subsidiary since its incorporation as there is no statutory requirement for this company to prepare audited financial statements. The statutory accounts for the year ended 31 December 2007 was audited by 雲南雲嶺會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 雲南華嶺會計師事務所.

(xiv) The statutory accounts for the year ended 31 December 2006 was audited by 福雲會計師事務所. The statutory accounts for the year ended 31 December 2007 was audited by 福建華強會計師事務所有限責任公司. The statutory accounts for the year ended 31 December 2008 was audited by 福建同人大有會計師事務所有限公司.

(xv) The statutory accounts for the year ended 31 December 2007 was audited by 雲南雲嶺會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 雲南華嶺會計師事務所.

(xvi) No statutory account for the year ended 31 December 2006 has been prepared for this subsidiary since its incorporation as there is no statutory requirement for this company to prepare audited financial statements. The statutory accounts for the year ended 31 December 2007 was audited by 南京中誠信聯合會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 江蘇量平會計師事務所有限公司.

(xvii) The statutory accounts for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 were audited by Philip Poon & Partners CPA Limited.

(xviii) The statutory accounts for the year ended 31 December 2006 was audited by Yiu Hon Lam & Co.. The statutory accounts for the two years ended 31 December 2007 and 31 December 2008 were audited by Philip Poon & Partners CPA Limited.

(xix) No statutory accounts have been prepared for these subsidiaries since their incorporation as there is no statutory requirement for these companies to prepare audited financial statements.

(xx) No statutory account for the year ended 31 December 2007 has been prepared for this subsidiary since its incorporation as there is no statutory requirement for this company to prepare audited financial statements. The statutory accounts for the year ended 31 December 2008 was audited by 天健光華(北京)會計師事務所有限公司大連分所.

(xxi) The statutory accounts for the year ended 31 December 2007 was audited by 遼寧天健會計師事務所. The statutory accounts for the year ended 31 December 2008 was audited by 天健光華(北京)會計師事務所有限公司大連分所.

(xxii) The statutory accounts for the year ended 31 December 2008 after the acquisition date was audited by 雲南華嶺會計師事務所.

(xxiii) The statutory accounts for the year ended 31 December 2008 was audited by 東莞市東誠會計師事務所有限公司.

(xxiv) The statutory accounts for the year ended 31 December 2008 after the acquisition date was audited by 天健光華(北京)會計師事務所有限公司大連分所.

(xxv) The statutory accounts for the year ended 31 December 2008 was audited by 深圳匯領遠東會計師事務所.

(xxvi) The statutory accounts for the year ended 31 December 2008 was audited by 四川三泰會計師事務所有限責任公司.

(xxvii) The statutory accounts for the two years ended 31 December 2007 and 31 December 2008 were audited by Philip Poon & Partners CPA Limited.

(xxviii) The acquisition dates of these subsidiaries were after 31 December 2008.

(xxix) For the year ended 31 December 2008, these subsidiaries have yet to be incorporated.

(xxx) The statutory accounts for the year ended 31 December 2008 was audited by 蘇州恒安會計師事務所.

43. NET ASSETS OF THE COMPANY

The Company was incorporated on 23 June 2008. As at 30 September 2009, the net assets of the Company comprised:

	At 30 September 2009
	RMB'000
ASSETS	
Prepayments, deposits and other receivables	7,407
Cash and cash equivalents	16
Total assets	7,423
LIABILITIES	
Amounts due to subsidiaries	7,507
Net liabilities	(84)
EQUITY	
Issued capital	—
Accumulated losses	(84)
Total equity	(84)

Pursuant to the Reorganisation, the Company became the holding company of the Group on 22 February 2010.

44. POST BALANCE SHEET EVENTS

The companies now comprising the Group underwent and completed a Reorganization on 22 February 2010 in preparation for the listing of the shares of the Company on the Stock Exchange. Further details of the Reorganization are set out in the section headed "Our History and Reorganization — Corporate Reorganization" in the Prospectus. As a result of the Reorganization, the Company became the holding company of the Group.

On 4 January 2010, par value of the shares of the Company was divided from HK$0.1 to HK$0.0001 pursuant to a shareholder resolution passed on that date.

Except as disclosed else where in this report, there is no material subsequent events undertaken by the Company or by the Group after 30 September 2009.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 30 September 2009. In addition, no dividend has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2009.

Yours faithfully
ERNST & YOUNG
Certified Public Accountants
Hong Kong

The information sets out in this Appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company as set out in Appendix I to this prospectus, and is included herein for information only.

A. UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets of the Group have been prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our combined net tangible assets as of 30 September 2009 as if it had taken place on 30 September 2009.

The unaudited pro forma adjusted combined net tangible assets have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 September 2009 or any future date. It is prepared based on our combined net assets as of 30 September 2009 as set out in the Accountants' Report in Appendix I, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Reports as set out in Appendix I to this prospectus.

	Combined net tangible assets attributable to equity holders of the parent as of 30 September 2009	Estimated net proceeds from the Global Offering and the partial exercise of the Anti-Dilution Right by General Atlantic	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 4)*
Based on an offer price of HK$9.54 per Share	1,474,667	2,415,122	3,889,789	2.08	2.37
Based on an offer price of HK$12.83 per Share	1,474,667	3,213,999	4,688,666	2.52	2.86

Notes:

1. The combined net tangible assets of the Group attributable to equity holders of the parent as of 30 September 2009 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited combined equity attributable to equity holders of the parent as of 30 September 2009 of RMB1,933,771,000 less intangible assets and goodwill as at 30 September 2009 of RMB258,612,000 and RMB200,492,000, respectively.

2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$9.54 and HK$12.83 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of the Anti-Dilution Right or any Shares which may be issued upon the exercise of the options granted under the Share Option Scheme. The estimated net proceeds are translated at the exchange rate of RMB0.8794 to HK$1.

3. Details of the valuations of the Group's properties as at 31 December 2009 are set out in "Appendix IV — Property Valuation". The revaluation surplus or deficit of properties included in buildings held for own use, construction in progress, land use rights and properties under development was not incorporated in the Group's combined financial statements for the nine months ended 30 September 2009. If the revaluation surplus was recorded in the Group's combined financial statements, the annual depreciation expense would increase by approximately RMB1.0 million.

4. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,866,492,795 Shares (assuming an Offer Price of HK$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares (assuming an Offer Price of HK$12.83, being the higher end of the estimated Offer Price range) are in issue assuming that the Global Offering has been completed on 30 September 2009, taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of the options which have been or may be granted under the Share Option Scheme. The unaudited pro forma adjusted net tangible assets per Share are translated at the exchange rate of RMB0.8794 to HK$1.

5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2009.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the financial year ended 31 December 2009 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2009. It has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

	For the year ended 31 December 2009
Estimated combined net profit attributable to equity holders of the parent(1)(2)	not less than RMB452 million (equivalent to approximately HK$514 million)
Unaudited pro forma estimated earnings per Share(3)	not less than RMB0.242 (equivalent to approximately HK$0.275)
Unaudited pro forma estimated earnings per Share(4)	not less than RMB0.243 (equivalent to approximately HK$0.276)

Notes:

(1) The bases and assumptions on which the above profit estimate for the year ended 31 December 2009 has been prepared are summarised in Appendix III to this prospectus.

(2) The estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 prepared by our Directors is based on the audited combined results of our Group for the nine months ended 30 September 2009 and our Group's unaudited combined results for the two months ended 30 November 2009 and an estimate of the combined results of our Group for the remaining one month ended 31 December 2009 on the basis that the current group structure had been in existence throughout the whole financial year ended 31 December 2009. The estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by our Group as set out in the Accountants' Report in Appendix I to this prospectus.

(3) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 and a total of 1,866,492,795 Shares in issue, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK$9.54 per Share, being the lower end of the estimated Offer Price range (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company but without taking into account the Over-allotment Option and Share Option Scheme).

(4) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 and a total of 1,861,277,295 Shares in issue, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK$12.83 per Share, being the higher end of the estimated Offer Price range (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for new Shares in our Company but without taking into account the Over-allotment Option and Share Option Scheme).

C. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong for the purpose of incorporation in this prospectus.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

16 March 2010

The Directors
Zhongsheng Group Holdings Limited
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets and unaudited pro forma estimated earnings per share (the "Unaudited Pro Forma Financial Information") of Zhongsheng Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which have been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the global offering of 286,160,000 shares of HK$0.0001 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 16 March 2010 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 September 2009 or any future dates; or
- the estimated earnings per share of the Group for the year ended 31 December 2009 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;

(b) such bases are consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

You may find our estimated profits attributable to equity holders of the Group for the year ended 31 December 2009 in the section entitled "Financial Information — Profit Estimate For the Year Ended 31 December 2009" in this prospectus.

BASES AND ASSUMPTIONS

We have prepared our estimated profits attributable to equity holders of the Group for the year ended 31 December 2009 on the basis of our audited combined results of the Group for the nine months ended 30 September 2009, the unaudited combined results of the Group for the two months ended 30 November 2009 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2009. Our profit estimate has been properly compiled on the bases and assumptions made by the Directors as set out in Section "Bases and Assumptions" of Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 16 March 2010, the text of which is set out in Appendix I to the Prospectus.

LETTER FROM REPORTING ACCOUNTANTS

The following is the text of the letters received by the Directors from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus in connection with the profit estimate.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

16 March 2010

The Directors
Zhongsheng Group Holdings Limited
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the combined profit attributable to equity holders of Zhongsheng Group Holdings Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the year ended 31 December 2009 (the "Profit Estimate"), as set out in the section headed "Financial Information" in the prospectus of the Company dated 16 March 2010 (the "Prospectus") for which the directors of the Company (the "Directors") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Estimate has been prepared by the Directors based on the audited combined results of the Group for the nine months ended 30 September 2009, the unaudited combined results of the Group for the two months ended 30 November 2009 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2009.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled on the bases and assumptions made by the Directors as set out in Section "Bases and Assumptions" of Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 16 March 2010, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus by the Joint Sponsors in connection with the profit estimate of the Group for the year ended 31 December 2009.

16 March 2010

The Directors
Zhongsheng Group Holdings Limited

Dear Sirs,

We refer to the estimated combined net profit attributable to the equity holders of Zhongsheng Group Holdings Limited (the ***Company***) for the year ended 31 December 2009 (the ***Profit Estimate***) as set out in the prospectus issued by the Company dated 16 March 2010 (the ***Prospectus***).

The Profit Estimate, for which the Directors of the Company are solely responsible, has been prepared by them based on the audited combined financial information of the Company and its subsidiaries (collectively, the ***Group***) for the nine months ended 30 September 2009, the unaudited combined results of the Group for the two months ended 30 November 2009 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2009.

We have discussed with you the bases made by the Directors as set out in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated 16 March 2010 addressed to yourselves and ourselves from Ernst & Young, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, Certified Public Accountants, Hong Kong, we are of the opinion that the Profit Estimate, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Morgan Stanley Asia Limited
George Taylor
Managing Director

For and on behalf of
UBS AG, Hong Kong Branch
Henry Cai
Managing Director

Michael Cheung
Director

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 December 2009 of the property interests of the Group.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

16 March 2010

The Board of Directors
Zhongsheng Group Holdings Limited
Room 3504–12
35th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Zhongsheng Group Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 December 2009 ("the date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests in certain portions of property interests in Group I and Group II by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of the remaining portion in Group I and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available, the property interests have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests in Group III which are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group IV and Group V, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or subletting or otherwise due to the lack of substantial profit rent.

We have attributed no commercial value to the property interest in Group VI, which has not been assigned to the Group as at the date of valuation, thus the title of the property is not vested in the Group.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — King & Wood, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuations is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
1.	A parcel of land and 4 buildings No. 2 Gonghua Road Shahekou District Dalian City Liaoning Province The PRC	10,306,000	100%	10,306,000
2.	A parcel of land and 4 buildings No. 70 Anshan Road Shahekou District Dalian City Liaoning Province The PRC	7,053,000	100%	7,053,000
3.	A parcel of land, 2 buildings and various structures No. 759 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	19,470,000	100%	19,470,000
4.	A parcel of land, a 2-storey building and a repair shed No. 761 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	22,394,000	100%	22,394,000
5.	2 parcels of land and 2 buildings No. 697 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	19,953,000	100%	19,953,000

No.	Property	Capital value in existing state as at 31 December 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009 RMB
6.	2 parcels of land, a 2-storey building and various structures No. 518 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	17,107,000	100%	17,107,000
7.	A parcel of land and a 3-storey building No. 500 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	24,662,000	100%	24,662,000
8.	A parcel of land and a 4-storey building No. 560 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
9.	A parcel of land and 4 buildings No. 13 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
10.	A parcel of land and a 2-storey building No. 18 Haitian Road Dalian Free Trade Zone Dalian City Liaoning Province The PRC	11,649,000	100%	11,649,000

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
11.	A parcel of land and 3 buildings No. 357 Taiyuan Street Shahekou District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
12.	A parcel of land, 2 buildings and various structures No. 10 Ningnan Road Yuhuatai District Nanjing City Jiangsu Province The PRC	30,043,000	60%	18,026,000
13.	A parcel of land, a commercial building and various structures No. 318 Qianyang Road Putuo District Shanghai The PRC	36,399,000	100%	36,399,000
14.	A parcel of land, a 2-storey building and a structure located at Huangshan Village Chengmen Town Cangshan District Fuzhou City Fujian Province The PRC	21,684,000	100%	21,684,000
15.	A parcel of land and a 2-storey building No. 10 Qingzhou Road Mawei District Fuzhou City Fujian Province The PRC	27,834,000	100%	27,834,000

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
16.	A parcel of land and a 3-storey building located at Yonghe Changgang Village Xintang Town Zengcheng City Guangdong Province The PRC	4,117,000	100%	4,117,000
17.	A parcel of land and a 3-storey building located at Huangpu Village Xingang East Road Haizhu District Guangzhou City Guangdong Province The PRC	8,940,000	100%	8,940,000
18.	A parcel of land and 2 buildings located at Yunshan Village Jinma Town Guandu District Kunming City Yunnan Province The PRC	38,596,000	100%	38,596,000
19.	A parcel of land, 2 buildings and a shed No. 1455 Dianchi Road Xishan District Kunming City Yunnan Province The PRC	No commercial value	100%	No commercial value
20.	A parcel of land and 2 buildings located at Dianchi Road Xishan District Kunming City Yunnan Province The PRC	33,388,000	100%	33,388,000

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
21.	A parcel of land and 2 buildings located at Ziwu East Road Central Sowntown Nanpian District Qujing City Yunnan Province The PRC	30,938,000	100%	30,938,000
22.	A parcel of land and 2 buildings No. 168 Haier Road Laoshan District Qingdao City Shandong Province The PRC	No commercial value	100%	No commercial value
23.	2 parcels of land, 6 buildings and various structures No. 19 Hengshan Road Development Zone Yantai City Shandong Province The PRC	69,872,000	100%	69,872,000
24.	A parcel of land and a 2-storey building No. 99 Bohai Street Zhanqian District Yingkou City Liaoning Province The PRC	16,698,000	100%	16,698,000
25.	A parcel of land and a 3-storey building No. 20 Hequ Road Shahekou District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
26.	A parcel of land, 3 buildings and various structures located at Lingzhi Village Lingzhi Town Shaoxing City Zhejiang Province The PRC	7,881,000	100%	7,881,000
27.	A parcel of land and a 2-storey building located at F-12A-1 and F-13A Xipian Area Qingmeng Econ-Tech Development Zone Quanzhou City Fujian Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	458,984,000		446,967,000

Group II — Property interests held for future development by the Group in the PRC

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
28.	2 parcels of land located at Tianhai Area Dalian Free Trade Zone Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
29.	A parcel of land located at Maoqiao Village Yushan Town Changshu City Jiangsu Province The PRC	25,400,000	100%	25,400,000
	Sub-total:	25,400,000		25,400,000

Group III — Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at 31 December 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2009
		RMB		RMB
30.	2 parcels of land and a building under construction No. 9 Heping Road Chuanying District Jilin City Jilin Province The PRC	No commercial value	100%	No commercial value
31.	A parcel of land and a building under construction located at Longqiao Community Dongsheng Street Shuangliu County Chengdu City Sichuan Province The PRC	25,668,000	100%	25,668,000
32.	A parcel of land and a building under construction located at the junction of Xishi Road and Xixin Er Road New District Wuxi City Jiangsu Province The PRC	10,951,000	100%	10,951,000
33.	A parcel of land and a building under construction located at the junction of Dianyuan Road and Baoyuan Road Economy & Development Zone Dali City Yunnan Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	36,619,000		36,619,000

Group IV — Property interests leased and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
34.	2 buildings No. 101 Hubin North Road Xiamen City Fujian Province The PRC	No commercial value
35.	Units 102 to 104 on Level 1 of Building 28 located at Xi Xiang Bao Tian Yuanyi Yuan Bao'an District Shenzhen Guangdong Province The PRC	No commercial value
36.	Levels 1 and 2 of a commercial building No. 520 Bailong Road Kunming City Yunnan Province The PRC	No commercial value
37.	Level 9 of Zhong Nan Mansion No. 18 Zhonghua West Road Dalian City Liaoning Province The PRC	No commercial value
38.	A commercial building No. 398 Huashan Yi Road Jimo City Shandong Province The PRC	No commercial value
39.	A commercial building located at Huangcheng Industrial Park Longkou City Shandong Province The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
40.	A parcel of land and 2 buildings No. 168 Jichang Road Zhifu District Yantai City Shandong Province The PRC	No commercial value
41.	Levels 1 to 3 of Building 6 located at Zhongxin Road Wanfeng Village Shajing Town Bao'an District Shenzhen Guangdong Province The PRC	No commercial value
42.	2 buildings No. 28 North Erhuan Road Chengxi Development Zone Zhuji City Zhejiang Province The PRC	No commercial value
43.	3 units of a 3-storey building located in Taihezhuang Village Lunan Town Laobian District Yingkou City Liaoning Province The PRC	No commercial value
44.	Unit 330 of Taihua Mansion located at Dalian Free Trade Zone Dalian City Liaoning Province The PRC	No commercial value
45.	Units 2 and 3 of Zonghe Building located at Foping Xin Road Nanhai District Foshan City Guangdong Province The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
46.	A 2-storey commercial building No. 16-2 North Er Dong Road Tiexi District Shenyang City Liaoning Province The PRC	No commercial value
47.	A parcel of land and a 2-storey building No. 7133 Ziyou Avenue High-Tech Development Zone Changchun City Jilin Province The PRC	No commercial value
48.	A unit of a 7-storey building No. 143 Wencui Road Dongling District Shenyang City Liaoning Province The PRC	No commercial value
49.	A single-storey commercial building No. 70 Fang Jia Lan Dongling District Shenyang City Liaoning Province The PRC	No commercial value
50.	A parcel of land and a 3-storey building No. 560 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value
51.	A parcel of land and a 3-storey building No. 560 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
52.	A parcel of land, 2 buildings and various structures No. 82 Shandong Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value
53.	A parcel of land, 3 buildings and various structures No. 199 Guanghua Road Baixia District Nanjing City Jiangsu Province The PRC	No commercial value
54.	A parcel of land, 4 buildings and various structures No. 75 Longma Road Hongtashan District Yuxi City Yunnan Province The PRC	No commercial value
55.	A parcel of land, a 2-storey building and various structures located at Tianhui Erku Tianhui Town Jinniu District Chengdu City Sichuan Province The PRC	No commercial value
56.	A parcel of land, a 4-storey building and various structures located at Guantai Road Nancheng District Dongguan City Guangdong Province The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
57.	A parcel of land, a 2-storey building and structure located at Guangfu Road Kunming City Yunnan Province The PRC	No commercial value
58.	A parcel of land and a 2-storey building No. 151 Chongqing South Road Qingdao City Shandong Province The PRC	No commercial value
59.	A parcel of land and 2 buildings No. 298 Shugang Road Zhuanghe City Liaoning Province The PRC	No commercial value
60.	A parcel of land, 4 buildings and various structures No. 80-1 Shandong Road Ganjingzi District Dalian City Liaoning Province The PRC	No commercial value
61.	A parcel of land and 2 buildings No. 7 Xianfeng Road Daowai District Harbin City Heilongjiang Province The PRC	No commercial value
62.	A parcel of land and a 2-storey building No. 1215 Maqing Road Haicang District Xiamen City Fujian Province The PRC	No commercial value
	Sub-total:	Nil

Group V — Property interest leased and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
63.	Rooms 3504–3512 on the 35th floor of Sun Hung Kai Centre No. 30 Harbour Road Wanchai Hong Kong	No commercial value
	Sub-total:	Nil

Group VI — Property interest contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as at 31 December 2009
		RMB
64.	A parcel of land located at the northern side of North Er Zhong Road Tiexi District Shenyang City Liaoning Province The PRC	No commercial value
	Sub-total:	Nil

	Capital value in existing state as at 31 December 2009	Capital value attributable to the Group as at 31 December 2009
	RMB	RMB
Grand total:	521,003,000	508,986,000

Note: The aggregate capital values in existing state as at 31 December 2009 plus the values for reference purposes as stated in notes of relevant valuation certificates in Appendix IV are in the amount of RMB1,095,688,000.

VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
1.	A parcel of land and 4 buildings No. 2 Gonghua Road Shahekou District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 4,830.1 sq.m. and 4 buildings erected thereon which were completed in about 1969. The buildings have a total gross floor area of approximately 8,476.64 sq.m. The land use rights of the property have been granted for a term expiring on 22 July 2053 for industrial use.	The property is currently occupied by the Group for office purpose.	10,306,000 100% interest attributable to the Group: RMB10,306,000

Notes:

1. Zhongsheng (Dalian) Holdings Co., Ltd. ("Zhongsheng Dalian") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Da Guo Yong (2006) Di No. 03065, the land use rights of a parcel of land with a site area of approximately 4,830.1 sq.m. have been granted to Zhongsheng Dalian for a term expiring on 22 July 2053 for industrial use.

3. Pursuant to 4 Building Ownership Certificates — Da Fang Quan Zheng Sha Dan Zi Di Nos. 2006600239, 2006600240, 2006600242 and 2006600243, 4 buildings with a total gross floor area of approximately 8,476.64 sq.m. are owned by Zhongsheng Dalian.

4. Pursuant to a Tenancy Agreement, a unit of the property with a gross floor area of approximately 20 sq.m. is leased to Dalian Xinshengrong New Industrial Co., Ltd., a wholly-owned subsidiary of the Company, for a term of 3 years expiring on 1 May 2012 with a nil rental.

5. Pursuant to a Tenancy Agreement, a unit of the property with a gross floor area of approximately 20 sq.m. is leased to Dalian Yuzeng Industrial Co., Ltd., a wholly-owned subsidiary of the Company, for a term of 3 years expiring on 1 May 2012 with a nil rental.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Zhongsheng Dalian and could be occupied, used, transferred, leased and otherwise disposed of by Zhongsheng Dalian;

   b. Pursuant to 4 Other Rights Certificates, the property is subject to a mortgage between Zhongsheng Dalian and China Development Bank (the "Bank") for a term expiring on 15 December 2010;

   c. During the mortgage term, Zhongsheng Dalian should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property;

   d. The Tenancy Agreements mentioned in notes 4 and 5 are legal, valid and enforceable; and

e. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Zhongsheng Dalian confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Zhongsheng Dalian further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Zhongsheng Dalian complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
2.	A parcel of land and 4 buildings No. 70 Anshan Road Shahekou District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 3,776.8 sq.m. and 4 buildings erected thereon which were completed in about 1973. The buildings have a total gross floor area of approximately 2,940.25 sq.m. The land use rights of the property have been granted for a term expiring on 22 July 2053 for industrial use.	The property is currently occupied by the Group for office purpose.	7,053,000 100% interest attributable to the Group: RMB7,053,000

Notes:

1. Zhongsheng (Dalian) Holdings Co., Ltd. ("Zhongsheng Dalian") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Da Guo Yong (2006) No. 03066, the land use rights of a parcel of land with a site area of approximately 3,776.8 sq.m. have been granted to Zhongsheng Dalian for a term expiring on 22 July 2053 for industrial use.

3. Pursuant to 4 Building Ownership Certificates — Da Fang Quan Zheng Sha Dan Zi Di Nos. 2006600237, 2006600238, 2006600241 and 2006600244, 4 buildings with a total gross floor area of approximately 2,940.25 sq.m. are owned by Zhongsheng Dalian.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Zhongsheng Dalian and could be occupied, used, transferred, leased and otherwise disposed of by Zhongsheng Dalian;

   b. Pursuant to 4 Other Rights Certificates, the property is subject to a mortgage between Zhongsheng Dalian and China Development Bank (the "Bank") for a term expiring on 15 December 2010;

   c. During the mortgage term, Zhongsheng Dalian should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property; and

   d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Zhongsheng Dalian confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Zhongsheng Dalian further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Zhongsheng Dalian complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
3.	A parcel of land, 2 buildings and various structures No. 759 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 6,467.1 sq.m. and 2 buildings and various structures erected thereon which were completed in various stages between 1995 and 2009. The buildings have a total gross floor area of approximately 4,248.77 sq.m. The buildings include a commercial and ancillary industrial building and a dormitory building. The structures mainly include a well and various ancillary structures. The land use rights of the property have been granted for a term expiring on 10 September 2047 for industrial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	19,470,000 100% interest attributable to the Group: RMB19,470,000

Notes:

1. Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Toyota Automobile Sales & Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Da Guo Yong (2008) Zi Di No. 04091, the land use rights of a parcel of land with a site area of approximately 6,467.1 sq.m. have been granted to Dalian Zhongsheng Toyota Automobile Sales & Services for a term expiring on 10 September 2047 for industrial use.

3. Pursuant to 2 Building Ownership Certificates — Da Fang Quan Zheng Gan Dan Zi Di Nos. 2008801225 and 2008801226, 2 buildings with a total gross floor area of approximately 4,248.77 sq.m. are owned by Dalian Zhongsheng Toyota Automobile Sales & Services.

4. Pursuant to a Tenancy Agreement, a unit of the property with a gross floor area of approximately 500 sq.m. is leased to Dalian Zhongsheng Toyota Automobile Sales Co., Ltd., a wholly-owned subsidiary of the Company, for a term of 11 years expiring on 15 December 2016 with a nil rental.

5. Pursuant to a Tenancy Agreement, a unit of the property with a gross floor area of approximately 100 sq.m. is leased to Dalian Zhongsheng Huichi Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, for a term of one year expiring on 31 December 2010 with a nil rental.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Dalian Zhongsheng Toyota Automobile Sales & Services and could be occupied, used, transferred, leased and otherwise disposed of by Dalian Zhongsheng Toyota Automobile Sales & Services;

   b. Pursuant to a Mortgage Contract entered into between Dalian Zhongsheng Toyota Automobile Sales & Services and Dalian Shahekou Branch of Bank of China (the "Bank"), the property is subject to a mortgage for a term expiring on 29 November 2014;

   c. During the mortgage term, Dalian Zhongsheng Toyota Automobile Sales & Services should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property;

   d. The Tenancy Agreements mentioned in notes 4 and 5 are legal, valid and enforceable; and

   e. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Dalian Zhongsheng Toyota Automobile Sales & Services confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Dalian Zhongsheng Toyota Automobile Sales & Services further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Dalian Zhongsheng Toyota Automobile Sales & Services complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
4.	A parcel of land, a 2-storey building and a repair shed No. 761 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 5,000.6 sq.m. and a 2-storey commercial building and a repair shed erected thereon which was completed in about 2003. The building has a gross floor area of approximately 4,052.65 sq.m. The land use rights of the property have been granted for a term expiring on 4 March 2043 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	22,394,000 100% interest attributable to the Group: RMB22,394,000

Notes:

1. Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Huidi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Da Guo Yong (2005) Zi No. 04055, the land use rights of a parcel of land with a site area of approximately 5,000.6 sq.m. have been granted to Dalian Zhongsheng Huidi for a term expiring on 4 March 2043 for commercial use.

3. Pursuant to a Building Ownership Certificate — Da Fang Quan Zheng Gan Dan Zi Di No. 2005800278, the building of the property with a gross floor area of approximately 4,052.65 sq.m. is owned by Dalian Zhongsheng Huidi.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Dalian Zhongsheng Huidi and could be occupied, used, transferred, leased and otherwise disposed of by Dalian Zhongsheng Huidi;

   b. Pursuant to a Mortgage Contract entered into between Dalian Zhongsheng Huidi and Dalian Shahekou Branch of Bank of China (the "Bank"), the property is subject to a mortgage for a term expiring on 29 November 2014; and

   c. During the mortgage term, Dalian Zhongsheng Huidi should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
5.	2 parcels of land and 2 buildings No. 697 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 6,086.1 sq.m. and 2 buildings erected thereon which were completed in about 2006. The buildings have a total gross floor area of approximately 4,799.41 sq.m. The buildings include a commercial building and a dining-room. The land use rights of the property have been granted for terms both expiring on 20 January 2041 for commercial and industrial uses respectively.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	19,953,000 100% interest attributable to the Group: RMB19,953,000

Notes:

1. Dalian Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Dongfeng Honda") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates — Da Guo Yong (2006) Di Nos. 04005 and 04006, the land use rights of 2 parcels of land with a total site area of approximately 6,086.1 sq.m. have been granted to Dalian Zhongsheng Dongfeng Honda for terms both expiring on 20 January 2041 for commercial and industrial uses respectively.

3. Pursuant to a Building Ownership Certificate — Da Fang Quan Zheng Gan Dan Zi Di No. 2007800384, a building with a gross floor area of approximately 4,239.41 sq.m. is owned by Dalian Zhongsheng Dongfeng Honda.

4. For the remaining building with a gross floor area of approximately 560 sq.m. of the property, we have not been provided with any title certificate.

5. In the valuation of this property, we have attributed no commercial value to the building mentioned in note 4 without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB632,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The land use rights and the building ownership rights of the property (excluding the building mentioned in note 4) are legally owned by Dalian Zhongsheng Dongfeng Honda and could be occupied, used, transferred, leased and otherwise disposed of by Dalian Zhongsheng Dongfeng Honda;

b. Pursuant to a Mortgage Contract entered into between Dalian Zhongsheng Dongfeng Honda and Shahekou Branch of Bank of China (the "Bank"), the land use rights of the property and the building mentioned in note 3 are subject to a mortgage for a term expiring on 29 November 2014; and

c. During the mortgage term, Dalian Zhongsheng Dongfeng Honda should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property (excluding the portion mentioned in note 4).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
6.	2 parcels of land, a 2-storey building and various structures No. 518 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 8,983.4 sq.m. and a 2-storey commercial building erected thereon which was completed in about 1998. The building have a gross floor area of approximately 5,800 sq.m. The structures mainly include a car washing room, a maintenance workshop and an auto beauty shop. The land use rights of the property have been granted for terms both expiring on 3 December 2040 for industrial and commercial uses respectively.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	17,107,000 100% interest attributable to the Group: RMB17,107,000

Notes:

1. Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Nissan") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates — Da Guo Yong (2006) Nos. 04084 and 04085, the land use rights of 2 parcels of land with a total site area of approximately 8,983.4 sq.m. have been granted to Dalian Zhongsheng Nissan for terms both expiring on 3 December 2040 for commercial and industrial uses respectively.

3. For the building with a gross floor area of approximately 5,800 sq.m. of the property, we have not been provided with any building ownership certificate.

4. Pursuant to a Tenancy Agreement, a unit of the property with a gross floor area of approximately 1,000 sq.m. is leased to Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. ("Dalian Zhongsheng Aotong"), a wholly-owned subsidiary of the Company, for a term of 3 years expiring on 30 November 2010 with a nil rental.

5. In the valuation of this property, we have attributed no commercial value to the building of the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB9,274,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Dalian Zhongsheng Nissan and could be occupied, used, transferred, leased and otherwise disposed of by Dalian Zhongsheng Nissan;

b. Pursuant to a Mortgage Contract entered into between Dalian Zhongsheng Nissan and Shahekou Branch of Bank of China (the "Bank"), the land use rights of the property are subject to a mortgage for a term expiring on 25 April 2012;

c. During the mortgage term, Dalian Zhongsheng Nissan should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the land use rights of the property;

d. There will be no material legal impediment for Dalian Zhongsheng Nissan to obtain the relevant Building Ownership Certificate of the building with a gross floor area of approximately 5,800 sq.m.; and

e. Dalian Zhongsheng Nissan has not obtained any proper title certificate relating to the unit mentioned in note 4. In such circumstances, if a third party raises an objection to the aforesaid Tenancy Agreement, it may affect Dalian Zhongsheng Aotong to continue leasing the unit.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
7.	A parcel of land and a 3-storey building No. 500 Huabei Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 11,312.9 sq.m. and a 3-storey commercial building erected thereon which was completed in about 2005. The building has a gross floor area of approximately 8,900 sq.m. The land use rights of the property have been granted for a term expiring on 25 September 2048 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	24,662,000 100% interest attributable to the Group: RMB24,662,000

Notes:

1. Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Lexus") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Land Use Rights Transfer Agreement and a Supplementary Agreement dated 15 April 2005 entered into between Dalian Zhongsheng Lexus and Dalian Beishi Automobile City Development Co., Ltd., an independent third party, the land use rights of a parcel of land with a site area of approximately 11,312.9 sq.m. were contracted to be transferred to Dalian Zhongsheng Lexus at a consideration of RMB9,800,000.

3. Pursuant to a State-owned Land Use Rights Certificate — Da Guo Yong (2008) Di No. 04121, the land use rights of a parcel of land with a site area of approximately 11,312.9 sq.m. have been granted to Dalian Zhongsheng Lexus for a term expiring on 25 September 2048 for commercial use.

4. For the building with a gross floor area of approximately 8,900 sq.m. of the property, we have not been provided with any building ownership certificate.

5. In the valuation of this property, we have attributed no commercial value to the building of the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB29,133,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Dalian Zhongsheng Lexus and could be occupied, used, transferred, leased and otherwise disposed of by Dalian Zhongsheng Lexus;

   b. Pursuant to an Other Rights Certificate, the land use rights of the property are subject to a mortgage between Dalian Zhongsheng Lexus and China Development Bank (the "Bank") for a term expiring on 15 December 2010;

   c. During the mortgage term, Dalian Zhongsheng Lexus should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the land use rights of the property; and

   d. There will be no material legal impediment for Dalian Zhongsheng Lexus to obtain the relevant Building Ownership Certificate of the building of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
8.	A parcel of land and a 4-storey building No. 560 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 10,645.8 sq.m. and a 4-storey commercial building erected thereon which was completed in about 2006. The building has a gross floor area of approximately 11,800 sq.m.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Zhongsheng Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng") is a wholly-owned subsidiary of the Company.

2. For the property, we have not been provided with any title certificate.

3. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building with a gross floor area of approximately 11,800 sq.m. (excluding the land element) as at the date of valuation would be RMB19,744,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

4. As confirmed by the Company, the relevant land grant procedures are in process.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Dalian Zhongsheng has obtained relevant approvals from competent authority to apply for being granted with the land use rights of the property; and

   b. After the grant procedure is completed and relevant Land Use Rights Certificate is obtained, the land use rights of the property can be legally occupied, used, transferred, leased, mortgaged and otherwise disposed of by Dalian Zhongsheng.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
9.	A parcel of land and 4 buildings No. 13 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 8,400 sq.m. and 4 buildings erected thereon which were completed in various stages between 2004 and 2008. The buildings have a total gross floor area of approximately 5,930 sq.m. The buildings comprise an industrial building, a dormitory, a showpiece room and a reception room.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Dalian Yingbin Zhongsheng Toyota Sales & Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to Land Use Rights Transfer Contract and a Supplementary Agreement dated 1 January 2006 entered into between Dalian Municipal Public Security Bureau and Dalian Yingbin Zhongsheng Toyota Sales & Services, the land use rights of a parcel of land with a site area of approximately 8,400 sq.m. were contracted to be transferred to Dalian Yingbin Zhongsheng Toyota Sales & Services at a consideration of RMB7,000,000.

3. For the 4 buildings with a total gross floor area of approximately 5,930 sq.m. of the property, we have not been provided with any title certificate.

4. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB10,742,000 assuming all relevant title certificates had been obtained and the buildings could be freely transferred.

5. As confirmed by the Company, the relevant land grant procedures are in process.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. After the grant procedure is completed and relevant Land Use Rights Certificate is obtained, the land use rights of the property can be legally occupied, used, transferred, leased, mortgaged and otherwise disposed of by Dalian Yingbin Zhongsheng Toyota Sales & Services; and

   b. Pursuant to a Confirmation Letter issued by Dalian Municipal State-owned Land Resources and Housing Bureau Ganjingzi Branch, (i) Dalian Yingbin Zhongsheng Toyota Sales & Services will obtain Land Use Rights Certificate relating to the land of the property after signing Land Use Rights Grant Contract with the relevant land administrative authority and paying up the land premium; and (ii) it is approved that Dalian Yingbin Zhongsheng Toyota Sales & Services could use and occupy the subject land as its operating site before obtaining relevant Land Use Right Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
10.	A parcel of land and a 2-storey building No. 18 Haitian Road Dalian Free Trade Zone Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 10,094.5 sq.m. and a 2-storey commercial building erected thereon which was completed in about 2003. The building has a gross floor area of approximately 2,498.74 sq.m. The land use rights of the property have been granted for a term expiring on 5 October 2051 for industrial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	11,649,000 100% interest attributable to the Group: RMB11,649,000

Notes:

1. Dalian Zhongsheng Group Automobile Products Co., Ltd. ("Dalian Automobile Products") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Da Bao Guo Yong (2008) Di No. 14033, the land use rights of a parcel of land with a site area of approximately 10,094.5 sq.m. have been granted to Dalian Automobile Products for a term expiring on 5 October 2051 for industrial use.

3. Pursuant to a Building Ownership Certificate — Da Fang Quan Zheng Bao Shui Qu Zi Di No. 2008000238, a building with a gross floor area of approximately 2,498.74 sq.m is owned by Dalian Automobile Products.

4. According to a Tenancy Agreement — (Da Bao) Fang Zu Lin He Zi No. 20090624002, a portion of the building with a gross floor area of approximately 50 sq.m. is leased to Zhongsheng Tacti Automobile Services (Dalian) Co.,Ltd., a 50% owned subsidiary of the Company, for a term of one year expiring on 8 June 2010 with a nil rental.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Dalian Automobile Products and could be legally occupied, used, transferred, leased and otherwise disposed of by Dalian Automobile Products;

   b. Pursuant to a Mortgage Contracts entered into between Dalian Automobile Products and Dalian Shahekou Branch of Bank of China (the "Bank"), the land use rights and the building ownership rights of the property are subject to mortgages for a term expiring on 29 November 2014;

   c. During the mortgage term, Dalian Automobile Products should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property;

   d. The Tenancy Agreement is legal, valid and enforceable; and

e. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Dalian Automobile Products confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Dalian Automobile Products further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Dalian Automobile Products complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
11.	A parcel of land and 3 buildings No. 357 Taiyuan Street Shahekou District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 14,440 sq.m. and 3 buildings erected thereon which were completed in about 2004. The buildings have a total gross floor area of approximately 9,471.2 sq.m. The buildings comprise 2 commercial buildings and a dining-room.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd. ("Dalian Xinshengrong Toyota") and Dalian Xinshengrong Automobile Sales & Services Co., Ltd. ("Dalian Xinshengrong Automobile") are both wholly-owned subsidiaries of the Company.

2. Pursuant to a Title Transaction Confirmation Letter — Da Chan Zi Zi Di No. 07004 dated 22 March 2007 and entered into between Dalian Xinshengrong Toyota and Dalian First Bus Company, an independent third party, the land use rights of the property with a site area of approximately 14,440 sq.m. and 11 buildings erected thereon with a total gross floor area of approximately 9,848.85 sq.m. were contracted to be transferred to Dalian Xinshengrong Toyota at a consideration of RMB28,698,400. As advised by the Group, RMB20,000,000 had been paid up to the date of valuation and the aforesaid 11 buildings have been demolished.

3. For the 3 buildings with a total gross floor area of approximately 9,471.2 sq.m. of the property, we have not been provided with any proper title certificate. As advised by the Group, one of the 3 buildings with a gross floor area of approximately 3,157 sq.m. is occupied by Dalian Xinshengrong Toyota whilst the remainder with a total gross floor area of approximately 6,314.20 sq.m. is occupied by Dalian Xinshengrong Automobile.

4. As confirmed by the Company, the relevant land grant procedures are in process.

5. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB17,512,000 assuming all relevant title certificates had been obtained and the buildings could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. After the grant procedure is completed and relevant Land Use Rights Certificate is obtained, the land use rights of the property can be legally transferred, leased, mortgaged and otherwise disposed of by Dalian Xinshengrong Toyota;

    b. The property is not subject to any mortgage; and

c. Pursuant to a Confirmation Letter issued by Dalian Municipal State-owned Land Resources and Housing Bureau Shahekou Branch, (i)Dalian Xinshengrong Toyota will obtain Land Use Rights Certificate relating to the land of the property after signing Land Use Rights Grant Contract with the relevant land administrative authority and paying up the land premium; and (ii) it is approved that Dalian Xinshengrong Toyota could use and occupy the subject land as its operating site before obtaining relevant Land Use Right Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
12.	A parcel of land, 2 buildings and various structures No. 10 Ningnan Road Yuhuatai District Nanjing City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 7,268.1 sq.m. and 2 buildings and various ancillary structures erected thereon which were completed in various stages between 2004 and 2005. The buildings have a total gross floor area of approximately 4,000 sq.m. The buildings include a commercial building and a dormitory building. The structures mainly include boundary fences, roads and various ancillary structures. The land use rights of the property have been granted for a term of 40 years expiring on 20 May 2044 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	30,043,000 60% interest attributable to the Group: RMB18,026,000

Notes:

1. Nanjing Zhongsheng Toyota Automobile Services Co., Ltd. ("Nanjing Zhongsheng Toyota Services") is a 60% owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Ning Yu Guo Yong (2005) Di No. 04998, the land use rights of a parcel of land with a site area of approximately 7,268.1 sq.m. have been granted to Nanjing Zhongsheng Toyota Services for a term of 40 years expiring on 20 May 2044 for commercial use.

3. For the 2 buildings with a total gross floor area of approximately 4,000 sq.m. of the property, we have not been provided with any proper title certificate.

4. In the valuation of this property, we have attributed no commercial value to the 2 buildings of the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB7,019,000 assuming all relevant title certificates had been obtained and the buildings could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The land use rights of the property are legally owned by Nanjing Zhongsheng Toyota Services and could be occupied, used, transferred, leased and otherwise disposed of by Nanjing Zhongsheng Toyota Services;

    b. Pursuant to a Mortgage Contract entered into between Nanjing Zhongsheng Toyota Services and Nanjing Branch of Shanghai Pudong Development Bank (the "Bank"), the land use rights of the property are subject to a mortgage for a term expiring on 22 June 2010;

c. During the mortgage term, Nanjing Zhongsheng Toyota Services should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the land use rights of the property; and

d. There will be no material legal impediment for Nanjing Zhongsheng Toyota Services to obtain relevant Building Ownership Certificates of the buildings with a total gross floor area of approximately 4,000.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
13.	A parcel of land, a commercial building and various structures No. 318 Qianyang Road Putuo District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 9,079 sq.m. and a commercial building and various ancillary structures erected thereon which were completed in about 2003. The building has a gross floor area of approximately 4,861.69 sq.m. The structures mainly include roads, car washing shed and repair shed. The land use rights of the property have been granted for a term of 50 years expiring on 14 November 2051 for industrial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	36,399,000 100% interest attributable to the Group: RMB36,399,000

Notes:

1. Shanghai Guoxin Automobile Sales Co., Ltd. ("Shanghai Guoxin") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate — Hu Fang Di Pu Zi (2003) No. 06310, the land use rights of a parcel of land with a site area of approximately 9,079 sq.m. have been granted to Shanghai Guoxin for a term of 50 years expiring on 14 November 2051 for industrial use, and a building with a gross floor area of approximately 4,861.69 sq.m. is owed by Shanghai Guoxin.

3. According to a Tenancy Agreement, a portion of the building with a gross floor area of approximately 1,500 sq.m. is leased to Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, for a term of one year expiring on 31 December 2010 at a monthly rent of RMB78,000, inclusive of communication fee, water and electricity charges.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Shanghai Guoxin and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Shanghai Guoxin;

   b. The Tenancy Agreement is legal, valid and enforceable;

   c. The property is not subject to any mortgage; and

   d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Shanghai Guoxin confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Shanghai Guoxin further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Shanghai Guoxin complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
14.	A parcel of land, a 2-storey building and a structure located at Huangshan Village Chengmen Town Cangshan District Fuzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 8,373 sq.m. and a 2-storey commercial building and an ancillary structure erected thereon which were completed in about 2002. The building has a gross floor area of approximately 5,549.85 sq.m. The land use rights of the property have been granted for terms expiring on 19 April 2051 for industrial use and 19 April 2041 for commercial use respectively.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	21,684,000 100% interest attributable to the Group: RMB21,684,000

Notes:

1. Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. ("Fuzhou Zhongsheng Toyota Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2004) Di No. 00435000323, the land use rights of a parcel of land with a site area of approximately 8,373 sq.m. have been granted to Fuzhou Zhongsheng Toyota Services for terms expiring on 19 April 2051 for industrial use and 19 April 2041 for commercial use respectively.

3. Pursuant to a Building Ownership Certificate — Rong Fang Quan Zheng R Zi No. 0435110, a building with a gross floor area of approximately 5,549.85 sq.m. is owned by Fuzhou Zhongsheng Toyota Services.

4. Pursuant to a Tenancy Agreement, a portion of the building with a gross floor area of approximately 1,200 sq.m. is leased to Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd., a wholly-owned subsidiary of the Company, from Fuzhou Zhongsheng Toyota Services for a term of 24 years expiring on 10 September 2022 at an annual rent of RMB18,000.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Fuzhou Zhongsheng Toyota Services and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Fuzhou Zhongsheng Toyota Services;

   b. The property is not subject to any mortgage; and

   c. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
15.	A parcel of land and a 2-storey building No. 10 Qingzhou Road Mawei District Fuzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 10,627 sq.m. and a 2-storey commercial building erected thereon which was completed in about 2006. The building has a gross floor area of approximately 4,587.67 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 27 December 2056 for industrial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	27,834,000 100% interest attributable to the Group: RMB27,834,000

Notes:

1. Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. ("Fuzhou Zhongsheng Lexus") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2008) No. MD000798B, the land use rights of a parcel of land with a site area of approximately 10,627 sq.m. have been granted to Fuzhou Zhongsheng Lexus for a term of 50 years expiring on 27 December 2056 for industrial use.

3. Pursuant to a Building Ownership Certificate — Rong Fang Quan Zheng M Zi No. 0800016, a building with a gross floor area of approximately 4,587.67 sq.m. is owned by Fuzhou Zhongsheng Lexus.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Fuzhou Zhongsheng Lexus and could be occupied, used, transferred, leased and otherwise disposed of by Fuzhou Zhongsheng Lexus;

   b. Pursuant to a Mortgage Contract entered into between Fuzhou Zhongsheng Lexus and Fuzhou Baima Branch of China Merchants Bank (the "Bank"), the property is subject to a mortgage for a term expiring on 9 August 2010;

   c. During the mortgage term, Fuzhou Zhongsheng Lexus should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property; and

   d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Fuzhou Zhongsheng Lexus confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Fuzhou Zhongsheng Lexus further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Fuzhou Zhongsheng Lexus complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
16.	A parcel of land and a 3-storey building located at Yonghe Changgang Village Xintang Town Zengcheng City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 7,485 sq.m. and a 3-storey commercial building erected thereon which was completed in about 2005. The building has a gross floor area of approximately 4,570.1 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 25 August 2055 for industrial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	4,117,000 100% interest attributable to the Group: RMB4,117,000

Notes:

1. Guangzhou Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Guangzhou Zhongsheng Toyota") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract — Zeng Guo Yong He Zi (2005) Di No. 155, the land use rights of the property were contracted to be granted to Guangzhou Zhongsheng Toyota for a term of 50 years expiring on 25 August 2055 for industrial use. The land premium was RMB112,280.

3. Pursuant to a State-owned Land Use Rights Certificate — Zeng Guo Yong (2005) Di No. B0400956, the land use rights of a parcel of land with a site area of approximately 7,485 sq.m. have been granted to Guangzhou Zhongsheng Toyota for a term of 50 years expiring on 25 August 2055 for industrial use.

4. For the building with a gross floor area of approximately 4,570.1 sq.m. of the property, we have not been provided with any proper title certificate.

5. In the valuation of this property, we have attributed no commercial value to the building of the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB9,711,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

6. As confirmed by the Company, the relevant Building Ownership Certificate is in process.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Guangzhou Zhongsheng Toyota and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Guangzhou Zhongsheng Toyota;

   b. There will be no material legal impediment for Guangzhou Zhongsheng Toyota to obtain relevant Building Ownership Certificate of the building with a gross floor area of approximately 4,570.1 sq.m.;

   c. The land use rights of the property are not subject to any mortgage; and

d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Guangzhou Zhongsheng Toyota confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Guangzhou Zhongsheng Toyota further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Guangzhou Zhongsheng Toyota complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
17.	A parcel of land and a 3-storey building located at Huangpu Village Xingang East Road Haizhu District Guangzhou City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 9,933 sq.m. and a 3-storey building erected thereon which was completed in about 2005. The building has a gross floor area of approximately 7,237 sq.m. The land use rights of the property have been granted for a term of 70 years for residential use and 50 years for industrial use respectively commencing from 9 January 1996.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	8,940,000 100% interest attributable to the Group: RMB8,940,000

Notes:

1. Guangzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. ("Guangzhou Zhongsheng Lexus") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Sui Fu Guo Yong (2004) Di No. 16, the land use rights of a parcel of land with a site area of approximately 9,933 sq.m. have been granted to Guangzhou Zhongsheng Lexus for a term of 70 years for residential use and 50 years for industrial use respectively commencing from 9 January 1996.

3. For the building with a gross floor area of approximately 7,237 sq.m. of the property, we have not been provided with any proper title certificate.

4. In the valuation of this property, we have attributed no commercial value to the building of the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB24,606,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

5. As confirmed by the Company, the relevant Building Ownership Certificate is in process.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Guangzhou Zhongsheng Lexus and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Guangzhou Zhongsheng Lexus;

   b. There will be no material legal impediment for Guangzhou Zhongsheng Lexus to obtain relevant Building Ownership Certificate of the property;

   c. The land use rights of the property are not subject to any mortgage; and

d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Guangzhou Zhongsheng Lexus confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Guangzhou Zhongsheng Lexus further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Guangzhou Zhongsheng Lexus complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
18.	A parcel of land and 2 buildings located at Yunshan Village Jinma Town Guandu District Kunming City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 6,205.11 sq.m. and 2 buildings erected thereon which were completed in about 2001. The buildings have a total gross floor area of approximately 4,938.18 sq.m. The buildings comprise a commercial building and an ancillary building. The land use rights of the property have been granted for a term of 40 years expiring on 31 October 2045 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	38,596,000 100% interest attributable to the Group: RMB38,596,000

Notes:

1. Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Kunming Zhongsheng Toyota Sales & Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract — Kun Guo Tu Zi Wan Shan (2004) No. 0401 dated 31 October 2005, the land use rights of the property were contracted to be granted to Kunming Zhongsheng Toyota Sales & Services for a term of 40 years expiring on 31 October 2045 for commercial use. The land premium was RMB544,809.

3. Pursuant to a State-owned Land Use Rights Certificate — Kun Guo Yong (2004) Di No. 01168, the land use rights of a parcel of land with a site area of approximately 6,205.11 sq.m. have been granted to Kunming Zhongsheng Toyota Sales & Services for a term of 40 years expiring on 31 October 2045 for commercial use.

4. Pursuant to a Building Ownership Certificate — Kun Ming Shi Fang Quan Zheng Zi Di No. 200617848, 2 buildings with a total gross floor area of approximately 4,938.18 sq.m. are owned by Kunming Zhongsheng Toyota Sales & Services.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Kunming Zhongsheng Toyota Sales & Services and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Kunming Zhongsheng Toyota Sales & Services; and

   b. The property is not subject to any mortgage.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
19.	A parcel of land 2 buildings and a shed No. 1455 Dianchi Road Xishan District Kunming City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 11,613.33 sq.m. and 2 buildings and a shed erected thereon which were completed in about 2006 and 2008 respectively. The buildings have a total gross floor area of approximately 5,316.3 sq.m. The buildings include a commercial building and an ancillary building.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. ("Yunnan Zhongsheng Lexus") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Land Grant Contract entered into between an independent third party and Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Kunming Zhongsheng Toyota Sales & Services", a wholly-owned subsidiary of the Company, dated 25 October 2006, the land use rights of the property were contracted to be transferred to Kunming Zhongsheng Toyota Automobile Sales & Services at a consideration of RMB17,420,000. As at the date of valuation, the property was occupied by Yunnan Zhongsheng Lexus.

3. We have not been provided with any proper title certificate of the property.

4. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and the structure (excluding the land element) as at the date of valuation would be RMB27,477,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

5. As confirmed by the Company, the relevant land grant procedures are in process.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The use of the collectively-owned land by Yunnan Zhongsheng Lexus is not legal before Yunnan Zhongsheng Lexus has legally obtained the State-owned Land Use Rights Certificate for the land;

   b. Pursuant to a Confirmation Letter issued by Kunming Land and Resource Bureau, (i) it would not oppose that Yunnan Zhongsheng Lexus uses the land of the property as operation site and promise that it would not inflict punishment on Yunnan Zhongsheng Lexus for using this parcel of land; and (ii) it would assist Yunnan Zhongsheng Lexus in relocating and minimize the relevant loss and adverse effect if Yunnan Zhongsheng Lexus should be unable to continue operating on this parcel of land; and

   c. The property is not subject to any mortgage.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
20.	A parcel of land and 2 buildings located at Dianchi Road Xishan District Kunming City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 12,365.6 sq.m. and 2 buildings erected thereon which were completed in about 2006. The buildings have a total gross floor area of approximately 10,504.35 sq.m. The buildings include a commercial building and an ancillary building. The land use rights of the property have been granted for a term of 40 years expiring on 9 January 2046 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	33,388,000 100% interest attributable to the Group: RMB33,388,000

Notes:

1. Kunming Zhongsheng Automobile Sales & Services Co., Ltd. ("Kunming Zhongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract — Kun Guo Tu Zi Wan Shan (2004) No. 0662 dated 9 January 2006, the land use rights of the property were contracted to be granted to Yunnan Zhongsheng Automobile Sales Co., Ltd. ("Yunnan Zhongsheng", a wholly owned subsidiary of the Company, for a term 40 years expiring on 9 January 2046 for commercial use at a land premium of RMB1,085,700.

3. Pursuant to a Transfer Agreement entered into between Yunnan Zhongsheng and Kunming Zhongsheng, Yunnan Zhongsheng transferred the land use rights of the property to Kunming Zhongsheng at a consideration of RMB5,428,498.

4. Pursuant to a State-owned Land Use Rights Certificate — Kun Guo Yong (2004) Di No. 01505, the land use rights of a parcel of land with a site area of approximately 12,365.6 sq.m. have been granted to Kunming Zhongsheng for a term of 40 years expiring on 9 January 2046 for commercial use.

5. Pursuant to a Construction Work Planning Permit — Kun Gui Xi Shan Jian Zheng (2006) No. 0038 in favour of Kunming Zhongsheng, 2 buildings with a total planned gross floor area of approximately 10,504.35 sq.m. have been approved for construction.

6. In the valuation of this property, we have attributed no commercial value to the buildings of the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB23,303,000 assuming all relevant title certificates had been obtained and the buildings could be freely transferred.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Kunming Zhongsheng and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Kunming Zhongsheng;

   b. There will be no material legal impediment for Kunming Zhongsheng to obtain relevant Building Ownership Certificates of the buildings of the property; and

   c. The land use rights of the property are not subject to any mortgage.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
21.	A parcel of land and 2 buildings located at Ziwu East Road Central Sowntown Nanpian District Qujing City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 7,576.3 sq.m. and 2 buildings erected thereon which were completed in about 2008. The buildings have a total gross floor area of approximately 4,576.27 sq.m. The buildings include a commercial building and an ancillary building. The land use rights of the property have been granted for a term expiring on 4 June 2047 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	30,938,000 100% interest attributable to the Group: RMB30,938,000

Notes:

1. Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Qujing Zhongsheng Toyota") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Qu Shi Guo Yong (2008) Di No. 4289, the land use rights of a parcel of land with a site area of approximately 7,576.3 sq.m. have been granted to Qujing Zhongsheng Toyota for a term expiring on 4 June 2047 for commercial use.

3. Pursuant to a Building Ownership Certificate — Qu Jing Fang Quan Zheng Qu Zi No. 200901918, 2 buildings with a total gross floor area of approximately 4,576.27 sq.m. are owned by Qujing Zhongsheng Toyota.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Qujing Zhongsheng Toyota and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Qujing Zhongsheng Toyota; and

   b. The property is not subject to any mortgage.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
22.	A parcel of land and 2 buildings No. 168 Haier Road Laoshan District Qingdao City Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 8,667 sq.m. and 2 buildings erected thereon which were completed in 2003. The buildings have a total gross floor area of approximately 4,727.63 sq.m. The buildings include a commercial building and an ancillary industrial building. The land use rights of the property have been granted for a term of 50 years expiring on 12 December 2052 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd. ("Qingdao Zhongsheng Botong") is a wholly-owned subsidiary of the Company.

2. Pursuant to an Agreement dated 16 February 2009 and entered into between Qingdao Zhongsheng Botong and Qingdao Huatai Group, an independent third party, the land use rights of a parcel of land with a site area of approximately 8,667 sq.m. were contracted to be transferred to Qingdao Zhongsheng Botong at a consideration of RMB13,000,000.

3. We have not been provided with any proper title certificate of the property.

4. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB20,843,000 assuming all relevant title certificates had been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. After the grant procedure is completed and relevant Land Use Rights Certificate is obtained, the land use rights of the property can be legally occupied, used, transferred, leased, mortgaged and otherwise disposed of by Qingdao Zhongsheng Botong; and

   b. As confirmed by the Company, the property transfer procedures are in process. There will be no material impediment for Qingdao Zhongsheng Botong to obtain the relevant title certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
23.	2 parcels of land, 6 buildings and various structures No. 19 Hengshan Road Development Zone Yantai City Shandong Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 109,277.8 sq.m. and 6 buildings and various ancillary structures erected thereon which were completed in various stages between 2003 and 2006. The buildings have a total gross floor area of approximately 24,171.24 sq.m. The buildings mainly include commercial buildings and ancillary industrial buildings. The structures mainly include roads, parking shed, boundary fences and ancillary structures. The land use rights of the property have been granted for terms expiring on 5 November 2052 and 11 February 2053 for industrial use respectively.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	69,872,000 100% interest attributable to the Group: RMB69,872,000

Notes:

1. Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd. ("Yantai Zhongsheng Huidi") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates — Yan Guo Yong (2006) Di No. 1248 and Yan Guo Yong (2002) Zi Di No. 1125, the land use rights of 2 parcels of land with a total site area of approximately 109,277.8 sq.m. have been granted to Yantai Tongzhou Automobile Sales Co., Ltd., the predecessor of Yantai Zhongsheng Huidi, for terms expiring on 5 November 2052 and 11 February 2053 for industrial use respectively.

3. Pursuant to 5 Building Ownership Certificates — Yan Fang Quan Zheng Kai Zi Di Nos. 105013, 105014, 105015, 105016 and 106485, 5 buildings with a total gross floor area of approximately 13,053.37 sq.m. are owned by Yantai Tongzhou Automobile Sales Co., Ltd.

4. For the remaining building with a gross floor area of approximately 11,117.87 sq.m. of the property, we have not been provided with any proper title certificate.

5. Pursuant to a Tenancy Agreement, a building of the property with a gross floor area of approximately 3,004 sq.m. is leased to Yantai Dacheng Huatong Automobile Sales & Services Co., Ltd., the predecessor of Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, for a term of one year expiring on 1 January 2011 with a nil rental.

6. Pursuant to a Tenancy Agreement, a building of the property with a gross floor area of approximately 2,400 sq.m. is leased to Yantai Zhucheng Automobile Sales & Services Co., Ltd., the predecessor of Yantai Zhongsheng Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, for a term of one year expiring on 1 January 2011 with a nil rental.

7. Pursuant to a Tenancy Agreement, a building of the property with a gross floor area of approximately 2,969 sq.m. is leased to Yantai Dacheng Huamei Automobile Sales & Services Co., Ltd., the predecessor of Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, for a term of one year expiring on 1 January 2011 with a nil rental.

8. In the valuation of this property, we have attributed no commercial value to the building mentioned in note 4 without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB23,911,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property (excluding the building mentioned in note 4) are legally owned by Yantai Zhongsheng Huidi and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Yantai Zhongsheng Huidi;

   b. The Tenancy Agreements are legal, valid and enforceable;

   c. The property is not subject to any mortgage; and

   d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Yantai Zhongsheng Huidi confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Yantai Zhongsheng Huidi further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Yantai Zhongsheng Huidi complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
24.	A parcel of land and a 2-storey building No. 99 Bohai Street Zhanqian District Yingkou City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 10,021 sq.m. and a 2-storey commercial building erected thereon which was completed in about 2005. The building has a gross floor area of approximately 4,090.6 sq.m. The land use rights of the property have been granted for a term of 38 years expiring on 8 June 2044 for commercial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	16,698,000 100% interest attributable to the Group: RMB16,698,000

Notes:

1. Yingkou Huasheng Automobile Sales & Services Co., Ltd. ("Yingkou Huasheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Ying Kou Guo Yong (2006) Zi Di No. 210011, the land use rights of a parcel of land with a site area of approximately 10,021 sq.m. have been granted to Yingkou Huasheng for a term expiring on 8 June 2044 for commercial use.

3. Pursuant to a Building Ownership Certificate — Ying Fang Quan Zheng Zi Di No. 100070178, a building with a gross floor area of approximately 4,090.6 sq.m. is owned by Yingkou Huasheng.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights of the property are legally owned by Yingkou Huasheng and could be occupied, used, transferred, leased and otherwise disposed of by Yingkou Huasheng; and

   b. The property is not subject to any mortgage.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
25.	A parcel of land and a 3-storey building No. 20 Hequ Road Shahekou District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 18,000 sq.m. and a 3-storey commercial building erected thereon which was completed in about 2009. The building has a gross floor area of approximately 8,440 sq.m.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Zhongsheng Group Automobile Products Co., Ltd. ("Dalian Automobile Products") and Dalian Zhongsheng Zhixing Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Zhixing") are both wholly-owned subsidiaries of the Company.

2. Pursuant to a Land Use Rights Transfer Agreement entered into between Dalian Jianda Development Co., Ltd. and Dalian Free Trade Zone Toyota Automobile Sales Co., Ltd., the predecessor of Dalian Automobile Products, the land use right of a parcel of land with a site area of approximately 18,000 sq.m. and a building with a gross floor area of approximately 8,000 sq.m. were contracted to be transferred to Dalian Automobile Products from Dalian Jianda Development Co., Ltd. at a consideration of RMB18,000,000.

3. Pursuant to a Tenancy Agreement, the property is leased to Dalian Zhongsheng Zhixing from Dalian Automobile Products for a term commencing from 1 May 2009 and expiring on 1 May 2012 with a nil rental.

4. We have not been provided with any proper title certificate of the property.

5. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB27,573,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

6. As confirmed by the Company, the relevant land grant procedures are in process..

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The use of the collectively-owned land by Dalian Automobile Products is not legal before Dalian Automobile Products has legally obtained the State-owned Land Use Rights Certificate for the land. Dalian Automobile Products has the risk of discontinuing the current use and being punished; and

   b. Pursuant to a Confirmation Letter issued by Dalian Municipal State-owned Land Resources and Housing Bureau Shahekou Branch, (i) it would not oppose that Dalian Automobile Products uses the land of the property as operation site and promise that it would not inflict punishment on Dalian Automobile Products for using this parcel of land; and (ii) it would assist Dalian Automobile Products in relocating and minimize the relevant loss and adverse effect if Dalian Automobile Products should be unable to continue operating on this parcel of land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
26.	A parcel of land, 3 buildings and various structures located at Lingzhi Village Lingzhi Town Shaoxing City Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 6,705 sq.m. and 3 buildings and various ancillary structures erected thereon which were completed in various stages between 2001 to 2008. The buildings have a total gross floor area of approximately 6,166.73 sq.m. The buildings include 2 commercial building and a ancillary building. The structures mainly include boundary fences, scutcheon, parking shed and various ancillary structures. The land use rights of the property have been granted for a term of 40 years expiring on 6 November 2051 for industrial use.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	7,881,000 100% interest attributable to the Group: RMB7,881,000

Notes:

1. Shaoxing Huixin Automobile Sales & Services Co., Ltd. ("Shaoxing Huixin") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Shao Shi Guo Yong (2001) Zi No. 1-13345, the land use rights of a parcel of land with a site area of approximately 6,705 sq.m. have been granted to Shaoxing Huixin for a term of 40 years expiring on 6 November 2051 for industrial use.

3. Pursuant to a Building Ownership Certificate — Fang Quan Zheng Shao Zi Shi Zi Di No. 1064, a building with a gross floor area of approximately 2,464.23 sq.m is owned by Shaoxing Huixin.

4. For the remaining 2 buildings with a total gross floor area of approximately 3,702.5 sq.m. of the property, we have not been provided with any proper title certificate.

5. In the valuation of this property, we have attributed no commercial value to 2 buildings mentioned in note 4 without any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB8,052,000 assuming all relevant title certificates had been obtained and the buildings could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights and the building ownership rights mentioned in note 3 of the property are legally owned by Shaoxing Huixin and could be occupied, used, transferred, leased and otherwise disposed of by Shaoxing Huixin;

   b. Pursuant to a Mortgage Registration Certificate, the land use rights of the property and the building mentioned in note 3 are subject to a mortgage between Shaoxing Huixin and Shaoxing Commercial Bank (the "Bank") for a term expiring on 30 December 2010;

   c. During the mortgage term, Shaoxing Huixin should obtain the written consent from the Bank when transferring, leasing or otherwise disposing of the property (excluding the portion mentioned in note 4); and

   d. As there is no clear requirement under the relevant PRC laws and regulations governing the classification of the land usage of a 4S dealership in the relevant land use right certificate, such classification is to be determined by the relevant local land authority in accordance with local policies and practice. Shaoxing Huixin confirmed that during its development, all its relevant subsidiaries have disclosed their land usage and gone through the construction formalities, and submitted required applications to the land authorities and the planning authorities in order to be granted the land for carrying out their business. Shaoxing Huixin further confirmed that it has never been imposed any penalty by relevant land authorities, nor has its application for building ownership certificates or project completion and acceptance been denied, for violating the land usage as recorded on the land use right certificates. The use of industrial land for 4S dealership business by Shaoxing Huixin complies with national and regional land laws, regulations and policies in effect.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
27.	A parcel of land and a 2-storey building located at F-12A-1 and F-13A Xipian Area Qingmeng Economic and Technological Development Zone Quanzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 9,449.3 sq.m. and a 2-storey commercial building which was completed in about 2009. The building has a gross floor area of approximately 7,012.4 sq.m. The land use rights of property were contracted to be granted to Quanzhou Zhongsheng.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Quanzhou Longxing Automobile Sales & Services Co., Ltd. ("Quanzhou Zhongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Land Use Right Transfer Contract — Quan Qing Di Yue Xie Zi No. 010 dated 3 April 2006 and a supplementary agreement dated 18 June 2006, the land use rights of a parcel of land with a site area of approximately 9,449.3 sq.m. were contracted to be transferred to Quanzhou Zhongsheng at a consideration of RMB2,976,540.

3. Pursuant to a Construction Land Planning Permit — (2007) No.122 in favour of Quanzhou Zhongsheng, permission towards the planning of the subject land with a site area of approximately 9,449.3 sq.m. has been granted to Quanzhou Zhongsheng.

4. We have not been provided with any proper title certificate of the property.

5. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB24,639,000 assuming all relevant title certificates had been obtained and the property could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. After obtaining the State-owned Land Use Rights Certificate, the land use rights of the property could be legally transferred, leased, mortgaged and otherwise disposed of by Quanzhou Zhongsheng; and

   b. As confirmed by the Company, the relevant State-owned Land Use Rights Certificate is under application. There will be no material impediment for Quanzhou Zhongsheng to obtain the relevant land use rights certificate of the property.

VALUATION CERTIFICATE

Group II — Property interests held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
28.	2 parcels of land located at Tianhai Area Dalian Free Trade Zone Dalian City Liaoning Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 11,125 sq.m. The land use rights of the property were contracted to be granted for a term of 40 years expiring on 25 February 2048 for commercial use.	The property is currently a vacant site.	No commercial value

Notes:

1. Dalian Yudi Automobile Sales & Services Co., Ltd. ("Dalian Yudi") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts, the land use rights of 2 parcels of land with a total site area of approximately 11,125 sq.m. were contracted to be granted to Dalian Yudi for commercial use. The total land use rights premium was RMB7,231,250, which has been fully paid as advised by the Group.

3. In the valuation of this property, we have attributed no commercial value to the property without any proper title certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB7,209,000 assuming all relevant title certificates had been obtained and the property could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. There will be no material impediment for Dalian Yudi to obtain the relevant Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
29.	A parcel of land located at Maoqiao Village Yushan Town Changshu City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 10,000 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 4 May 2048 for commercial use.	The property is currently a vacant site.	25,400,000 100% interest attributable to the Group: RMB25,400,000

Notes:

1. Changshu Huaxing Automobile Sales & Services Co., Ltd. ("Changshu Huaxing") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract — Chang Di Rang He (2008A) Di No. 006, the land use rights of a parcel of land with a site area of approximately 10,000 sq.m. were contracted to be granted to Changshu Huaxing for commercial use. The land use rights premium was RMB22,500,000.

3. Pursuant to a State-owned Land Use Rights Certificate — Chang Guo Yong (2008) Zi Di No. 001594, the land use rights of a parcel of land with a site area of approximately 10,000 sq.m. have been granted to Changshu Huaxing for a term of 40 years expiring on 4 May 2048 for commercial use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Changshu Huaxing and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Changshu Huaxing.

VALUATION CERTIFICATE

Group III — Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
30.	2 parcels of land and a building under construction No. 9 Heping Road Chuanying District Jilin City Jilin Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 12,633.54 sq.m. and a commercial building thereon which was under construction as at the date of valuation. Upon completion, the building will have a gross floor area of approximately 6,500 sq.m. The total construction cost is estimated to be approximately RMB12,967,900, of which RMB12,000,000 had been paid up to the date of valuation. The land use rights of the property were contracted to be granted for a term of 40 years commencing from 24 August 2009 for commercial use.	The property has been completed and is currently occupied by the Group.	No commercial value

Notes:

1. Jilin Chengbang Automobile Sales & Services Co., Ltd. ("Jilin Chengbang") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts, the land use rights of 2 parcels of land with a total site area of approximately 12,633.54 sq.m. were contracted to be granted to Jilin Chengbang for commercial use. The total land use rights premium was RMB14,070,000, which has been fully paid as advised by the Group.

3. Pursuant to 2 Construction Land Planning Permits — Ji Shi Di Zi Di 2009 Kai No. 109 and 110 in favour of Jilin Chengbang permission towards the planning of the subject land with a total site area of approximately 12,630 sq.m. have been granted to Jilin Chengbang.

4. In the valuation of this property, we have attributed no commercial value to the property which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB27,463,000 assuming all relevant title certificates and construction permits had been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. There will be no material impediment for Jilin Chengbang to obtain the relevant Land Use Rights Certificate of the property, and after obtaining the Land Use Rights Certificate under the name of Jilin Chengbang, the land use rights of the property will be legally occupied, used, transferred, leased, mortgaged and otherwise disposed of by Jilin Chengbang.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
31.	A parcel of land and a building under construction located at Longqiao Community Dongsheng Street Shuangliu County Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 23,334.38 sq.m. and a commercial building thereon which was under construction as at the date of valuation. Upon completion, the building will have a gross floor area of approximately 14,170 sq.m. The total construction cost is estimated to be approximately RMB35,200,000, of which RMB18,464,738 had been paid up to the date of valuation. The land use rights of the property have been granted for a term of 40 years expiring on 22 October 2048 for commercial use.	The property has been completed and is currently occupied by the Group.	25,668,000 100% interest attributable to the Group: RMB25,668,000

Notes:

1. Chengdu Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Chengdu Zhongsheng Toyota") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Shuang Guo Yong (2008) Di No. 1892, the land use rights of a parcel of land with a site area of approximately 23,334.38 sq.m. have been granted to Chengdu Zhongsheng Toyota for a term of 40 years expiring on 22 October 2048 for commercial use.

3. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 510122200931082 in favour of Chengdu Zhongsheng Toyota, a building with a planned gross floor area of approximately 14,170 sq.m. has been approved for construction.

4. In the valuation of this property, we have attributed no commercial value to the building without any construction permit. However, for reference purpose, we are of the opinion that the capital value of the building (excluding the land element) as at the date of valuation would be RMB35,200,000 assuming all relevant title certificates and construction permits have been obtained and the building could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Chengdu Zhongsheng Toyota and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Chengdu Zhongsheng Toyota.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
32.	A parcel of land and a building under construction located at the junction of Xishi Road and Xixin Er Road New District Wuxi City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 9,020.8 sq.m. and a commercial building thereon which was under construction as at the date of valuation. Upon completion, the building will have a gross floor area of approximately 9,412.3 sq.m. The total construction cost is estimated to be approximately RMB26,500,000, of which RMB21,600,000 had been paid up to the date of valuation. The land use rights of the property have been granted for a term of 40 years expiring on 22 April 2049 for commercial use.	The property has been completed and is currently occupied by the Group.	10,951,000 100% interest attributable to the Group: RMB10,951,000

Notes:

1. Wuxi Guoxin Automobile Sales & Services Co., Ltd. ("Wuxi Guoxin") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Right Certificate — Xi Xin Guo Yong (2009) Di No. 31, the land use rights of a parcel of land with a site area of approximately 9,020.8 sq.m. have been granted to Wuxi Guoxin for a term of 40 years expiring on 22 April 2049 for commercial use.

3. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3202012009X0102 in favour of Wuxi Guoxin, permission towards the planning of the subject land with a site area of approximately 9,001.5 sq.m. has been granted to Wuxi Guoxin.

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 3202012009X0321 in favour of Wuxi Guoxin, a building with a planned gross floor area of approximately 9,412.3 sq.m. has been approved for construction.

5. In the valuation of this property, we have attributed no commercial value to the building without all construction permits. However, for reference purpose, we are of the opinion that the capital value of the building as at the date of valuation would be RMB25,650,000 assuming all relevant title certificates and construction permits had been obtained and it could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The land use rights of the property are legally owned by Wuxi Guoxin and could be occupied, used, transferred, leased, mortgaged or otherwise disposed of by Wuxi Guoxin.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
33.	A parcel of land and a building under construction located at the junction of Dianyuan Road and Baoyuan Road Economy & Development Zone Dali City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 12,306.67 sq.m. and a commercial building thereon which was under construction as at the date of valuation. Upon completion, the building will have a gross floor area of approximately 10,084.23 sq.m. The total construction cost is estimated to be approximately RMB20,000,000, of which RMB17,426,600 has been paid up to the date of valuation. The land use rights of the property are leased by the Group (refer to note 4).	The property is currently under construction.	No commercial value

Notes:

1. Dali Zhongsheng Automobile Sales & Services Co., Ltd. ("Dali Zhongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate — Da Kai Guo Yong (2003) Zi Di No. 0536, the land use rights of a parcel of land with a site area of approximately 131,083.3 sq.m. have been granted to Yunnan Dali Fanya Automobile City Co., Ltd. ("Dali Fanya") for a term expiring on 28 August 2053 for commercial and service use. As advised by the Group, the parcel of land of the property is included in the above Land Use Rights Certificate.

3. Pursuant to a Cooperation Agreement dated 12 June 2009 entered between Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, and Dali Fanya, Dali Fanya will invest a portion of the land uses rights mentioned in note 2 with a site area of approximately 12,306.67 sq.m. to Dali Zhongsheng and change the legal user of the land use rights to Dali Zhongsheng.

4. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 12,306.67 sq.m is leased to Dali Zhongsheng from Dali Fanya ("the lessor") with nil rent for a term commencing from the date of signing the Cooperation Agreement and expiring on the date of completing changing the land use rights under the name of Dali Zhongsheng. The lessor agrees that Dali Zhongsheng could construct buildings on the land.

5. As confirmed by the Company, the relevant land transfer procedures are in process.

6. Pursuant to a Construction Work Planning Permit — Jian Zi Di Gong No. 2009-080 in favour of Dali Zhongsheng, a building with a planned gross floor area of approximately 10,084.23 sq.m. has been approved for construction.

7. In the valuation of this property, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the building under construction as at the date of valuation would be RMB17,427,000 assuming all relevant title certificates and construction permits had been obtained and the property could be freely transferred.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the land and could legally lease the land; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

Group IV— Property interests leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
34.	2 buildings No. 101 Hubin North Road Xiamen City Fujian Province The PRC	The property comprises 2 single-storey buildings completed in about 1998. The property has a total lettable area of approximately 10,858 sq.m. The property is leased to Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. from Xiamen Binbei Automobile City Co., Ltd., an independent third party, for a term expiring on 30 June 2012.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Xiamen Zhongsheng Toyota") is a 50% owned subsidiary of the Company.

2. Pursuant to 2 Tenancy Agreements, the property is leased to Xiamen Zhongsheng Toyota from Xiamen Binbei Automobile City Co., Ltd. ("the lessor"), an independent third party, for a term expiring on 30 June 2012 at a monthly rent of RMB195,561, exclusive of management fee, water and electricity charges. The rent will be increased by 5% every year from the second year.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has not obtained any proper title certificate of the property and could not lease the building mentioned in note 2. In such circumstances, if a third party raises an objection to the Tenancy Agreements mentioned in note 2, it may affect Xiamen Zhongsheng Toyota to continue leasing the property; and

   b. Pursuant to a Confirmation Letter issued by the lessor, the lessor has agreed to indemnify Xiamen Zhongsheng Toyota against any costs, expenses, losses and other legal consequences arising from the use of the property without legal title and lease registration and provide appropriate substitute property for its continuing operation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
35.	Units 102 to 104 on Level 1 of Building 28 located at Xi Xiang Bao Tian Yuanyi Yuan Bao'an District Shenzhen Guangdong Province The PRC	The property comprises 3 units on Level 1 of a 7-storey commercial building completed in about 2004. The property has a lettable area of approximately 401.28 sq.m. The property is leased to Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. from Shenzhen Yizhifeng Industrial Co., Ltd., an independent third party, for a term of 3 years expiring on 8 April 2011.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. ("Shenzhen Zhongsheng Toyota") is a 60% owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Shenzhen Zhongsheng Toyota from Shenzhen Yizhifeng Industrial Co., Ltd. ("the lessor"), an independent third party, for a term of 3 years expiring on 8 April 2011 at a monthly rent of RMB23,642.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has not obtained any proper title certificate of the property and could not lease the property. In such circumstances, if a third party raises an objection to the Tenancy Agreement mentioned in note 2, it may affect Shenzhen Zhongsheng Toyota to continue leasing the property; and

   b. Pursuant to a Confirmation Letter issued by the lessor, the lessor has agreed to indemnify Shenzhen Zhongsheng Toyota against any costs, expenses, losses and other legal consequences arising from the use of the property without legal title and lease registration and provide appropriate substitute property for its continuing operation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
36.	Levels 1 and 2 of a commercial building No. 520 Bailong Road Kunming City Yunnan Province The PRC	The property comprises Levels 1 and 2 of a 4-storey commercial building completed in about 1999. The property has a lettable area of approximately 3,389 sq.m. The property is leased to Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. from Yunnan Boye Trading Co., Ltd., an independent party, for a term of 10 years expiring on 17 January 2018.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Kunming Zhongsheng Toyota Sales & Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Kunming Zhongsheng Toyota Sales & Services from Yunnan Boye Trading Co., Ltd., an independent third party, for a term of 10 years expiring on 17 January 2018 at an annual rent of RMB800,000.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Yunnan Boye Trading Co., Ltd. is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
37.	Level 9 of Zhongnan Mansion No. 18 Zhonghua West Road Dalian City Liaoning Province The PRC	The property comprises Level 9 of a 16-storey office building completed in about 2005. The property has a lettable area of approximately 2,978.98 sq.m. The property is leased to Dalian Free Trade Zone Toyota Automobile Sales & Services Co., Ltd. from Dalian Hua Nan Group Co., Ltd., an independent third party, for a term of 3 years expiring on 30 April 2010.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Zhongsheng Group Automobile Products Co., Ltd. ("Dalian Automobile Products") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Dalian Free Trade Zone Toyota Automobile Sales & Services Co., Ltd., the predecessor of Dalian Automobile Products, from Dalian Hua Nan Group Co., Ltd. ("the lessor"), an independent third party, for a term of 3 years expiring on 30 April 2010 at an annual rent of RMB1,087,328, inclusive of management fee.

3. Pursuant to a Tenancy Agreement, a portion of the property with a gross floor area of approximately 2,500 sq.m. is subleased to Zhongsheng (Dalian) Holdings Co., Ltd. ("Zhongsheng Dalian"), a wholly-owned subsidiary of the Company, from Dalian Automobile Products for a term of one year expiring on 30 April 2010 with a nil rental.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has not obtained any proper title certificate of the property and could not lease the property. In such circumstances, if a third party raises an objection to the Tenancy Agreement mentioned in note 2, it may affect Zhongsheng Dalian to continue leasing the property; and

   b. Pursuant to a Confirmation Letter issued by the lessor, the lessor has agreed to indemnify Dalian Automobile Products against any costs, expenses, losses and other legal consequences arising from the use of the property without legal title and lease registration and provide appropriate substitute property for its continuing operation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
38.	A commercial building No. 398 Huashan Yi Road Jimo City Shandong Province The PRC	The property comprises a 2-storey commercial building completed in about 2007. The property has a lettable area of approximately 3,012 sq.m. The property is leased to Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd. from Zhang Jian, an independent third party, for a term of 10 years expiring on 1 August 2017.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd. ("Qingdao Zhongsheng Qingtong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Qingdao Zhongsheng Qingtong from Zhang Jian ("the lessor"), an independent third party, for a term of 10 years expiring on 1 August 2017 at an annual rent of RMB300,000, inclusive of management fee. The rent will be increased to RMB345,000 from the sixth year.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
39.	A commercial building located at Huangcheng Industrial Park Longkou City Shandong Province The PRC	The property comprises a 3-storey commercial building completed in about 2003. The property has a lettable area of approximately 4,089.61 sq.m. The property is leased to Longkou Dacheng Automobile Sales & Services Co., Ltd. from Longkou Changlong Automobile Trading Co., Ltd., an independent third party, for a term of 19 years expiring on 31 December 2024.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd. ("Longkou Zhongsheng Shangtong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Longkou Dacheng Automobile Sales & Services Co., Ltd., the predecessor of Longkou Zhongsheng Shangtong, from Longkou Changlong Automobile Trading Co., Ltd. ("the lessor"), an independent third party, for a term of 19 years expiring on 31 December 2024 at an annual rent of RMB350,000.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
40.	A parcel of land and 2 buildings No. 168 Jichang Road Zhifu District Yantai City Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 3,397.57 sq.m. and 2 buildings erected thereon which were completed in 1996 and 2005 respectively. The buildings have a total lettable area of approximately 7,081.97 sq.m. The property is leased to Yantai Dacheng Toyota Automobile Sales & Services Co., Ltd. from Yantai Dacheng Automobile Repairing Co., Ltd., an independent party for a term of 10 years expiring on 31 July 2018.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Yantai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. ("Yantai Zhongsheng Toyota") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Yantai Dacheng Toyota Automobile Sales & Services Co., Ltd., the predecessor of Yantai Zhongsheng Toyota, from Yantai Dacheng Automobile Repairing Co., Ltd. ("the lessor"), an independent third party, for a term of 10 years expiring on 31 July 2018 at an annual rent of RMB1,600,000.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
41.	Levels 1 to 3 of Building 6 located at Zhongxin Road Wanfeng Village Shajing Town Bao'an District Shenzhen Guangdong Province The PRC	The property comprises Levels 1 to 3 of a 6-storey building completed in 2004. The property has a lettable area of approximately 7,995 sq.m. The property is leased to Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd. from Zhou Rong Xian, an independent third party, for a term of 10 years expiring on 10 June 2018.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd. ("Shenzhen Zhongsheng Yingbin Toyota Sales & Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Shenzhen Zhongsheng Yingbin Toyota Sales & Services from Zhou Rong Xian ("the lessor"), an independent third party, for a term of 10 years expiring on 10 June 2018 at a monthly rent of RMB100,000, inclusive of management fee.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The lessor has not obtained any proper title certificate for the property and could not lease the property. In such circumstances, if a third party raises an objection to the Tenancy Agreement mentioned in note 2, it may affect Shenzhen Zhongsheng Yingbin Toyota Sales & Services to continue leasing the property; and

    b. Pursuant to a Confirmation Letter issued by the lessor, the lessor has agreed to indemnify Shenzhen Zhongsheng Yingbin Toyota Sales & Services against any costs, expenses, losses and other legal consequences arising from the use of the property without legal title and lease registration and provide appropriate substitute property for its continuing operation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
42.	2 buildings No. 28 North Erhuan Road Chengxi Development Zone Zhuji City Zhejiang Province The PRC	The property comprises 2 commercial buildings completed in about 2006. The property has a total lettable area of approximately 5,568 sq.m. The property is leased to Zhuji Yufeng Toyota Automobile Sales and Services Co., Ltd. from Zhuji Qin Yuan Etiquette and Advertising Co., Ltd., an independent third party, for a term of 10 years expiring on 19 February 2016.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Zhuji Yufeng Toyota Automobile Sales and Services Co., Ltd. ("Zhuji Yufeng Toyota") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Zhuji Yufeng Toyota from Zhuji Qin Yuan Etiquette and Advertising Co., Ltd., an independent third party, for a term of 10 years expiring on 19 February 2016 at an annual rent of RMB891,500, exclusive of management fee, water and electricity charges.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Zhuji Qin Yuan Etiquette and Advertising Co., Ltd. is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
43.	3 units of a 3-storey building located in Taihezhuang Village Lunan Town Laobian District Yingkou City Liaoning Province The PRC	The property comprises 3 units of a 3-storey office building completed in about 1996. The property has a lettable area of approximately 98 sq.m. The property is leased to Yingkou Zhongsheng Automobile Sales & Services Co., Ltd. from Taihezhuang Community Committee, an independent third party, for a term of 3 years expiring on 31 December 2010.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Yingkou Zhongsheng Automobile Sales & Services Co., Ltd. ("Yingkou Zhongsheng Automobile") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Yingkou Zhongsheng Automobile from Taihezhuang Community Committee ("the lessor"), an independent third party, for a term of 3 years expiring on 31 December 2010 at an annual rent of RMB6,800, exclusive of management fee, water and electricity charges.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
44.	Unit 330 of Taihua Mansion located at Dalian Free Trade Zone Dalian City Liaoning Province The PRC	The property comprises a unit of a 6-storey office building completed in about 2000. The property has a lettable area of approximately 24 sq.m. The property is leased to Dalian Yudi Automobile Sales & Services Co., Ltd. from Dalian Free Trade Zone Taihua Trading Co., Ltd., an independent third party, for a term of 2 years expiring on 8 May 2010.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Dalian Yudi Automobile Sales & Services Co., Ltd. ("Dalian Yudi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Dalian Yudi from Dalian Free Trade Zone Taihua Trading Co., Ltd. ("the lessor"), an independent third party, for a term of 2 years expiring on 8 May 2010 at an annual rent of RMB4,000.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
45.	Units 2 and 3 of Zonghe Building located at Foping Xin Road Nanhai District Foshan City Guangdong Province The PRC	The property comprises 2 units of a commercial building completed in about 1995. The property has a total lettable area of approximately 109.62 sq.m. The property is leased to Foshan Zhongsheng Zhixing Automobile Sales & Services Co., Ltd. from Pingzhou Branch of Nanhai Rural Credit Cooperatives, an independent third party, for a term of a year expiring on 31 August 2010.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Foshan Zhongsheng Zhixing Automobile Sales & Services Co., Ltd. ("Foshan Zhongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Zhongsheng (Dalian) Holdings Co., Ltd. ("Zhongsheng Dalian"), a wholly-owned subsidiary of the Company, from Pingzhou Branch of Nanhai Rural Credit Cooperatives ("the lessor"), an independent third party, for a term commencing from 18 August 2009 and expiring on 31 August 2010 at a monthly rent of RMB3,800.

   Pursuant to a Supplementary Agreement, the property is subleased to Foshan Zhongsheng from Zhongsheng Dalian for a term commencing from 18 August 2009 and expiring on 31 August 2010 with a nil rental.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
46.	A 2-storey commercial building No. 16-2 North Er Dong Road Tiexi District Shenyang City Liaoning Province The PRC	The property comprises a 2-storey commercial building completed in about 2003. The property has a lettable area of approximately 3,851.98 sq.m. The property is leased to Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd. from Shenyang Rilong Automobile Sales & Services Co., Ltd., an independent third party, for a term commencing from 18 June 2008 and expiring on 18 June 2027.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd. (“Zhongsheng Jietong”) is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Liaoning Yisheng Automobile Sales & Services Co., Ltd., the predecessor of Zhongsheng Jietong, from Shenyang Rilong Automobile Sales & Services Co., Ltd. (“the lessor”), an independent third party, for a term commencing from 18 June 2008 and expiring on 18 June 2027 at an annual rent of RMB400,000.

3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
47.	A parcel of land and a 2-storey building No. 7133 Ziyou Avenue High-Tech Development Zone Changchun City Jilin Province The PRC	The property comprises a parcel of land with a site area of approximately 3,750 sq.m. and a 2-storey commercial building erected thereon which was completed in about 2006. The building has a lettable area of approximately 5,800 sq.m. The property is leased to Changchun Chengbang Trading Co., Ltd. from Changchun Hao Shi Dai Decoration Co., Ltd., an independent third party, for a term 10 years expiring on 20 March 2016.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Changchun Chengbang Trading Co., Ltd. ("Chengbang Trading") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Chengbang Trading from Changchun Hao Shi Dai Decoration Co., Ltd. ("the lessor"), an independent third party, for a term of 10 years expiring on 20 March 2016 at an annual rent of RMB400,000.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has not obtained any proper title certificate of the property and could not lease the property. In such circumstances, if a third party raises an objection to the Tenancy Agreement mentioned in note 2, it may affect Chengbang Trading to continue leasing the property; and

   b. Pursuant to a Confirmation Letter issued by the lessor, the lessor has agreed to indemnify Chengbang Trading against any costs, expenses, losses and other legal consequences arising from the use of the property without legal title and lease registration and provide appropriate substitute property for its continuing operation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
48.	A 2-storey commercial building No. 143 Wencui Road Dongling District Shenyang City Liaoning Province The PRC	The property comprises a 2-storey commercial building completed in about 2003. The property has a lettable area of approximately 30 sq.m. The property is leased to Shenyang Yingbin Zhongsheng Business Consulting Co., Ltd. from Shenyang Donglingqu Real Estate Company, an independent third party, for a term of 2 years expiring on 30 July 2010.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Shenyang Yingbin Zhongsheng Business Consulting Co., Ltd. ("Shenyang Yingbin") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Shenyang Yingbin from Shenyang Donglingqu Real Estate Company ("the lessor"), an independent third party, for a term of one year expiring on 30 July 2010 at an annual rent of RMB5,000.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
49.	A single-storey commercial building No. 70 Fang Jia Lan Dongling District Shenyang City Liaoning Province The PRC	The property comprises a single-storey commercial building completed in about 2005. The property has a lettable area of approximately 320 sq.m. The property is leased to Shenyang Huichi Business Consulting Co., Ltd. from Shenyang Lingyun Industrial Co., Ltd., an independent third party, for a term of 2 years expiring on 31 March 2011.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Shenyang Huichi Business Consulting Co., Ltd. ("Shenyang Huichi Consulting") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, the property is leased to Shenyang Huichi Consulting from Shenyang Lingyun Industrial Co., Ltd. ("the lessor"), an independent third party, for a term of 2 years expiring on 31 March 2011 at an annual rent of RMB73,200.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor is the legal owner of the property and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
50.	A parcel of land and a 3-storey building No. 560 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 6,666.67 sq.m. and a 3-storey commercial building erected thereon which was completed in about 2007. The building has a gross floor area of approximately 4,830 sq.m. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd. ("Dalian Aotong Dongfeng Honda") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement and a Supplementary Agreement, a parcel of land with a site area of approximately 6,666.67 sq.m. is leased to Dalian Aotong Dongfeng Honda from Dalian Shunsheng Clothes and Ornament Co., Ltd ("the lessor"), an independent third party, for a term of 30 years expiring on 30 June 2037 at an annual after-tax rent of RMB310,000.

3. As advised by the Group, a building with a gross floor area of approximately 4,830 sq.m. of the property was constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could not legally lease the land of the property for non-agricultural construction use as the land use rights are collectively-owned. Dalian Aotong Dongfeng Honda has the risk of discontinuing the current use and being punished; and

   b. Pursuant to a Confirmation Letter issued by Dalian Municipal Land Resources and Housing Bureau Ganjingzi Branch, (i) it would not oppose that Dalian Aotong Dongfeng Honda uses the land of the property as operation site and promise that it would not inflict punishment on Dalian Aotong Dongfeng Honda for using this parcel of land; and (ii) it would assist Dalian Aotong Dongfeng Honda in relocating and minimize the relevant loss and adverse effect if Dalian Aotong Dongfeng Honda should be unable to continue operating on this parcel of land.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB11,360,000 assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
51.	A parcel of land and a 3-storey building No. 560 Honggang Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 21,333.44 sq.m. and a 3-storey commercial building erected thereon which was completed in about 2007. The building has a gross floor area of approximately 7,677 sq.m. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Botong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 21,333.44 sq.m. is leased to Dalian Zhongsheng Botong from Dalian Shunsheng Clothes and Ornament Co., Ltd. ("the lessor"), an independent third party, for a term of 30 years expiring on 8 June 2037 at an annual rent of RMB1,060,000.

3. As advised by the Group, a building with a gross floor area of approximately 7,677 sq.m. of the property was constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could not legally lease the land of the property for non-agricultural construction use as the land use rights are collectively-owned. Dalian Zhongsheng Botong has the risk of discontinuing the current use and being punished; and

   b. Pursuant to a Confirmation Letter issued by Dalian Municipal Land Resources and Housing Bureau Ganjingzi Branch, (i) it would not oppose that Dalian Zhongsheng Botong uses the land of the property as operation site and promise that it would not inflict punishment on Dalian Zhongsheng Botong for using this parcel of land; and (ii) it would assist Dalian Zhongsheng Botong in relocating and minimize the relevant loss and adverse effect if Dalian Zhongsheng Botong should be unable to continue operating on this parcel of land.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB15,477,000 assuming all relevant title certificate had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
52.	A parcel of land 2 buildings and various structures No. 82 Shandong Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 6,200 sq.m., 2 buildings and various ancillary structures erected thereon which were completed in various stages between 2003 and 2007. The buildings have a total gross floor area of approximately 3,866.03 sq.m. The buildings comprise a commercial building and a dormitory. The structures mainly include boundary fences, roads and gates. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Zhongsheng Honda Automobile Sales & Services Co., Ltd. ("Dalian Zhongsheng Honda") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area approximately 6,200 sq.m is leased to Dalian Zhongsheng Honda from Dalian Floriplant and Arboriculture Engineering Co., Ltd ("the lessor"), an independent third party, for a term of 19 years expiring on 31 December 2022 at an annual rent of RMB308,900.

3. As advised by the Group, 2 buildings with a total gross floor area of approximately 3,866.03 sq.m. and ancillary structures of the property were constructed by the Group. For the 2 buildings, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could lease the property with the approval of the relevant land administration authority.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and ancillary structures mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB7,013,000 assuming all relevant title certificate had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
53.	A parcel of land 3 buildings and various structures No. 199 Guanghua Road Baixia District Nanjing City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 8,000 sq.m., 3 buildings and various ancillary structures erected thereon which were completed in October 2007. The buildings have a total gross floor area of approximately 5,740 sq.m. The buildings comprise a commercial building, a dormitory building and an exhibition hall. The structures mainly include boundary fences, roads, fire house and parking shed. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Nanjing Zhongsheng Yingbin Toyota Automobile Sales Co., Ltd. (''Nanjing Zhongsheng Yingbin Toyota'') is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 8,000 sq.m. is leased to Zhongsheng (Dalian) Holdings Co., Ltd. from Nanjing Baixia Hi-Tech Industries Investment & Development Co., Ltd (''the lessor''), an independent third party, for a term of 10 years commencing from 18 March 2007 at an annual rent of RMB480,000 for the first three years, RMB500,000 for the second three years and RMB550,000 for the last four years. The lessor has agreed Zhongsheng (Dalian) Holdings Co., Ltd. to sublease the land to Nanjing Zhongsheng Yingbin Toyota.

3. As advised by the Group, the 3 buildings with a total gross floor area of approximately 5,740 sq.m. and ancillary structures of the property was constructed by the Group. For the 3 buildings, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could lease the property with the approval of the relevant land administration authority; and

   b. Pursuant to a Confirmation Letter issued by the lessor and Nanjing Baixia Hi-Tech Industries Park Administrative Committee, the lessor has agreed to indemnify Nanjing Zhongsheng Yingbin Toyota against any costs, expenses, losses and other legal consequences arising from using the land without legal title and lease registration and to provide appropriate substitute property for its continuing operation.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the of the 3 buildings and structures mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB15,186,000 assuming all relevant title certificate had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
54.	A parcel of land 4 buildings and various structures No. 75 Longma Road Hongtashan District Yuxi City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 7,366.2 sq.m., 4 buildings and various ancillary structures erected thereon which were completed in about 2006. The buildings have a total gross floor area of approximately 4,947.3 sq.m. The buildings comprise a commercial building, an electric transformator building, a dining-room and a 2-storey villa. The structures include a water tank and a car washing room. The land use rights of the property, a dining-room and a villa are leased by the Group (refer to note 2). As advised by the Group, the remaining 2 buildings with a total gross floor area of approximately 4,073.9 sq.m. and ancillary structures were constructed on the aforesaid land by the Group.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. ("Yuxi Zhongsheng Dongfeng Honda") is a 70% owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 7,366.2 sq.m. and 2 buildings with a total gross floor area of approximately 873.4 sq.m. erected thereon are leased to Yuxi Zhongsheng Dongfeng Honda from Hongta District Yuxing Road Community Committee ("the lessor"), an independent third party, for a term of 20 years expiring on 31 December 2023 at an annual rent of RMB23,000 per Mu for the first five years, RMB24,000 per Mu for the second five years, RMB25,000 per Mu for the third five years and RMB30,000 per Mu for the fourth five years.

3. For the 2 buildings with a total gross floor area of approximately 4,073.9 sq.m. of the property which were constructed by the Group, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could lease the land of the property with the approval of the relevant land administration authority; and

   b. Pursuant to a Confirmation Letter issued by Yuxi Land Administrative Bureau, Yuxi Zhongsheng Dongfeng Honda could operate 4S dealership on the parcel of land.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and ancillary structures mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB9,531,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
55.	A parcel of land a 2-storey building and various structures located at Tianhui Erku Tianhui Town Jinniu District Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 8,000 sq.m., a 2-storey commercial building and various ancillary structures erected thereon which were completed in various stages between 2004 and 2008. The building has a gross floor area of approximately 4,653 sq.m. The structures mainly include boundary fences, a watch house and a billboard. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd. ("Chengdu Zhongdaocheng Toyota") is a 90% owned subsidiary of the Company.

2. Pursuant to a Storage & Tenancy Agreement and a Supplementary Agreement, a parcel of land with a site area of approximately 8,000 sq.m. is leased to Chengdu Zhongdaocheng Toyota from Tianhui Town No. 2 Warehouse of China National Materials Storage and Transportation Corporation ("the lessor"), an independent third party, for a term of 20 years commencing from 22 December 2003 at an annual rent of RMB400,000. The rent will be increased to RMB500,000 from the sixth year and be increased to RMB600,000 from the ninth year.

3. As advised by the Group, a building with a gross floor area of approximately 4,653 sq.m. and a billboard of the property were constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has legally owned the land use rights of the property and confirmed that the relevant building ownership certificate of the property was in process of application under the lessor's name. There will be no impediment for Chengdu Zhongdaocheng Toyota to use the property as the main operation site.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and the structure mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB9,539,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
56.	A parcel of land a 4-storey building and various structures located at Guantai Road Nancheng District Dongguan City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 11,679.83 sq.m., a 4-storey commercial building and various structures erected thereon which were completed in about 2009. The building has a gross floor area of approximately 12,165 sq.m. The structures mainly include parking sheds. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dongguan Zhongsheng Automobile Services Co., Ltd. ("Dongguan Zhongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 11,679.83 sq.m. is leased to Dongguan Zhongsheng from Dongguan Hongxiang Trading Co., Ltd ("the lessor"), an independent third party, for a term commencing from 1 August 2008 and expiring on 21 January 2025 at a monthly rent of RMB201,230 with 5% increase every three years.

3. As advised by the Group, a building with a gross floor area of approximately 12,165 sq.m. and the structures of the property were constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could not legally lease the land mentioned in note 2 for non-agricultural construction use as the land use rights are collectively-owned. Dongguan Zhongsheng has the risk of discontinuing the current use and being punished; and

   b. Pursuant to a Confirmation Letter issued by Dongguan City Planning Bureau, (i) it would not oppose that Dongguan Zhongsheng uses the land of the property as operation site and promise that it would not inflict punishment on Dongguan Zhongsheng for using this parcel of land; and (ii) it would assist Dongguan Zhongsheng in relocating and minimize the relevant loss and adverse effect if Dongguan Zhongsheng should be unable to continue operating on this parcel of land.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB54,485,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
57.	A parcel of land a 2-storey building and structure located at Guangfu Road Kunming City Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 6,706.6 sq.m., a 2-storey commercial building and a billboard erected thereon which were completed in about 2007. The building has a gross floor area of approximately 5,827 sq.m. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. ("Yunnan Zhongsheng Guangfu") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 6,706.6 sq.m. (10.06 Mu) is leased to Yunnan Zhongsheng Guangfu from Lujia Community Committee Zhuangjiatang Village Branch ("the lessor"), an independent third party, for a term of 20 years expiring on 30 November 2026 at an annual rent of RMB42,000 per Mu. The rent will be increased every five years.

3. As advised by the Group, a building with a gross floor area of approximately 5,827 sq.m. and a structure of the property was constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has legally owned the land use rights of the property and could legally lease the land; and

   b. The Tenancy Agreement is legal, valid and enforceable.

5. In the valuation of this property, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structure mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB12,336,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
58.	A parcel of land and a 2-storey building No. 151 Chongqing South Road Qingdao City Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 8,067 sq.m. and a 2-storey commercial building erected thereon which was completed in about 2005. The building has a gross floor area of approximately 6,078 sq.m. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd. ("Qingdao Zhongsheng Zhitong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 8,067 sq.m. is leased to Qingdao Zhongsheng Zhitong from Qingdao Dashan Industrial Co., Ltd ("the lessor"), an independent third party, for a term commencing from 21 April 2005 and expiring on 20 April 2025 at an annual rent of RMB518,400. The rent will be increased by 5% every five years.

3. As advised by the Group, a building with a gross floor area of approximately 6,078 sq.m. of the property was constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Tenancy Agreement is legal, valid and enforceable.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB10,310,000 assuming all relevant title certificates had been obtained and the building could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
59.	A parcel of land and 2 buildings No. 298 Shugang Road Zhuanghe City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 5,460 sq.m. and 2 buildings erected thereon which were completed in about 2009. The buildings have a total gross floor area of approximately 4,605 sq.m. The buildings comprise an industrial building and an exhibition building. The land use rights of the property and the exhibition building are leased by the Group (refer to note 2). As advised by the Group, the industrial building with a gross floor area of approximately 1,800 sq.m. was constructed by the Group.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Zhongsheng Automobile (Zhuanghe) Services Co., Ltd. ("Zhongsheng Zhuanghe Services") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 5,460 sq.m. and an exhibition building with a gross floor area of approximately 2,805 sq.m. are leased to Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd., a wholly-owned subsidiary of the Company, from Zhuanghe Electromechanical Co., Ltd ("the lessor"), an independent third party, for a term of 10 years commencing from 1 April 2009 at an annual rent of RMB700,000 for the first five years and RMB840,000 for the second five years. The lessor has agreed that the building with a gross floor area of approximately 2,805 sq.m. is subleased to Zhongsheng Zhuanghe Services for a term commencing from 1 April 2009 and expiring on 31 March 2010 with nil rent.

3. For the industrial building with a gross floor area of approximately 1,800 sq.m. of the property which was constructed by the Group, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has legally owned the property mentioned in note 2 and could legally lease the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB2,673,000 assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009 RMB
60.	A parcel of land 4 buildings and various structures No. 80-1 Shandong Road Ganjingzi District Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 6,731 sq.m., 4 buildings and various ancillary structures erected thereon which completed in various stages between 2004 to 2007. The buildings have a total gross floor area of approximately 5,687 sq.m. The buildings comprise an industrial building, a dormitory, a car washing room and a pump room. The structures mainly include a billboard and a processing pool. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Dalian Yude Automobile Sales & Services Co., Ltd. ("Dalian Yude") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 6,731 sq.m. is leased to Dalian Yude from Dalian Floriplant and Arboriculture Engineering Co., Ltd ("the lessor"), an independent third party, for a term of 19 years expiring on 31 December 2024 at an annual rent of RMB343,956 with 5% increase every five years.

3. As advised by the Group, 4 buildings with a total gross floor area of approximately 5,687 sq.m. and ancillary structures of the property were constructed by the Group. For the 4 buildings, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor could lease the land with the approval of the relevant land administration authority; and

   b. Pursuant to a Confirmation Letter issued by Dalian Municipal Land Resources and Housing Bureau Ganjingzi Branch, (i) it approves that Dalian Yude uses the land of the property as operation site and promise that it would not inflict punishment on Dalian Yude for using this parcel of land; and (ii) it would assist Dalian Yude in relocating such as offering other land for use in land supply plan.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings mentioned in note 3 together with ancillary structures (excluding the land element) as at the date of valuation would be RMB9,961,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
61.	A parcel of land and 2 buildings No. 7 Xianfeng Road Daowai District Harbin City Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 8,981 sq.m. and 2 buildings erected thereon which were completed in about 2006. The buildings have a total gross floor area of approximately 5,892 sq.m. The buildings comprise a commercial building and an ancillary building. The land use rights of the property and the ancillary building are leased by the Group (refer to note 2). As advised by the Group, the commercial building with a gross floor area of 5,340 sq.m. was constructed by the Group.	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd. ("Harbin Tiansi Toyota") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 8,981 sq.m. and a building with a gross floor area of approximately 552 sq.m. are leased to Harbin Tiansi Toyota from Harbin Weixing Industrial Company and Harbin Xinhe Industrial Co., Ltd, two independent third parties (the "lessors"), for a term commencing from 1 April 2006 and expiring on 31 December 2019 at an annual rent of RMB440,000.

3. For the commercial building of the property which was constructed by the Group, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The lessor could not legally lease the land mentioned in note 2 for non-agricultural construction use as the land use rights are collectively-owned. Harbin Tiansi Toyota has the risk of discontinuing the current use and being punished; and

    b. Pursuant to a Confirmation Letter issued by Harbin Municipal Bureau of Land and Resources, (i) it would not oppose that Harbin Tiansi Toyota uses the land of the property as operation site and promise that it would not inflict punishment on Harbin Tiansi Toyota for using this parcel of land; and (ii) it would assist Harbin Tiansi Toyota in relocating and minimize the relevant loss and adverse effect if Harbin Tiansi Toyota should be unable to continue operating on this parcel of land.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB7,485,000 assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
62.	A parcel of land and a 2-storey building No. 1215 Maqing Road Haicang District Xiamen City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 7,198.03 sq.m. and a 2-storey commercial building erected thereon which was completed in about 2009. The building has a gross floor area of approximately 5,871.91 sq.m. The land use rights of the property are leased by the Group (refer to note 2).	The property is currently occupied by the Group for automobile sales and ancillary purposes.	No commercial value

Notes:

1. Xiamen Zhongsheng Huichi Automobile Sales & Services Co., Ltd. ("Xiamen Zhongsheng Huichi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 7,198.03 sq.m. is leased to Xiamen Zhongsheng Huichi from Xiamen Tengjiebao Automobile Trading Co., Ltd. ("the lessor"), an independent third party, for a term of 15 years expiring on 24 May 2024 at an annual rent of RMB259,129 for the first three years, RMB290,225 for the second three years and RMB 325,502 for the third three years.

3. As advised by the Group, the building with a gross floor area of approximately 5,871.91 sq.m. of the property was constructed by the Group. For the building, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The lessor has legally owned the land use rights of the property and could legally lease the land use rights of the property; and

   b. The Tenancy Agreement is legal, valid and enforceable.

5. In the valuation of this property, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building mentioned in note 3 (excluding the land element) as at the date of valuation would be RMB12,208,000 assuming all relevant title certificates and construction permits had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

Group V — Property interest leased and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009 RMB
63.	Rooms 3504–3512 on the 35th floor of Sun Hung Kai Centre No. 30 Harbour Road Wanchai Hong Kong	The property comprises 9 adjoining office units on the 35th floor of a 56-storey office building completed in about 1980. The property has a total lettable area of approximately 3,320 sq.ft. (308.44 sq.m.) The property is leased to Zhongsheng Holdings Company Limited from Speedway Assets Limited (an independent third party) for a term of 3 years expiring on 31 October 2011 at a monthly rent of HK$195,880, exclusive of rates, service and management charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Zhongsheng Holdings Company Limited ("Zhongsheng Holdings") is an indirectly wholly-owned subsidiary of the Company.

2. The registered owner of the property is Speedway Assets Limited. Sun Hung Kai Real Estate Agency Limited acts as the agent of Speedway Assets Limited to lease the property to Zhongsheng Holdings.

3. The Tenancy Agreement of the property has been duly stamped with the Stamp Duty Office.

VALUATION CERTIFICATE

Group VI — Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
				RMB
64.	A parcel of land located at the northern side of North Er Zhong Road Tiexi District Shenyang City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 6,800 sq.m. for commercial use.	The property is currently a vacant site.	No commercial value

Notes:

1. Shenyang Zhongsheng Juntong Business Consulting Co., Ltd. ("Shenyang Zhongsheng Juntong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Confirmation Letter of Land Use Rights Transaction — Shen Tie Tu Jiao Zi (2009) No. 012, a parcel of land with a site area of approximately 6,800 sq.m. will be granted to Shenyang Zhongsheng Juntong for commercial use at a consideration of RMB34,000,000. As advised by the Group, the consideration of the land has been fully paid, and the relevant land grant procedures are in process.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. There will be no material impediment for Shenyang Zhongsheng Juntong to obtain the relevant land use rights certificate of the property.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Companies Law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 June 2008 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands ("**Companies Law**"). The Memorandum of Association ("**Memorandum**") and the Articles of Association ("**Articles**") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 9 February 2010. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or subunderwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or exDirector who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and exemployees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and exemployees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or exemployees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last reelection or appointment but as between persons who became or were last reelected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than threefourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than onethird in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolutionmajority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than threefourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in subparagraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of nonpayment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than onethird in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 1 July 2008.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VIII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in the shares under Cayman Islands tax laws, Hong Kong tax laws and PRC income tax laws. The discussion does not deal with all possible tax consequences relating to the Company's operations or to an investment in the Shares. In particular, the discussion does not address the tax consequences under state, local and other (e.g., non-Hong Kong, non-Cayman Islands, non-Chinese) tax laws. Accordingly, each prospective investor should consult his or her tax adviser regarding the tax consequences of an investment in the Shares. The discussion is based upon law and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

CAYMAN ISLANDS TAXATION

Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and;
- that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 1 July 2008.

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties.

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

PRC TAXATION

Enterprise Income Tax

Under the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises adopted by the National People's Congress on 9 April 1991 and the implementation rules applicable to those foreign-invested enterprises, the Enterprise Income Tax was levied on foreign invested enterprises, or FIEs, at the ordinary Enterprise Income Tax rate of 33%, including 30% national enterprise income tax and 3% local income tax. According to the Interim Rules of the Enterprise Income Tax of the PRC, domestic enterprises other than FIEs were subject to Enterprise Income Tax at an ordinary rate of 33%. Both rates applicable to enterprises with or without foreign investment were subject to available preferential tax treatments respectively.

Under the new PRC Enterprise Income Tax Law, effective as of 1 January 2008, the income tax rate for both domestic enterprises and FIEs has been modified to 25%. The New EIT Law significantly curtails tax incentives granted to FIEs under the previous tax law, however, it (i) reduces the ordinary rate of enterprise income tax from 33% to 25%, (ii) permits enterprises to continue to enjoy their existing tax incentives, subject to certain transitional phase-out rules, and (iii) introduces new tax incentives, subject to various qualification criteria. Under the phase-out rules, enterprises which enjoyed reduced income tax rates pursuant to certain prior tax rules would be subject to gradually increasing tax rates from 2008 to 2012, with the applicable rate for 2012 reaching 25%, and enterprises which had been granted fixed-term tax holidays may continue to enjoy such tax holidays until their expiration, upon which time the 25% tax rate will apply.

In addition, according to the new Enterprise Income Tax Law and its implementation rules, an enterprise incorporated under the laws of foreign jurisdictions but whose "de facto management body" is located in China is treated as "a resident enterprise" for PRC tax purposes, and will be subject to PRC enterprise income tax rate of 25% on its global income. Under the implementation rules of the new Enterprise Income Tax Law, "de facto management body" is defined as a body that exercises overall management and control over the business, personnel, accounting and assets of an enterprise. Due to the newness of this law, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax authorities.

Business Tax

Under the Provisional Regulations of the PRC on Business Tax issued by the State Council which took effect on 1 January 1994 and the implementation rules, a business tax is levied on all units and individuals engaged in taxable services, the transfer of intangible assets or the sale of immovable properties within the territory of the PRC. The tax rates range from 3% to 20% depending on the type of services provided.

Value-Added Tax

In accordance with the Provisional Regulations of the People's Republic of China on Value-added Tax issued by the State Council which took effect on 1 January 1994 and the implementation rules, all units and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of the PRC are taxpayers of Value-added tax, and shall pay Value-added tax in accordance with these Regulations at tax rates of 4%, 6%, 13% or 17%.

Dividends from our China operations

In compliance with the new Enterprise Income Tax Law, which came into effect on 1 January 2008, dividends paid by FIEs to non-PRC resident shareholders are subject to withholding tax at an ordinary rate of 20%, unless otherwise exempted or reduced by PRC laws and regulations or in accordance with arrangements or treaties between Chinese government and government of other jurisdictions where such non-PRC resident shareholder is registered. The implementation rules of the new Enterprise Income Tax Law currently reduce the withholding tax rate to 10%.

Dividends paid by the Company to its overseas investors

The Company is not incorporated in the PRC. Under current PRC law, even though the Company has significant operating subsidiaries in the PRC, the distribution of dividends to its overseas investors such as yourself is not currently subject to PRC tax. However, if you are a PRC mainland resident, you shall be subject to the PRC income tax as you are liable for PRC tax for your global income under the current PRC law. Further, if our company is deemed as a PRC resident enterprise under the newly issued PRC Enterprise Income Tax Law, which came into effect on 1 January 2008, the dividends we pay to our investors, including non PRC-resident investors, may also be subject to PRC income tax, subject to the implementation of the new PRC Enterprise Income Tax Law.

Transfer or disposition of our Shares

As we are not incorporated in the PRC, under current PRC law, any transfer or disposition of the Shares by an overseas investor such as yourself does not trigger PRC tax liabilities. However, if you are a PRC mainland resident, you shall be subject to the PRC income tax as you are liable for PRC tax for your global income under the current PRC law.

Stamp tax

Under the *PRC Interim Regulations on Stamp Duty* promulgated which came into effect on 1 October 1988, and its Implementation rules, all institutions and individuals who create and obtain taxable documents within the PRC shall pay stamp tax. The list of taxable document includes purchase and sale contracts, processing contracts, constructions project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble a contract in nature, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the Ministry of Finance. For property transfer instruments, including those in respect of property ownership transfer, the tax rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificate and land use right certificate, the stamp tax is levied on an item-by-item basis of RMB 5 Yuan.

Estate duty or inheritance tax

There is no estate duty or inheritance tax levied in the PRC at present.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The foreign exchange control system of the PRC has experienced a number of reforms and the current system contains three major regulatory laws and regulations since 1993.

The PBOC, as authorized by the State Council, promulgated the *Announcement Concerning Further Reforming the Foreign Exchange Control System* on 28 December 1993, which came into force on 1 January 1994. *The Regulations of the People's Republic of China on the Management of Foreign Exchanges* promulgated by the State Council, implemented on 1 April 1996 and amended on 14 January 1997, applies to the receipt, payments or business activities in China that are transacted in foreign currencies by domestic institutions, individuals, foreign institutions and individual visiting China, *The Regulation on Control of Foreign Exchange Settlements, Sales and Payments* issued by PBOC on 20

June 1996 and implemented on 1 July 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and individuals visiting China.

PBOC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies on the inter-bank foreign exchange market. In general and unless special immunity is obtained, all organizations and individuals in China shall sell their exchange income to designated banks, but foreign-funded enterprises are permitted to retain a certain percentage of their exchange income, to be deposited in a foreign exchange bank account opened in designated banks. In addition, exchange income arising from loans from foreign institutions or from issuance of shares or bonds valued in foreign currencies need not be sold to designated banks but shall be deposited in designated foreign exchange accounts with designated banks. Capital foreign exchange must be deposited in foreign exchange accounts opened with designated banks.

At present, the PRC government is gradually loosening its control over foreign exchange purchases. And Chinese enterprise in need of foreign currencies in their day-to-day business activities, trade and non-trade operations, import business and payment of foreign debts may purchase foreign currencies from designated banks, provided that they submit the required appropriate supporting documents.

In addition, if foreign-funded enterprises are in need of foreign currencies for distributing dividends, capitals bonuses or profits to foreign investors, the amount so needed after payment of appropriate dividends tax may be drawn from the enterprises' foreign exchange accounts maintained with designated banks. If the foreign currency in such an account is insufficient, the foreign-funded enterprise may apply to the government authority in charge for purchasing the necessary amount of foreign currency from a designated bank to cover the deficiency.

Although the foreign exchange control over the transactions under current accounts has decreased, enterprises shall obtain approval from the State Administration of Foreign Exchange before they accept foreign-currency loans, provide foreign-currency guarantees, make investments in foreign countries or carry out any other capital account transactions involving the purchase of foreign currencies.

In foreign exchange transaction, designated banks may freely determine applicable based on the rates publicized by the PBOC and subject to certain governmental restrictions.

HONG KONG TAXATION

Dividends

Under the current practice of the Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are arising in or derived from Hong Kong, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 17.5% and on individuals at a maximum rate of 16.0%. The profits tax rate is proposed to be reduced from 17.5% to 16.5% and the standard rate of salaries tax from 16% to 15% in the 2008/2009 year of assessment. Gains from sales of the Shares effected on the Hong Kong Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Shares effected on the Hong Kong Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of Shares registered on the Hong Kong branch register. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK$5.00. Where a sale or purchase of Shares registered on the Hong Kong branch register is effected by a person who is not resident in Hong Kong and any stamp duty payable on the contract note is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon and the transferee shall be liable to pay such duty.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation

We were incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 23 June 2008. We have established a place of business in Hong Kong at Room 3504–12, 35/F Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong and have been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance under the same address. Mr. Lai Hau Yin has been appointed as our agent for the acceptance of service of process and notices under the same address. As we are incorporated in the Cayman Islands, our corporate structure, as well as our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association as well as certain relevant aspects of Cayman Companies Law are set out in "Appendix V — Summary of the Constitution of the Company and Cayman Islands Company Law" to this prospectus.

Written resolutions of the shareholders of the Company

Pursuant to the written resolutions passed by our Shareholders on 9 February 2010, it was resolved, among other things:

(a) our Company approved and adopted its new Articles of Association, the terms of which are summarized in Appendix V to this prospectus;

(b) subject to the conditions stated in the section entitled "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus being fulfilled or waived:

    (1) the Global Offering and the Directors were authorized to allot and issue, and to approve the transfer of, such number of Shares in connection with the Global Offering and any exercise of the Over-allotment Option as they deem fit, on and subject to the terms and conditions stated in this prospectus and in the relevant Application Forms;

    (2) the Directors were authorized to allot and issue, and to approve the transfer of, such number of Shares as calculated by General Atlantic's investment of US$25 million divided by the final Offer Price rounded down to the nearest board lot pursuant to the partial exercise of its Anti-Dilution Right;

    (3) conditional further on the Listing Committee of the Hong Kong Stock Exchange granting approval of our Share Option Scheme, the rules of our Share Option Scheme were approved and adopted, and the Directors or any committee thereof established by the Board were authorized, at their sole discretion, to make such further changes to our Share Option Scheme as requested by the Hong Kong Stock Exchange and which they deem necessary and/or desirable and at their absolute discretion to grant options to subscribe for Shares thereunder up to the limits referred to in our Share Option Scheme and or allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under our Share Option Scheme and to take all such action as they consider necessary, desirable or expedient to implement or give effect to our Share Option Scheme, subject to the conditions therein;

(4) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or pursuant to the exercise of any subscription rights which may be granted under our Share Option Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our Shareholders or an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association) with an aggregate nominal value of not more than the sum of:

— 20% of the aggregate nominal value of our Share capital in issue immediately following the completion of the Global Offering but before any exercise of the Over-allotment Option; and

— the aggregate nominal value of the Share capital of our Company repurchased by us (if any);

(5) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to repurchase Shares to be listed on the Hong Kong Stock Exchange with a total nominal value of not more than 10% of the aggregate nominal value of the Company's Share capital in issue immediately following the completion of the Global Offering but before any exercise of the Over-allotment Option; and

(6) the general unconditional mandate as mentioned in paragraph (3) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (4) above.

Each of the general mandates referred to in paragraphs (4), (5) and (6) above will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the time when such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

Changes in share capital

As of the date of our incorporation, our authorized share capital was US$50,000, divided into 50,000 shares of par value of US$1.00 each.

On 30 September 2008, a sole shareholder's resolution was passed to approve, inter alia, the increase of our share capital by HK$100,000,000 by the creation of 1,000,000,000 shares of par value HK$0.10 each. Our Company issued 100 such shares fully paid to Elegance Extreme. At the same time, our Company repurchased one outstanding share of par value US$1.00 in the capital of our Company, following such repurchase, the authorized but unissued share capital of our Company was diminished by the cancellation of all unissued shares of our Company (except for 1,000,000,000 shares of par value HK$0.10 each), being 50,000 shares of par value US$1.00 each in the capital of our Company. As a result, our Company have an authorized share capital of HK$100,000,000 divided into 1,000,000,000 shares of par value HK$0.10 each, and 100 shares of our Company were held by Elegance Extreme.

On 4 January 2010, pursuant to a sole shareholders' resolution to sub-divide our Company's share capital, our Company's authorized share capital became HK$100,000,000 divided into 1,000,000,000,000 shares of par value HK$0.0001 each, and 100,000 shares of our Company were held by Elegance Extreme.

On 22 February 2010, pursuant to the Pre-IPO Reorganization Agreement, our Company issued 1,559,892,795 Shares of our Company to Elegance Extreme, in exchange for Elegance Extreme transferring all of its shares in Bright Friends, Well Snape, Charming Elements and Zhongsheng International to Noble Villa, after which a total of 1,559,992,795 Shares of our Company were held by Elegance Extreme.

Save as disclosed in this Appendix, there has been no other alteration in our share capital since the date of our incorporation.

Changes in the share capital of our subsidiaries

Our subsidiaries are referred to in the Accountants' Report in Appendix I to this prospectus. The following alterations in share capital (or registered capital, as the case may be) of our subsidiaries, have taken place within the two years preceding the date of this prospectus:

Onshore companies

(1) ***Zhongsheng (Dalian) Holdings Co., Ltd. (中升 (大連) 集團有限公司)***

On 11 September 2008, the registered capital of Zhongsheng Dalian was increased from RMB50,000,000 to RMB400,000,000 and the registered capital has been fully paid up.

(2) ***Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (大連中升奧通汽車銷售有限公司)***

On 8 December 2008, the registered capital of Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. was increased from RMB5,000,000 to RMB30,000,000 and the registered capital has been fully paid up.

(3) ***Dalian Zhongsheng Star Automobile Sales & Service Co., Ltd. (大連中升之星汽車銷售服務有限公司 (formerly known as Dalian Yingbin Zhongsheng Toyota Automobile Sales Co., Ltd. (大連迎賓中升豐田汽車銷售有限公司))***

On 9 April 2008, the registered capital of Dalian Zhongsheng Star Automobile Sales & Service Co., Ltd. was increased from RMB5,000,000 to RMB30,000,000 and the registered capital has been fully paid up.

On 21 April 2008, the registered capital of Dalian Zhongsheng Star Automobile Sales & Service Co., Ltd. was increased from RMB30,000,000 to RMB40,000,000 and the registered capital has been fully paid up.

(4) *Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (大連中升凌志汽車銷售服務有限公司)*

On 20 July 2009, the registered capital of Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. was increased from US$3,000,000 to US$11,000,000 and the registered capital has been fully paid up.

(5) *Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. (大連中升搏通汽車銷售服務有限公司)*

On 8 December 2008, the registered capital of Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. was increased from RMB10,000,000 to RMB25,000,000 and the registered capital has been fully paid up.

(6) *Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd. (大連新盛榮豐田汽車銷售服務有限公司)*

On 1 December 2008, the registered capital of Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd. was increased from RMB5,000,000 to RMB20,000,000 and the registered capital has been fully paid up.

(7) *Dalian Xinshengrong Automobile Sales & Services Co., Ltd. (大連新盛榮汽車銷售服務有限公司)*

On 10 December 2008, the registered capital of Dalian Xinshengrong Automobile Sales & Services Co., Ltd. was increased from RMB5,000,000 to RMB30,000,000 and the registered capital has been fully paid up.

(8) *Dalian Xinshengrong New Industrial Co., Ltd. (大連新盛榮新實業有限公司) (formerly known as Dalian Huidebao Automobile Sales Co., Ltd. (大連匯德寶汽車銷售有限公司))*

On 13 October 2008, the registered capital of Dalian Xinshengrong New Industrial Co., Ltd. was increased from RMB20,000,000 to RMB200,000,000 and the registered capital has been fully paid up.

(9) *Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. (福州中升豐田汽車銷售有限公司)*

On 26 December 2008, the registered capital of Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. was increased from RMB5,000,000 to RMB20,000,000 and the registered capital has been fully paid up.

(10) *Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (福州中升雷克薩斯汽車銷售服務有限公司)*

On 22 December 2008, the registered capital of Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. was increased from RMB20,000,000 to RMB25,000,000 and the registered capital has been fully paid up.

(11) *Quanzhou Longxing Automobile Sales & Services Co., Ltd. (泉州隆星汽車銷售服務有限公司)*

On 13 October 2009, the registered capital of Quanzhou Longxing Automobile Sales & Services Co., Ltd. was increased from RMB12,000,000 to RMB40,000,000 and the registered capital has been fully paid up.

(12) *Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (上海中升豐田汽車銷售服務有限公司)*

On 17 July 2008, the registered capital of Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. was increased from RMB5,000,000 to RMB15,000,000 and the registered capital has been fully paid up.

(13) *Dongguan Zhongsheng Lexus Automobile Sales Co., Ltd. (東莞中升雷克薩斯汽車銷售有限公司)*

On 9 December 2008, the registered capital of Dongguan Zhongsheng Lexus Automobile Sales Co., Ltd. was increased from US$3,000,000 to US$5,000,000 and the registered capital has been fully paid up.

(14) *Yingkou Zhongsheng Automobile Sales & Services Co., Ltd. (營口中升汽車銷售服務有限公司)*

On 21 September 2009, the registered capital of Yingkou Zhongsheng Automobile Sales & Services Co., Ltd. was increased from RMB10,000,000 to RMB12,000,000 and the registered capital has been fully paid up.

(15) *Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd. (煙台中升匯迪汽車銷售服務有限公司)*

On 24 April 2009, the registered capital of Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd. was increased from RMB21,000,000 to RMB60,000,000 and the registered capital has been fully paid up.

Offshore companies

(1) *Blue Natural Development Ltd.*

On 6 June 2008, Blue Natural allotted and issued 49 shares with par value of US$1 each to Vest Sun and Light Yield, respectively. Blue Natural also divided the par value of each of its shares from US$1 to US$0.0000001, following which Light Yield and Vest Sun each had 500,000,000 shares (50%) in Blue Natural.

On 30 June 2008, Blue Natural allotted and issued 285,213,096 common shares to Beverly Stars, and Beverly Stars transferred 285,213,096 common shares in Blue Natural to Light Yield.

On 28 August 2008, Blue Natural allotted and issued 22,581,054 shares to Aston Orient, and Aston Orient transferred 22,581,054 shares in Blue Natural to Light Yield.

On 30 July 2009, Blue Natural allotted and issued 18,199,726 common shares to Joint Easygain, and Joint Easygain transferred 18,199,726 common shares in Blue Natural to Light Yield Ltd. Following which, Vest Sun held 500,000,000 shares (37.7%) in Blue Natural and Light Yield held 825,993,876 shares (62.3%) in Blue Natural.

(2) ***Elegance Extreme International Limited***

On 6 December 2007, Elegance Extreme was established by Blue Natural (100%) in the BVI as a shareholding company with an issued share capital of US$1.

On 20 May 2008, Elegance Extreme created two classes of shares with par values of US$1 per preferred share and US$0.0000001 per common share. Elegance Extreme allotted and issued 990,000,000 common shares to Blue Natural, following which, Blue Natural had 1,000,000,000 common shares in Elegance Extreme.

On 30 June 2008, Elegance Extreme allotted and issued 285,213,096 common shares and 76,354,418 preferred shares to Beverly Stars. On the same date, Beverly Stars transferred 285,213,096 common shares in Elegance Extreme to Blue Natural and 76,354,418 preferred shares in Elegance Extreme to General Atlantic.

On 30 June 2008, Elegance Extreme allotted and issued 147,793,135 preferred shares to General Atlantic for a consideration of the U.S. dollar equivalent of RMB750,114,928.

On 28 August 2008, Elegance Extreme allotted and issued 22,581,054 common shares and 3,940,546 preferred shares to Aston Orient. On the same date, Aston Orient transferred 22,581,054 common shares in Elegance Extreme to Blue Natural and 3,940,546 preferred shares in Elegance Extreme to General Atlantic.

On 30 July 2009, Elegance Extreme allotted and issued 18,199,726 common shares and 5,910,820 preferred shares to Joint Easygain. On the same date, Joint Easygain transferred 18,199,726 common shares in Elegance Extreme to Blue Natural and 5,910,820 preferred shares in Elegance Extreme to General Atlantic, following which Blue Natural and General Atlantic each had 1,325,993,876 common shares (85%) and 233,998,919 preferred shares (15%) in Elegance Extreme.

Save as disclosed in this prospectus, there have been no other alterations in the share capital of our subsidiaries in the two years preceding the date of this prospectus.

Share Repurchase Mandate

This section includes information relating to the repurchase of our Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) *Relevant Legal and Regulatory Requirements*

The Listing Rules permit our Shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our Shareholders in a general meeting.

(b) *Shareholder Approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 9 February 2010, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate par value of our share capital in issue immediately following the Global Offering on the Hong Kong Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose. This mandate will expire at the earliest of (i) the conclusion of our next annual Shareholders' general meeting, and (ii) such mandate being revoked or varied by ordinary resolutions of our Shareholders in a general meeting ("**Relevant Period**").

(c) *Source of Funds*

Our repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded out of funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement other than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, we may make repurchases with profits of our Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by our Articles of Association and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by our Articles of Association and subject to the Cayman Companies Law, out of capital.

(d) *Reasons for Repurchase*

Our Directors believe that it is in our and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

(e) *Funding of Repurchase*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, Cayman Companies Law and the Listing Rules.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(f) *Share Capital*

The exercise in full of the current Repurchase Mandate, on the basis of 1,866,492,795 Shares in issue immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares in issue immediately after the Global Offering (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$12.83, being the higher end of the estimated Offer Price range), assuming no exercise of the Over-allotment Option, could accordingly result in up to 186,649,279 Shares and 186,127,729 Shares that may be repurchased by us during the Relevant Period, respectively.

(g) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association, the Cayman Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

No connected person as defined by the Listing Rules has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

Our Company has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) an equity transfer agreement dated 17 July 2008 entered into between Lv Zhiyong (呂志勇) and Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (大連中升奧通汽車銷售有限公司), pursuant to which Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. agreed to acquire 40% equity interest in Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. (雲南中升廣福汽車銷售服務有限公司) from Lv Zhiyong for a consideration of RMB9,600,000;

(b) an equity transfer agreement dated 17 July 2008 entered into between Lv Zhiyong (呂志勇) and Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. (大連中升搏通汽車銷售服務有限公司), pursuant to which Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. agreed to acquire 60% equity interest in Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. (雲南中升廣福汽車銷售服務有限公司) from Lv Zhiyong for a consideration of RMB14,400,000;

(c) an equity transfer agreement dated 9 August 2008 entered into between Yantai Dacheng Tongzhou Group Co., Ltd. (煙台大成通洲集團有限公司) and Dalian Zhongsheng Automobile Sales & Services Co., Ltd. (大連中升汽車銷售服務有限公司), pursuant to which Dalian Zhongsheng Automobile Sales & Services Co., Ltd. agreed to acquire 100% equity interest in Yantai Dacheng Toyota Automobile Sales & Services Co., Ltd. (煙台大成豐田汽車銷售服務有限公司) from Yantai Dacheng Tongzhou Group Co., Ltd. for a consideration of RMB12,549,175.72;

(d) an equity transfer agreement dated 8 December 2008 entered into between Xin Wei (辛瑋), Jiang Hong (江紅) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 90% and 10% equity interest in Dalian Yuzeng from Xin Wei and Jiang Hong respectively for a total consideration of RMB128,795,487.68;

(e) an equity transfer agreement dated 12 January 2009 entered into between Yantai Dacheng Tongzhou Group Co., Ltd. (煙台大成通洲集團有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 50% equity interest in Yantai Dacheng Huamei Automobile Sales & Services Co., Ltd. (煙台大成華美汽車銷售服務有限公司) from Yantai Dacheng Tongzhou Group Co., Ltd. for a consideration of RMB5,227,307;

(f) an equity transfer agreement dated 12 January 2009 entered into between Yantai Xinchao Industrial Company Limited (煙台新潮實業股份有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 50% equity interest in Yantai Dacheng Huamei Automobile Sales & Services Co., Ltd. (煙台大成華美汽車銷售服務有限公司) from Yantai Xinchao Industrial Company Limited for a consideration of RMB5,227,307;

(g) an equity transfer agreement dated 12 January 2009 entered into between Yantai Dacheng Tongzhou Group Co., Ltd. (煙台大成通洲集團有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 50% equity interest in Yantai Zhucheng Automobile Sales & Services Co., Ltd. (煙台鑄成汽車銷售服務有限公司) from Yantai Dacheng Tongzhou Group Co., Ltd. for a consideration of RMB1,576,243;

(h) an equity transfer agreement dated 12 January 2009 entered into between Yantai Xinchao Industrial Company Limited (煙台新潮實業股份有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 50% equity interest in Yantai Zhucheng Automobile Sales & Services Co., Ltd. (煙台鑄成汽車銷售服務有限公司) from Yantai Xinchao Industrial Company Limited for a consideration of RMB1,576,243;

(i) an equity transfer agreement dated 12 January 2009 entered into between Yantai Dacheng Tongzhou Group Co., Ltd. (煙台大成通洲集團有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 50% equity interest in Yantai Tongzhou Automobile Sales Co., Ltd. (煙台通洲汽車銷售有限公司) from Yantai Dacheng Tongzhou Group Co., Ltd. for a consideration of RMB32,285,168;

(j) an equity transfer agreement dated 12 January 2009 entered into between Yantai Xinchao Industrial Company Limited (煙台新潮實業股份有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 50% equity interest in Yantai Tongzhou Automobile Sales Co., Ltd. (煙台通洲汽車銷售有限公司) from Yantai Xinchao Industrial Company Limited for a consideration of RMB32,285,168;

(k) an equity transfer agreement dated 5 March 2009 entered into between Ma Xiaodong (馬曉東), Yin Lijun (尹立君) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 51% and 49% equity interest in Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd. (青島中升慶通汽車銷售服務有限公司) from Ma Xiaodong and Yin Lijun for a consideration of RMB5,100,000 and RMB4,900,000 respectively;

(l) an equity transfer agreement dated 5 March 2009 entered into between Ma Xiaodong (馬曉東), Yin Lijun (尹立君) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 80% and 20% equity interest in Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd. (青島中升搏通汽車銷售服務有限公司) from Ma Xiaodong and Yin Lijun for a consideration of RMB8,800,000 and RMB2,200,000 respectively;

(m) an equity transfer agreement dated 5 March 2009 entered into between Ma Xiaodong (馬曉東), Yin Lijun (尹立君) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 80% and 20% equity interest in Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd. (青島中升智通汽車銷售服務有限公司) from Ma Xiaodong and Yin Lijun for a consideration of RMB8,800,000 and RMB2,200,000 respectively;

(n) an equity transfer agreement dated 27 April 2009 entered into between Zhongsheng Dalian and Tu Bin (塗彬), pursuant to which Zhongsheng Dalian agreed to dispose of 20% equity interest in Chengdu Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (成都中升豐田汽車銷售服務有限公司) to Tu Bin for a consideration of RMB2,000,000;

(o) an equity transfer agreement dated 27 July 2009 entered into between P&B Nominee Services Limited, Charming Elements, Xin Wei (辛瑋), Jiang Hong (江紅) and Joint Easygain, pursuant to which Joint Easygain agreed to acquire 100% equity interest in Charming Elements from P&B Nominee Services Limited for a consideration of RMB125,000,000;

(p) an equity transfer agreement dated 10 August 2009 entered into between Ma Dazhuang (馬大莊) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 40% equity interest in Liaoning Yisheng Automobile Sales & Services Co., Ltd. (遼寧億盛汽車銷售服務有限公司) from Ma Dazhuang for a consideration of RMB4,000,000;

(q) an equity transfer agreement dated 10 August 2009 entered into between Lv Zhiyong (呂志勇) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 60% equity interest in Liaoning Yisheng Automobile Sales & Services Co., Ltd. (遼寧億盛汽車銷售服務有限公司) from Lv Zhiyong for a consideration of RMB6,000,000;

(r) an equity transfer agreement dated 26 September 2009 entered into between Shaoxing Huixin Automobile Sales & Services Co., Ltd. (紹興市匯鑫汽車銷售服務有限公司), Yang Lin (楊琳), Yang Hua (楊華) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 80%, 10% and 10% equity interest in Shaoxing Zhongxin Automobile Sales Co., Ltd. (紹興市中鑫汽車銷售有限公司) from Shaoxing Huixin Automobile Sales & Services Co., Ltd., Yang Lin and Yang Hua respectively for a total consideration of RMB9,938,232.53;

(s) an equity transfer agreement dated 26 September 2009 entered into between Yang Lin (楊琳), Yang Hua (楊華) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 80% and 20% equity interest in Shaoxing Huixin Automobile Sales & Services Co., Ltd. (紹興市匯鑫汽車銷售服務有限公司) from Yang Lin and Yang Hua respectively for a total consideration of RMB44,003,044.02;

(t) an equity transfer agreement dated 30 September 2009 entered into between Wei Zhijie (魏志傑), Wei Zhijian (魏志堅), Chen Xiaolong (陳曉龍) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 100% equity interest in Jilin Chengbang Automobile Sales & Services Co., Ltd. (吉林市成邦汽車銷售服務有限公司) from Wei Zhijie, Wei Zhijian and Chen Xiaolong for a total consideration of RMB30,000,000;

(u) an equity transfer agreement dated 30 September 2009 entered into between Dalian Tiansi Automobile Services Group Co., Ltd. (大連天巳汽車服務集團有限公司), Dalian Tiansi International Trade Co., Ltd. (大連天巳國際貿易有限公司) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 80% and 20% equity interest in Harbin Tiansi Toyota Sales & Services Co., Ltd. (哈爾濱天巳豐田銷售服務有限公司) from Dalian Tiansi Automobile Services Group Co., Ltd. and Dalian Tiansi International Trade Co., Ltd. respectively for a total consideration of RMB40,000,000;

(v) an equity transfer agreement dated 30 September 2009 entered into between Wei Zhijie (魏志傑), Wei Zhijian (魏志堅) and Zhongsheng Dalian, pursuant to which Zhongsheng Dalian agreed to acquire 100% equity interest in Changchun Chengbang Trading Co., Ltd. (長春市成邦商貿有限公司) from Wei Zhijie and Wei Zhijian for a total consideration of RMB50,000,000;

(w) a pre-IPO reorganization agreement dated 9 February 2010 entered into between Elegance Extreme, General Atlantic, Blue Natural, Noble Villa and our Company, pursuant to which Elegance Extreme first transferred all of its interest in Bright Friends, Well Snape, Charming Elements and Zhongsheng International to Noble Villa in exchange for an issue of 1,559,892,795 Shares in our Company on 22 February 2010. General Atlantic will then convert all the preferred shares it held in Elegance Extreme to the common shares in Elegance Extreme. Elegance Extreme agreed to repurchase all the issued common shares in Elegance Extreme from Blue Natural (with the exception of 85 common shares) and General Atlantic (with the exception of 15 common shares), respectively, and in consideration, Elegance Extreme agreed to transfer 1,325,993,876 Shares and 233,998,919 Shares in our Company, representing 85% and 15% of the total issued Shares of our Company immediately before the completion of the Global Offering, to Blue Natural and General Atlantic, respectively, immediately prior to the completion of the Global Offering; and

(x) the Hong Kong Underwriting Agreement.

Intellectual Property Rights

As at the Latest Practicable Date, we own or license the following intellectual property rights.

Trademarks

(a) *Trademarks applied for by our Company for which registration has been granted*

As of the Latest Practicable Date, we have applied for and have been granted the registration of a number of trademarks, details of which are as follows:

Trademark	Place of Registration	Class	Registration Number	Effective Period
		(Note 1)		
. . . .	Hong Kong	12, 35, 36, 37	300677223	11 July 2016
中升集团有限公司 ZHONGSHENG HOLDINGS CO., LTD. . . .	Hong Kong	12, 35, 36, 37	300677232	11 July 2016

Note 1: Class 12 relates to vehicle; apparatus for locomotion by land, air or water.

Class 35 relates to advertising; business management; business administration; office functions.

Class 36 relates to insurance; financial and monetary affairs, and real estate affairs.

Class 37 relates to building construction; repair; installation services.

(b) *Trademarks under application*

As of the Latest Practicable Date, we have also applied for the registration of a number of trademarks, details of which are as follows:

Trademark	Place of Registration	Class *(Note 2)*	Application Number	Application Date
中升	PRC	1	7404375	18 May 2009
中升	PRC	2	7404395	18 May 2009
中升	PRC	3	7404413	18 May 2009
中升	PRC	4	7404434	18 May 2009
中升	PRC	5	7404461	18 May 2009
中升	PRC	6	7404638	18 May 2009
中升	PRC	7	7407016	19 May 2009
中升	PRC	8	7407042	19 May 2009
中升	PRC	9	7407060	19 May 2009
中升	PRC	10	7407079	19 May 2009
中升	PRC	11	7407195	19 May 2009
中升	PRC	12	6520484	21 January 2008
中升	PRC	13	7407217	19 May 2009
中升	PRC	14	7407230	19 May 2009
中升	PRC	15	7407249	19 May 2009
中升	PRC	16	6520476	21 January 2008
中升	PRC	17	7407275	19 May 2009
中升	PRC	18	7407293	19 May 2009
中升	PRC	20	6520474	21 January 2008
中升	PRC	20	7410281	20 May 2008
中升	PRC	21	7410327	20 May 2009
中升	PRC	22	7410359	20 May 2009
中升	PRC	23	7410385	20 May 2009
中升	PRC	24	7410404	20 May 2009
中升	PRC	25	7411125	20 May 2009
中升	PRC	26	7411134	20 May 2009
中升	PRC	27	6520472	21 January 2008

Trademark	Place of Registration	Class (Note 2)	Application Number	Application Date
中升	PRC	28	7411146	20 May 2009
中升	PRC	29	7411156	20 May 2009
中升	PRC	30	7411161	20 May 2009
中升	PRC	31	7414028	21 May 2009
中升	PRC	32	7414031	21 May 2009
中升	PRC	33	7414033	21 May 2009
中升	PRC	34	7414035	21 May 2009
中升	PRC	35	6520470	21 January 2008
中升	PRC	36	6520463	21 January 2008
中升	PRC	37	6520461	21 January 2008
中升	PRC	38	7414039	21 May 2009
中升	PRC	39	6520453	21 January 2008
中升	PRC	40	6520451	21 January 2008
中升	PRC	41	6520449	21 January 2008
中升	PRC	42	6520447	21 January 2008
中升	PRC	43	6520812	21 January 2008
中升	PRC	44	6520810	21 January 2008
中升	PRC	45	6520808	21 January 2008
	PRC	1	7414076	21 May 2009
	PRC	2	7414086	21 May 2009
	PRC	3	7414093	21 May 2009
	PRC	4	7414098	21 May 2009
	PRC	5	7414104	21 May 2009
	PRC	6	7417001	22 May 2009
	PRC	7	7417048	22 May 2009
	PRC	9	7417419	22 May 2009

Trademark	Place of Registration	Class *(Note 2)*	Application Number	Application Date
	PRC	10	7417453	22 May 2009
	PRC	11	7417483	22 May 2009
	PRC	12	6520483	21 January 2008
	PRC	13	7417495	22 May 2009
	PRC	14	7417514	22 May 2009
	PRC	15	7417525	22 May 2009
	PRC	16	6520475	21 January 2008
	PRC	17	7417612	22 May 2009
	PRC	18	7417668	22 May 2009
	PRC	20	6520473	21 January 2008
	PRC	20	7421426	25 May 2009
	PRC	21	7421476	25 May 2009
	PRC	22	7421509	25 May 2009
	PRC	23	7421572	25 May 2009
	PRC	24	7421877	25 May 2009
	PRC	25	7421901	25 May 2009
	PRC	26	7421930	25 May 2009
	PRC	27	6520471	21 January 2008
	PRC	28	7421949	25 May 2009
	PRC	30	7421960	25 May 2009
	PRC	31	7421979	25 May 2009
	PRC	32	7425530	26 May 2009

Trademark	Place of Registration	Class	Application Number	Application Date
		(Note 2)		
	PRC	33	7425542	26 May 2009
	PRC	34	7425548	26 May 2009
	PRC	36	6520462	21 January 2008
	PRC	37	6520460	21 January 2008
	PRC	38	7425556	26 May 2009
	PRC	39	6520452	21 January 2008
	PRC	40	6520450	21 January 2008
	PRC	41	6520448	21 January 2008
	PRC	42	6520813	21 January 2008
	PRC	43	6520811	21 January 2008
	PRC	44	6520809	21 January 2008
	PRC	45	6520807	21 January 2008
中升奥通	PRC	12	6520480	21 January 2008
中升奥通	PRC	35	6520467	21 January 2008
中升奥通	PRC	37	6520457	21 January 2008
中升搏通	PRC	12	6520482	21 January 2008
中升搏通	PRC	35	6520469	21 January 2008
中升搏通	PRC	37	6520459	21 January 2008
中升东本	PRC	12	6520481	21 January 2008
中升东本	PRC	35	6520468	21 January 2008
中升东本	PRC	37	6520458	21 January 2008
中升广丰	PRC	12	6520478	21 January 2008
中升广丰	PRC	35	6520465	21 January 2008
中升广丰	PRC	37	6520455	21 January 2008
中升汇迪	PRC	12	6520479	21 January 2008

Trademark	Place of Registration	Class *(Note 2)*	Application Number	Application Date
中升汇迪	PRC	35	6520466	21 January 2008
中升汇迪	PRC	37	6520456	21 January 2008
中升迎宾	PRC	12	6520477	21 January 2008
中升迎宾	PRC	35	6520464	21 January 2008
中升迎宾	PRC	37	6520454	21 January 2008

Note 2: Class 1 relates to concrete binders; cement waterproofing chemicals except paints; masonry damp-proofing chemicals except paints; flammable chemicals (engine fuel chemical addictives); engine fuel chemical addictives; vehicle fuel chemical addictives; petrol purifying additives; brake fluids; tyre binders.

Class 2 relates to colorants; vehicle underseal; white wash; white (colorants or paints); lacquers; aluminium paints; silver paints, fireproof paints; undercoating for vehicle chassis; distempers.

Class 3 relates to shampoos; soaps; face wash; washing powder; car and bicycle polishing wax; cosmetics; toothpastes; detergents; windscreen washing liquids.

Class 4 relates to preservation oils for masonry; preservation oils for silica; engine oils; petrol; diesel; vehicle fuel; non-chemical addictives for vehicle fuel; anti-slip plasters for wheels; paraffin; gear lubricants.

Class 5 relates to air fresheners; depuratives; non-personal deodorants; bleaching powders; veterinary medicines; pesticides; disinfected tissues; mothproofing agent; healthcare bags; medical pillows.

Class 6 relates to metal staircases; swimming pools (metal structure); metal building structures; metal buildings; metal boarding stairs for vehicles; metal reinforcements for concrete; metal floor tiles; metal pillars for buildings; metal roof flashings; metal doors.

Class 7 relates to car engine pistons; car engine flywheels; rendering machines; car engine mufflers; rim machines; bicycle dynamos; car engine cooling radiators; car engine igniting coils; excavators; car engine pistons.

Class 8 relates to shaving razors; curling tongs; cuticle nippers; pedicure sets; tattoo devices; dishware; electric or non-electric depilation devices; electric manicure tools; eyelash curlers; hand-operated hair curlers.

Class 9 relates to computers; recorded computer programmes (programmes); computer keyboards; computer peripheral devices; optical discs; automatic indicators of low tyre pressure for vehicles; vehicle speed checking apparatus; voltage regulators for vehicles; accumulators for vehicles.

Class 10 relates to medical apparatus and instruments; dental apparatus; feeding bottles for babies; feeding bottles; artificial limbs; orthopaedic shoes; crutches; orthopaedic shoe soles; abdominal belts; abdominal corsets.

Class 11 relates to lights; vehicle lights; car lights; anti-dazzle devices for vehicles (lamp-fittings); vehicle headlights; turning signal lights for vehicles; hot air ovens; lighting appliances for vehicles; light shade for vehicles.

Class 12 relates to vehicle; apparatus for locomotion by hand, air or water.

Class 13 relates to skyrockets; signal rockets; pyrotechnic products; firecrackers; petards; fireworks; atomizer for personal care.

Class 14 relates to agates; amulets (jewellery); silver accessories; bracelets (jewellery); ornaments (jewellery); gems (jewellery); emeralds; watches.

Class 15 relates to accordions; pianos; electronic instruments; electronic organs; percussion instruments; zither; pipe organs.

Class 16 relates to paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.

Class 17 relates to synthetic rubber; latex (rubber); fluid rubber; soft tube for vehicle heaters; connecting soft tubes for vehicle radiators; rubber material for recapping tyres; rubber coats for machine parts; insulating materials; insulated dopes; waterproof packaging materials.

Class 18 relates to cattle leather; unprocessed or semi-processed leather; school bags; satchels; umbrella ribs; wallets; travelling bags (trunks); leather mats; furs; fur-skins.

Class 20 relates to furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics.

Class 21 relates to household or kitchen containers; tableware (excluding knives, forks and spoons); porcelain decorations; combs; cosmetic utensils; heat insulated food containers; thermos flasks; crystals (glassware); powdered glass for decoration; toughened glass; household aquarium.

Class 22 relates to vehicle covers (non-fitted); hammocks; tents; towing ropes; car towing ropes; net strings; plastic ropes; plastic fibres for textile; glass fibres for textiles; packing bands.

Class 23 relates to threads; cotton threads and yarns; spun cotton; wool threads; artificial wool; nylon threads; spun wool; spun threads and yarns; linen threads and yarns.

Class 24 relates to upholstery fabrics; cotton fabrics; towel quilts; bath towels; pillow cloth; bed covers; quilts; bed sheets; blankets; oil cloth.

Class 25 relates to working suit; garments; leatherwear; child wear; swimming wear; costumes; shoes (footwear); slippers; hats (headwear); socks.

Class 26 relates to hair bands; laces; hair clips; non-electric hair curlers (not hand-operated); shoe buckles (fasteners); garment buttons; artificial hair; belt buckles; string-knitted craftworks; hair colouring caps.

Class 27 relates to carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).

Class 28 relates to game consoles; kites; electric playing vehicles; electricity chair; swivel chair; windmill; rocking boats; carousels; proportioned model cars; toy cars.

Class 29 relates to pork products; sausages; caviar; dried fish; fruit pulp; peanut butter; soup; frozen fruit; egg; soy milk.

Class 30 relates to tea, tea beverages; ice tea; sugar; candy; honey; dried bread; biscuit; egg cake; glutinous rice balls.

Class 31 relates to oat; sesame; beans (unprocessed); nuts (fruits); fresh fruits; fresh edible fungus; lemons; oranges; unprocessed cereal seeds; seaweeds consumed by humans or animals.

Class 32 relates to beer; non-alcoholic fruit juice; mineral water; fruit tea (non-alcoholic); peanut milk (non-alcoholic); fruit drink(non-alcoholic); coke; mung bean beverage; soy milk beverage; beverage ingredients.

Class 33 relates to fruit wines (alcoholic); spirits; aperitif; hydromel; wine; alcohol (drinks); rice wines; seasoning wines; alcoholic drinks (excluding beer); sake.

Class 34 relates to tobacco; tobacco shreds; cigarettes; tobacco pipes; cigarette filters; ashtrays; matches; cigarette lighters; firestones; cigarette cases.

Class 35 relates to advertising; business management; business administration; office functions.

Class 36 relates to insurance; financial and monetary affairs, and real estate affairs.

Class 37 relates to building construction; repair; installation services.

Class 38 relates to message sending; telecommunications; telephone communications; optic fibre network communications; telecommunication connections to global computer network; teleconferencing services; database access services; voice mail services.

Class 39 relates to transportation; packaging and storage of goods; travel arrangement.

Class 40 relates to treatment of materials.

Class 41 relates to education; providing of training; entertainment; sporting and cultural activities.

Class 42 relates to scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

Class 43 relates to services for providing food and drink; temporary accommodation.

Class 44 relates to medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

Class 45 relates to legal services; security services for the protection of property and individuals; personal and social services rendered by other to meet the needs of individuals.

Domain Names

As at the Latest Practicable Date, our Company had registered the following domain name:

Domain name	Place of Registration	Registered Owner	Registration Date	Expiry Date
www.zs-group.com.cn	PRC	Zhongsheng Dalian	17 April 2006	17 April 2016

DISCLOSURE OF INTERESTS

Interests and short positions of our Directors in the share capital of our Company and its associated corporations immediately before and following the Global Offering

As at the Latest Practicable Date, the interests and short positions of our Directors and our chief executive in the equity or debt securities of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and to the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules ("**Model Code**"), to be notified to our Company and the Hong Kong Stock Exchange immediately following the Global Offering will be as follows:

Name of Director/ Chief Executive	Nature of interest	Relevant company (including associated corporations)	Number and class of Shares immediately prior to the Global Offering	Number and class of Shares immediately after the Global Offering	Approximate percentage of interest in our Company immediately after the Global Offering (taking into account the partial exercise of General Atlantics Anti-Dilution Right and assuming no exercise of the Over-allotment Option and based on the lower end of the estimated Offer Price range)	Approximate percentage of interest in our Company immediately after the Global Offering (taking into account the partial exercise of General Atlantics Anti-Dilution Right and assuming no exercise of the Over-allotment Option and based on the higher end of the estimated Offer Price range)
					(%)	(%)
HUANG Yi(1) . .	Deemed interest, interest of controlled company	Our Company	1,325,993,876(L)	1,325,993,876 (L)	71.04%	71.25%
LI Guoqiang(2) .	Deemed interest, interest of controlled company	Our Company	1,325,993,876(L)	1,325,993,876 (L)	71.04%	71.25%

Notes:

(1) Mr. Huang's interest in the Shares is held through his wholly-owned investment company, Light Yield. Light Yield owns a 62.3% equity interest in Blue Natural. Accordingly, Mr. Huang is deemed to be interested in the entire interest in our Company held by Blue Natural.

(2) Mr. Li's interest in the Shares is held through his wholly-owned investment company, Vest Sun. Vest Sun owns a 37.7% equity interest in Blue Natural. Accordingly, Mr. Li is deemed to be interested in the entire interest in our Company held by Blue Natural.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date, the persons who were directly interested in 10% or more of the issued and outstanding share capital of our subsidiaries then in issue carrying rights to vote in all circumstances at general meetings of each relevant subsidiary, were as follows:

Member of Our Group	Total registered capital	Person with 10% or more interest (other than us)	Percentage of the substantial shareholder's interest
Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd. (成都中道成豐田汽車銷售服務有限公司)	RMB10,000,000	Tu Bin (塗彬)	10%
Chengdu Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (成都中升豐田汽車銷售服務有限公司)	RMB10,000,000	Tu Bin (塗彬)	20%
Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. (玉溪中升東本汽車銷售服務有限公司)	RMB10,000,000	He Mingzhong (何明忠)	30%
Nanjing Zhongsheng Toyota Automobile Services Co., Ltd. (南京中升豐田汽車服務有限公司)	HK$13,860,000	Jiangsu Kenry Automobile Trading Co., Ltd. (江蘇肯瑞汽車貿易有限公司)	40%
Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. (深圳中升豐田汽車服務有限公司)	US$2,250,000	Shenzhen Chengfengda Industry Development Co., Ltd. (深圳誠峰達實業發展有限公司)	25%
Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. (深圳中升豐田汽車服務有限公司)	US$2,250,000	Zhang Honglei (張鴻雷)	15%

FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

Service Contracts of our Directors

None of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by our Group within one year without the payment of compensation save statutory compensation).

Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the years ended 31 December 2006, 2007 and 2008, and the nine months ended 30 September 2009, were approximately RMB1.7 million, RMB1.7 million, RMB4.6 million and RMB3.7 million, respectively.

Under the arrangements in force as at the Latest Practicable Date, the estimated aggregate amount of remuneration payable to, and benefits in kind receivable by, our Directors in respect of the financial year ended 31 December 2009, is estimated to be approximately RMB5.4 million in aggregate.

Fees or commissions received

Save as disclosed in this prospectus, none of the Directors nor any of the persons whose names are listed in the paragraph entitled "Consents" in this Appendix had received any commissions, discounts, agency fees, brokerages, or other special terms in connection with the issue or sale of any capital of our Company or any of our subsidiaries within the two years preceding the date of the prospectus.

DISCLAIMERS

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying shares and debentures of our Company, or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code, to be notified to our Company and the Hong Kong Stock Exchange, in each case once our Shares are listed;

(b) none of our Directors nor any of the parties listed in the paragraph entitled "Consents" in this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors nor any of the parties listed in the paragraph entitled "Consents" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is unusual in its nature or conditions or significant in relation to the business of our Group;

(d) save for the Underwriting Agreements, none of the parties listed in the paragraph entitled "Consents" in this Appendix is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries, or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;

(e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special item has been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(f) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscriptions or agreeing to procure subscriptions of any shares in our Company; and

(g) so far as is known to our Directors, none of our Directors or Shareholders who are interested in 5% or more of our issued share capital or their associates has any interest in either our five largest suppliers or five largest customers.

SHARE OPTION SCHEME

The following is a summary of the principal terms of our Share Option Scheme, conditionally adopted by a resolution of our Shareholders passed on 9 February 2010 and a resolution of our Board on 9 February 2010. The terms of our Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose of our Share Option Scheme

The purpose of our Share Option Scheme is to recognize and acknowledge the contributions made by out employment, to attract skilled and experienced personnel, to incentivise them to remain with our Company and to give effect to our Company's customer-focused corporate culture, and to motivate them to strive for the future development and expansion of our Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in our Company.

2. Participants of our Share Option Scheme and the basis of determining the eligibility of the participants

Our Board may from time to time grant options to any individual who is an employee of our Group (including executive Directors) or any entity in which our Company holds any equity interest ("**Invested Entity**") and such other persons who has or will contribute to our Company as approved by our Board from time to time ("**Participants**") on the basis of their contribution to the development and growth of our Group.

3. Status of our Share Option Scheme

(a) *Conditions of our Share Option Scheme*

Our Share Option Scheme shall take effect subject to: (i) the commencement of dealings in our Shares on the Hong Kong Stock Exchange; (ii) the passing of the necessary resolutions to adopt our Share Option Scheme by our Shareholders; (iii) the obligations of the underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms thereof or otherwise; and (iv) the Listing Committee approving the listing of and permission to deal in any Shares to be allotted and issued pursuant to the exercise of options under our Share Option Scheme ("**Conditions**").

(b) *Life of our Share Option Scheme*

Our Share Option Scheme shall be valid and effective for 10 years from the date on which the last of the Conditions is fulfilled ("**Scheme Period**"), after which time no further option will be granted but the provisions of our Share Option Scheme shall remain in full force and effect in all other respects. The total number of Shares that may be allotted and issued upon the exercise of all options to be granted under our Share Option Scheme initially must not in aggregate exceed the number of shares in issue (without taking into account shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) as at the Listing Date.

4. Grant of options

(a) *Making of an offer*

An offer of the grant of an option shall be made to a Participant by letter ("**Offer Letter**") in such form as our Board may from time to time determine, requiring the Participant to undertake to hold the option on the terms on which it is to be granted (which may include a minimum period for which the option must be held before it can be exercised and a performance target that must be reached before the option can be exercised in whole or in part) and to be bound by the provisions of our Share Option Scheme (including any operational rules made under our Share Option Scheme). The offer shall remain open for acceptance for such time to be determined by our Board provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of our Share Option Scheme.

(b) *Acceptance of an offer*

An option shall be deemed to have been granted to (subject to certain restrictions in our Share Option Scheme), and accepted by, the Participant ("**Grantee**") and to have taken effect after we receive the Offer Letter signed by the Grantee together with a remittance in favour of our Company of HK$0.0001 or the equivalent amount in any currency by way of consideration for the grant of the option on or before the last day for acceptance as defined by our Board. The remittance is not in any circumstances refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Grantee.

(c) *Restrictions on time of grant*

No grant of options shall be made after a price-sensitive event in relation to the securities of our Company has occurred or a price-sensitive matter in relation to the securities of our Company has been the subject of a decision, until the price-sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no option shall be granted during the period of one month immediately preceding the earlier of:

(1) the date of our Board meeting as shall have been notified to the Hong Kong Stock Exchange for the approval of our Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and

(2) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules or quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(d) *Grant to connected persons*

Any grant of options to a connected person must be approved by all our independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee of the options).

(e) *Grant to substantial shareholders and independent non-executive Directors*

Without prejudice to paragraph 4(d) above, any grant of options to a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates must be approved by our Shareholders in general meeting if our Shares issued and to be issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the proposed date of such grant:

(i) would represent in aggregate more than 0.1% of our Shares then in issue; and

(ii) would have an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million (or such other amount as shall be permissible under the Listing Rules from time to time).

(f) *Proceedings in general meeting to approve the grant of option*

At the general meeting to approve the proposed grant of options under paragraph (e), all connected persons of our Company must abstain from voting unless intending to vote against the proposed grant. At such general meeting, the vote to approve the grant of such options must be taken on a poll in accordance with the relevant provisions of the Listing Rules.

5. Subscription price

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option ("**Subscription Price**") shall, subject to any adjustment pursuant to paragraph 7 below, be a price determined by our Board in its sole and absolute discretion but in any event shall be at least the highest of:

(i) the closing price of our Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on the date on which the option is offered ("**Offer Date**");

(ii) the average of the closing prices of our Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and

(iii) the par value of our Shares,

except that for the purposes of calculating the Subscription Price under paragraph 5(ii) above for an option offered within five business days of the Listing Date, the price at which our Shares are to be offered for subscription pursuant to the Global Offering shall be used as the closing price for any business day falling within the period before the Listing Date.

6. Maximum number of Shares available for subscription

(a) *Scheme Mandate*

Subject to sub-paragraphs 6(b) and 6(c) below, the maximum number of Shares in respect of which options may be granted under our Share Option Scheme and any other Share Option Schemes of our Company shall not in aggregate exceed the number of shares that shall represent 10% of the total number of Shares in issue (without taking into account shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) as of the Listing Date ("**Scheme Mandate**"), being 186,649,279 Shares and 186,127,729 Shares, respectively (taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US$25 million to subscribe for the new Shares in our Company and assuming final Offer Price of HK$9.54 and HK$12.83, being the lower and higher end of the estimated Offer Price range, respectively). For the purpose of calculating the Scheme Mandate, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted in calculating the 10% limit.

(b) *Renewal of Scheme Mandate*

Our Company may seek approval by our Shareholders in general meeting for renewing or increasing the Scheme Mandate provided that the total number of Shares in respect of which options may be granted under our Share Option Scheme and any other schemes of our Company under the Scheme Mandate as renewed must not exceed 10% of the total number of Shares in issue as at the date of our Shareholders' approval. Options previously granted under our Share Option Scheme and any other Share Option Schemes of our Company, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted for the purpose of calculating the limit as renewed.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph 6(b), a circular containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules must be sent to our Shareholders.

(c) *Grant of Options beyond Scheme Mandate*

Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the Scheme Mandate provided that the options in excess of the Scheme Mandate are granted only to Participants who are specifically identified before such approval in sought.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph (6)(c), our Company must send a circular to our Shareholders containing a generic description of the specified Grantees who may be granted such options, the number and terms of the options to be granted, the purpose of granting such options to the Grantees with an explanation as to how the terms of options serve such purpose and the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer as required under Rule 17.02(4) of the Listing Rules.

(d) *Maximum number of Shares issued pursuant to Options*

Notwithstanding anything to the contrary in our Share Option Scheme, the maximum limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under our Share Option Scheme and any other schemes of our Company must not exceed such number of Shares as shall represent 30% of our Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

(e) *Grantee's maximum holding*

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, our Board shall not grant options to any Grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that Grantee on exercise of his options during any 12-month period exceeding 1% of the total Shares then in issue.

Where any further grant of options to a Grantee, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Grantee and his associates abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Grantee, the number and terms of the options to be granted and options previously granted to such Grantee and the information required under the Listing Rules. The number and terms (including the Subscription Price) of the options to be granted to such Participant must be fixed before our Shareholders' approval. The date of the Board meeting for proposing such further grant of option should be taken as the date of grant for the purpose of calculating the Subscription Price.

(f) *Adjustment*

The number of Shares subject to the options issued pursuant to our Share Option Scheme may be adjusted in such manner as our Company's independent financial adviser or auditor (acting as expert and not as arbitrator) shall certify in writing to our Board to be in its opinion fair and reasonable in accordance with sub-paragraph 7(b) below.

7. Reorganization of capital structure

(a) *Adjustment of options*

In the event of any alteration in the capital structure of our Company whilst any option becomes or remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), our Board shall make (and shall notify to the Grantee) such corresponding alterations (if any) to:

(i) the number of Shares subject to the option so far as unexercised;

(ii) the Subscription Price; or

(iii) the number of Shares subject to our Share Option Scheme;

that are required to give each Grantee the same proportion of share capital as that to which the Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Hong Kong Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Schemes), but not so that the effect would be to enable any Share to be issued to a Grantee at less than its nominal value, provided that no adjustments to the Subscription Price and number of Shares should be made to the advantage of the Participants without specific prior approval of our Shareholders.

(b) *Auditors/independent financial adviser confirmation*

On any capital reorganization other than a capitalization issue, the auditors or an independent financial adviser shall certify in writing to our Board that the adjustments made by our Board pursuant to sub-paragraph 7(a) above are in their opinion fair and reasonable.

8. Cancellation of options

Subject to the consent from the relevant Grantee, our Board may at its discretion cancel options previously granted to and yet to be exercised by a Grantee for the purpose of re-issuing new options to that Grantee provided that there are sufficient available unissued options under the Scheme Mandate as renewed from time to time (excluding such cancelled options) in accordance with the terms of our Share Option Scheme.

9. Assignment of options

An option is personal to the Grantee and shall not be transferable or assignable.

10. Options attached to our Shares

Our Shares to be allotted upon exercise of an option will be subject to all the provisions of our Articles of Association and will rank pari passu with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of our Company ("**Registration Date**"). Accordingly our Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the Registration Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which is before the Registration Date.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the Grantee or his nominee as the holder of the Share on the register of members of our Company.

Unless otherwise regulated by applicable law, a Grantee shall have no rights as Shareholder with respect to any Shares covered by an option before such Grantee exercises the option.

11. Exercise of options

(a) *General*

The period during which an option may be exercised in accordance with the terms of our Share Option Scheme ("**Option Period**") shall be the period of time to be notified by our Board to each Grantee, which our Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the Offer Date.

(b) *Rights of Grantee upon his retirement or death*

If the Grantee ceases to be a Participant by reason of retirement, death or disability, the option shall vest immediately at the date of cessation and the Grantee or his legal personal representative shall be entitled within a period of 12 months from the date of retirement or death (or within such longer period as our Board may determine) to exercise the option (to the extent not already exercised).

(c) *Rights of Grantee upon his cessation of employment under certain circumstances*

If the Grantee ceases to be a Participant for any reason other than his retirement or death or disability or termination of his employment on one or more of the grounds specified in sub-paragraph 12(iv) below or the termination of his business relation with the relevant member of out Group, the Grantee may exercise the option up to his or her entitlement at the date of cessation.

(d) *Rights on a takeover*

In the event a general or partial offer, whether by way of take-over offer, or a take-over by way of a scheme of arrangement or otherwise in like manner, is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror and the take-over offer becomes or is declared unconditional, the Grantee shall be entitled to exercise the option (to the extent not already exercised), within one month from the date the take-over offer is declared unconditional.

(e) *Rights on a voluntary winding up*

In the event of a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each of our Shareholders give notice to all Grantees (together with a notice of the existence of the provisions of this sub-paragraph 11(e)). Upon receipt of such notice, each Grantee (or where permitted under sub-paragraph 11(b) his legal personal representative(s)) shall be entitled to exercise all or any of the option (to the extent which has become exercisable and not already exercised) at any time not later than two (2) business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for our Shares in respect of which the notice is given. Upon receipt of such notice together with the remittance by our Company, our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. The allotted Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(f) *Rights on a compromise or arrangement*

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice to the Grantee on the same day as it gives notice of the meeting to our Shareholders or creditors to consider the compromise or arrangement. Upon receipt of the notice, the Grantee may, during the period commencing on the date of the notice and ending on the earlier of:

(i) the date two calendar months thereafter; and

(ii) the date on which such compromise or arrangement is sanctioned by the court;

exercise the option (to the extent not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Our Company may require the Grantee to transfer or otherwise deal with our Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full and shall thereupon become exercisable (but subject to the other terms of this Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

12. Lapse of options

An option where vested or unvested shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of the periods referred to in sub-paragraphs 11(a) to (f) above;

(iii) in respect of a Grantee (being a Director or employee of our Group or Invested Entity) who ceases to be engaged by our Group or the Invested Entity by reasons other than termination of employment on grounds under paragraph 12(iv) below, the last date on which such Grantee was at work with our Group or the Invested Entity (whether salary is paid in lieu of notice or not);

(iv) the date on which the Grantee (being a Director or employee of our Group or Invested Entity) ceases to be a Participant by reason of the termination of his employment on any one or more of the following grounds:

(a) that he has been guilty of misconduct; or

(b) that he has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally; or

(c) that he has been convicted of a criminal offence involving his integrity or honesty; or

(d) any misconduct based on the sole and absolute option of our Company; or

(e) and a resolution of our Board or our Board of Directors of the relevant subsidiary of our Company to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 12(iv) shall be conclusive;

(v) in the event of the Grantee not being a Director or employee of our Group or Invested Entity, the date on which our Board in its sole and absolute discretion resolves that such Grantee ceases to be qualified as a Participant by reason of termination of its business relations with the relevant member of our Group or by reason of its failure to comply with the provisions of the relevant contracts or agreements and/or its breaches of its fiduciary duties under common law or otherwise on other grounds as our Board considers appropriate;

(vi) the date on which the Grantee commits a breach of paragraph 9 above.

(vii) if an option is granted subject to certain conditions, restrictions or limitations, the date on which our Board resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitations; and

(viii) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer Letter, if any.

13. Amendment of our Share Option Scheme

The specific provisions of our Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of our Board in relation to any alteration of the terms of our Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of our Share Option Scheme which are of material nature, or any change to the terms of options granted, must also, to be effective, be approved by our Shareholders in general meeting, except where alterations take effect automatically under the existing terms of our Share Option Scheme. Our Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

14. Termination

Our Company may at any time terminate the operation of our Share Option Scheme by resolution of our Board or resolution of our Shareholders in general meeting and in such event no further options will be offered but the provisions of our Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of the options (to the extent not already exercised) granted prior to the termination or otherwise or may be required in accordance with the provisions of our Share Option Scheme. All options granted prior to the termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of our Share Option Scheme.

As of the Latest Practicable Date, no option has been granted by our Company under our Share Option Scheme.

OTHER INFORMATION

Tax and Other Indemnities

Our Controlling Shareholders (together, the "**Indemnifiers**") have entered into a deed of indemnity in favour of our Group to provide the following indemnities in favour of our Group.

Under the deed of indemnity, amongst others, the Indemnifiers will jointly and severally indemnify each of the members of our Group against (a) (i) any loss or liability or diminution in value of assets suffered by any member of our Group as a result of or in connection with any taxation liability in any jurisdiction arising from any income, profits or gain earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which the Global Offering becomes unconditional; or as a consequence of any event, activity or omission which occurred or is deemed to occur on or before the date on which the Global Offering becomes unconditional, whether alone or in conjunction with other circumstances and whether or not such taxation is chargeable against or attributable to any other person; (ii) any duty by virtue of the provisions of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any legislation, law or regulation in relation to estate duty, death duty, inheritance tax, succession duty or another similar duty or taxation in the PRC, Cayman Islands, British Virgin Islands or any other jurisdictions in the world where any member of our Group is sought to be made liable to such tax or duty ("**Estate Duty Provision**") by reason of the death of any person and by reason of the assets of any member of our Group being deemed for the purpose of such duty to be included in the property passing on his or her death by reason of that person making or having made a relevant transfer to any member of our Group on or before the date on which the Global Offering becomes unconditional; (iii) any amount recovered against any member of our Group under an Estate Duty Provision in respect of any duty payable under an Estate Duty Provision by reason of the death of any person and by reason of the assets of any member of our Group being deemed for the purpose of such duty to be included in the property passing on his or her death by reason of that person making or having made a relevant transfer to any member of our Group on or before the date on which the Global Offering becomes unconditional; and (iv) any amount of duty which any member of our Group is obliged to pay by virtue of an Estate Duty Provision in respect of the death of any person in any case where the assets of another company are deemed for the purpose of such duty to be included in the property passing on that person's death by reason of that person making or having made a relevant transfer to that other company and by reason of any member of our Group having received assets of that other company on their distribution on or before the date on which the Global Offering becomes unconditional, but only to the extent to which such member of our Group is unable to recover an amount or amounts in respect of that duty from any other person under an Estate Duty Provision; (b) any actions, claims, costs, penalties, fines, damages, losses, expenses and liabilities (including without limitation relocation costs and expenses, operating and business losses arising from business interruptions and/or increased lease payments, and penalties and fines imposed by any statutory or governmental authority whatsoever in the PRC or any other part of the world) arising from, or in connection with (i) the properties owned and/or occupied by any member of our Group for which the relevant Title Certificates have not been obtained as at the Latest Practicable Date; (ii) the properties leased by any member of our Group from lessors who, as at the Latest Practicable Date, are not able to produce evidence of valid and enforceable Title Certificates or the approvals from land authorities to lease such properties; and (iii) the leased properties of an any member of our Group whose lessors, as at the Latest Practicable Date, have not registered the leases with the relevant PRC authorities ("**Affected Properties**") suffered or incurred by any member of our Group on or before the date on which the Global Offering becomes unconditional; or any assessment, claim, counterclaim, notice, demand or other documents issued or action taken by or on behalf of any statutory or governmental authority whatsoever in the PRC or any other part of the world or by or on behalf of any person having the right to challenge or to cease or suspend the Affected Properties from which it appears that our Group or any member of our Group are liable or are sought to be made liable in respect of the Affected Properties suffered or incurred on or before the date on which the Global Offering becomes unconditional; (c) any actions, claims, costs, penalties, fines, damages, expenses, liabilities, as well as operating and business losses arising from, or in connection with, any business disruption attributable to, or failure to comply with relevant PRC laws and regulations by, any of the member of our Group who failed to complete relevant registration, approval or other requirements regarding, *inter alia*, foreign investment, business, tax, social security contribution and environment protection as disclosed in the Prospectus, suffered or incurred on or before the date on which the Global Offering becomes unconditional by any member of our Group. The Indemnifiers further jointly and severally undertake to indemnify each of the members of our Group on demand against any of the foregoing losses, damages, penalties costs or expenses.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation where, among others, (a) to the extent that specific provision or reserve has been made for such taxation in our combined financial information included in "Appendix I — Accountants' Report" to this prospectus, or to the extent that it relates to taxation incurred or accrued after 30 September 2009 that arises in the ordinary course of our business in this prospectus; (b) to the extent such taxation would not have arisen but for an act or omission by us after the date on which the Global Offering becomes unconditional (other than pursuant to a legally binding commitment created on or before the date on which the Global Offering becomes unconditional); (c) to the extent such taxation or liability arises or is incurred only as a result of a retrospective change in law or regulations, a retrospective increase in tax rates or a retrospective change in administrative interpretation of law or regulations, coming into force after the date on which the Global Offering becomes unconditional; (d) to the extent that any provision or reserve made for any taxation liability in our combined financial information included in Appendix I — Accountants' Report to this prospectus is determined by the auditors for the time being of the relevant member of our Group to contain an over-provision or excessive reserve; (e) to the extent that any such liability is disclosed in this prospectus.

The indemnity provided by the Indemnifiers will be valid as long as our Company remains listed on the Hong Kong Stock Exchange.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands, Hong Kong, or the PRC.

Litigation

As at the Latest Practicable Date, our Group was not aware of, any litigation, arbitration or administrative proceedings of material importance, pending or threatened against us or any of our Directors, that could have a material adverse effect on our Group's financial condition and results of operations, taken as a whole.

Preliminary Expenses

Our preliminary expenses are approximately US$18,000 and have been paid by our Company.

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Hong Kong Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
Morgan Stanley Asia Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
UBS AG, Hong Kong Branch	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified public accountants
Jones Lang LaSalle Sallmanns Limited	Member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors
King & Wood	PRC legal advisers
Conyers Dill & Pearman.	Cayman Islands legal advisers

Consents

Each of Morgan Stanley Asia Limited, UBS AG, Hong Kong Branch, Ernst & Young, Jones Lang LaSalle Sallmanns Limited, King & Wood, Conyers Dill & Pearman has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Waivers from strict compliance with Listing Rules and exemption from compliance with the Companies Ordinance

Waiver from strict compliance with Rule 4.04(1) of the Listing Rules and a certificate of exemption in relation to paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance

Paragraph 27 of Part I of the Third Schedule of the Companies Ordinance prescribes that a statement as to the gross trading income or sales turnover of the company during the three preceding years as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities, be included in the prospectus. Paragraph 31 of Part II of the Third Schedule of the Companies Ordinance further prescribes that a report by the auditors of the company with respect to (i) the profits and losses of the company for each of the three financial years immediately preceding the issue of the prospectus and (ii) the assets and liabilities of the Company at the last date to which the accounts of the company were made up, be included in the prospectus. Meanwhile, Rule 4.04(1) of the Listing Rules states that the accountants' report must include, inter alia, "the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Exchange". Accordingly, in strict compliance with the relevant requirements, the accountants' report included in this prospectus should cover the three financial years ended 31 December 2009.

An application has been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 December 2009, and such waiver has been granted by the Hong Kong Stock Exchange on the condition that listing of the Shares of our Company on the Hong Kong Stock Exchange will commence on or before 31 March 2010.

An application has also been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance in relation to the inclusion of the Accountants' Report for the full year ended 31 December 2009 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 December 2009 and that the inclusion of the financials for the three financial years ended 31 December 2008 and the nine months ended 30 September 2009 (together with the profit estimate for the remaining period of the year ended 31 December 2009) in this prospectus was sufficient to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Company. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance on the condition that (i) particulars of the exemption are set out in this prospectus; and (ii) this prospectus will be issued on or before 16 March 2010.

Please refer to the section entitled "Financial Information — Waiver from Strict Compliance with Rule 4.04(1) of the Listing Rules and Exemption from Compliance with the Companies Ordinance" in this prospectus for more details.

Waiver from strict compliance with Rule 8.12 of the Listing Rules

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the condition that, among other things, we maintain certain arrangements to maintain effective communications between us and the Hong Kong Stock Exchange.

Please refer to the section entitled "Directors, Senior Management and Employees — Management Presence in Hong Kong" in this prospectus for more details.

Waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules

We have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise, and the Hong Kong Stock Exchange has confirmed that it will exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of our Company, which shall be the higher of 15%; or such a percentage of Shares held by the public immediately after completion of the Global Offering, as increased by the Shares to be issued upon exercise of the Over-Allotment Option (which discretion may be exercised in respect of issuers with an expected market capitalization at the time of listing of over HK$10,000 million) on the basis that the Hong Kong Stock Exchange is satisfied that the number of our Shares concerned and the extent of their distribution will enable the market to operate properly with the lower percentage, and on the conditions that we will make appropriate disclosure of the lower prescribed percentage of public float in this prospectus and confirm sufficiency of public float in our successive annual reports after the Listing and that we and the Joint Sponsors shall be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the Listing.

Please refer to the section entitled "Share Capital — Waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules relating to minimum public float requirements" in this prospectus for more details.

Waiver from strict compliance with Rule 10.04 and Appendix 6 of the Listing Rules relating to the Anti-Dilution Right of General Atlantic

Rule 10.04 of the Listing Rules provides that an existing shareholder may only subscribe for or purchase securities if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. In addition, paragraph 5(2) of Appendix 6 to the Listing Rules provides, *inter alia*, that no allocations will be permitted to existing shareholders of the Company unless the conditions in Rules 10.03 and 10.04 of the Listing Rules are met and unless prior written consent of the Hong Kong Stock Exchange has been obtained.

General Atlantic is an existing Shareholder of our Group and held 15% shareholding of our Group as at the Latest Practicable Date. Pursuant to the Shareholders Agreement, General Atlantic has the Anti-Dilution Right — to purchase, at their option, at the Offer Price of our Shares, up to the number of Shares of our Company that will enable General Atlantic to maintain, in the aggregate, their percentage ownership interest in our Company immediately prior to the consummation of the Global Offering. The Anti-Dilution Right will terminate on the Listing Date (if not terminated earlier).

An application has been made to the Hong Kong Stock Exchange to grant, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 10.04 of the Listing Rules and paragraph 5(2) of Appendix 6 to the Listing Rules in connection with the exercise by General Atlantic of its Anti-Dilution Right.

General Atlantic has confirmed to our Company that it intends to exercise the Anti-Dilution Right by investing US$25 million to subscribe for the new Shares of our Company at the final Offer Price. The new Shares to be subscribed by General Atlantic will be subject to a non-disposal undertaking by General Atlantic. For further information, please see the section entitled "Our History And Reorganization — General Atlantic and Terms of Its Investment" in this prospectus.

Agency fees or commissions received

The Underwriters will receive an underwriting commission as referred to in the paragraph headed "Commissions and Expenses" under the section entitled "Underwriting" in this prospectus.

Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, the Shares to be issued to General Atlantic in connection with its partial exercise of the Anti-Dilution Right, and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options under the Share Option Scheme.

All necessary arrangements have been made to enable our Shares to be admitted to the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

  a. no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

  b. no share or loan capital of our Company or any of our subsidiaries is under option or has been agreed conditionally or unconditionally to be put under option;

  c. no founder, management, or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

  d. no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale or any capital of our Company or any of our subsidiaries;

  e. our Group has no outstanding convertible debt securities or debentures;

f. no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;

(b) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is sought or proposed to be sought; and

(c) there has been no interruption in the business of our Group which had or may have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.

No material adverse change

Our Company confirms that there has been no material adverse change in its financial position since 30 September 2009.

Binding effect

This prospectus shall have the effect, if any application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance, so far as applicable.

Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) copies of each of the material contracts referred to in Appendix VII; and (iii) the written consents referred to in Appendix VII.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer at 11th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of the prospectus:

(a) the Memorandum of Association and Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the letter from Ernst & Young relating to unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(d) the letters from the Joint Sponsors and Ernst & Young relating to the profit estimate, the texts of which are set out in Appendix III to this prospectus;

(e) the letters, summaries of valuation and valuation certificates relating to our property interests prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV to this prospectus;

(f) the PRC legal opinions issued by King & Wood, our legal advisers on PRC law, dated 16 March 2010;

(g) the letter dated 16 March 2010 issued by Conyers Dill & Pearman, our legal advisers on Cayman Islands law, summarizing certain aspects of Cayman Companies Law referred to in Appendix V to this prospectus;

(h) the Cayman Companies Law;

(i) the material contracts referred to in the section entitled "Summary of material contracts" in Appendix VII to this prospectus;

(j) the written consents referred to in the section entitled "Consents" in Appendix VII to this prospectus;

(k) the service contracts or letters of appointment of our Directors; and

(l) the Share Option Scheme adopted by our Company.

中升集團控股有限公司

ZHONGSHENG GROUP HOLDINGS LIMITED