THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Zhongsheng Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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)

CONNECTED TRANSACTION
ACQUISITION OF THE REMAINING 20% EQUITY INTEREST IN LOONG WAH MOTORS (CAYMAN) CO., LTD.

Independent Financial Advisor
to the Independent Board Committee and the Independent Shareholders

VINCO 域高

Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

A letter from the Board is set out on pages 3 to 9 of this circular.

A letter from the Independent Board Committee, containing its advice to the Independent Shareholders of the Company, is set out on pages 10 to 11 of this circular.

A letter from Vinco Capital, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders of the Company is set out on pages 12 to 24 of this circular.

23 March 2012

CONTENTS

In this circular, the following terms have the meanings set out below, unless the context requires otherwise:

"Acquisition"	the acquisition contemplated under the Equity Transfer Agreement
"Board"	the board of directors of the Company
"Company"	Zhongsheng Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 881)
"Connected Person(s)"	shall have the meaning as ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Equity Transfer Agreement"	the equity transfer agreement entered into between the Transferee and the Transferor on 2 March 2012 in connection with the further purchase of the 20% equity interest in the Target Company
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a board committee comprising Mr. Shigeno Tomihei, Mr. Ng Yuk Keung and Mr. Shen Jinjun, all being the independent non-executive directors of the Company
"Independent Shareholder(s)"	the independent shareholders of the Company
"Latest Practicable Date"	20 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Leqing Company"	Leqing Loong Wah Toyota Motors Sales and Services Co., Ltd., a non-wholly owned subsidiary of the Target Company in the PRC

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Percentage Ratios"	the percentage ratios set out in Rule 14.07 of the Listing Rules, i.e. "assets ratio", "profits ratio", "revenue ratio", "consideration ratio" and "equity capital ratio"
"PRC" or "China"	the People's Republic of China, but for the purposes of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Previous Acquisitions"	the transactions in which the Transferee in succession acquires 80% equity interest in the Target Company
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the holder(s) of the shares of the Company
"Target Company"	Loong Wah Motors (Cayman) Co., Ltd., a company incorporated in the Cayman Islands with limited liability
"Target Group"	Target Company and its subsidiaries
"Transferee"	Zhongsheng Holdings Company Limited, a wholly-owned subsidiary of the Company, incorporated in Hong Kong with limited liability
"Transferor"	Mr. Fong Chi Keung. Mr. Fong was a founder of the Target Company
"Vinco Capital" or "Independent Financial Advisor"	Grand Vinco Capital Limited, wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and an independent financial advisor of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition pursuant to the Equity Transfer Agreement
"Wenzhou Company"	Wenzhou Huatong Toyota Motors Sales and Services Co., Ltd., a non-wholly owned subsidiary of the Target Company in the PRC

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)

Executive Directors:
Mr. Huang Yi
Mr. Li Guoqiang
Mr. Du Qingshan
Mr. Yu Guangming

Non-executive Director:
Mr. Leng Xuesong

Independent Non-executive Directors:
Mr. Shigeno Tomihei
Mr. Ng Yuk Keung
Mr. Shen Jinjun

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 3504–12
35th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

23 March 2012

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 20% EQUITY INTEREST IN LOONG WAH MOTORS (CAYMAN) CO., LTD.

INTRODUCTION

Reference is made to the announcements of the Company dated 30 September 2011 and 2 March 2012 in connection with the acquisition of equity interest in Loong Wah Motors (Cayman) Co., Ltd.. On 2 March 2012, the Transferee (a wholly-owned subsidiary of the Company) acquired from the Transferor the remaining 20% equity interest in the Target Company. After the completion of this Acquisition, the Company has acquired 100% equity interest in the Target Company. This circular is provided to the Shareholders to supply further information related to the Acquisition.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are as follows:

Date	:	2 March 2012
Parties	:	Zhongsheng Holdings Company Limited as the Transferee; and Mr. Fong Chi Keung as the Transferor Since the Transferor held more than 10% of the equity interest in the Target Company, being a substantial shareholder of the subsidiary of the Company, the Transferor is a Connected Person of the Company pursuant to Rule 14A.11 of the Listing Rules.
Subject Matter	:	Acquisition of 2,000 ordinary shares in the Target Company held by the Transferor, accounting for 20% of the equity interest in the Target Company.
Consideration	:	The total consideration is RMB222,440,000.
Payment Terms	:	The consideration of the Acquisition shall be paid in full by the Transferee in RMB or equivalent Hong Kong dollars in installments to the account designated by the Transferor. The Transferee shall pay to the Transferor a deposit of RMB30,000,000 in connection with the equity transfer. The Transferee shall pay to the Transferor the balance of the equity transfer consideration of RMB192,440,000 or its equivalent Hong Kong dollars on the closing date after completion of the delivery arrangements under the Equity Transfer Agreement.
Other Key Terms and Conditions	:	The Transferee and the Transferor agree to adjust the scope of acquisition of the Target Company by excluding the Wenzhou Company (a FAW-Toyota dealership) and the Leqing Company (a FAW-Toyota dealership) from the scope of acquisition and adjust the total consideration of the acquisition accordingly. The adjusted total consideration for acquisition of 100% equity interest of the Target Company is approximately RMB1,126,517,000, including the consideration of RMB222,440,000 for the Acquisition.

BASIS OF CONSIDERATION

The total consideration for the Acquisition is RMB222,440,000 payable in cash which will be satisfied by the Company's internal resources. The consideration was agreed between the Company and the Transferor upon arm's length negotiation by taking into account a combination of factors, including the net asset value, the potential profitability which is expectable due to the stable increase of automobile penetration rate in the coastal regions such as Guangdong and Zhejiang provinces and the continuing growth in automobile sales of those well-established brands such as Lexus and Toyota distributed by the Target Group, goodwill attached to the brands operated by the Target Group established through years of operation in Zhejiang and Guangdong, broad recognition by both auto-makers and local customers, and valuable customer base, and the operational and financial efficiencies that will be derived by the Group from attaining complete control over Target Group's operations. The customer base of the Target Group is mainly comprised of customers for new car sales and customers for regular repair and maintenance services. After years of operation in Zhejiang and Guangdong, the Target Group has established a valuable customer base for the repair and maintenance services, which can contribute recurring value and profit to the Target Group. The price-to-book ratio (the "P/B ratio") for the consideration of the Acquisition is approximately 2.8 times, which is about the same level of the P/B ratio for the acquisition of the 100% equity interest in the Target Company.

The Directors of the Company are of the view that the consideration for acquisition of the remaining 20% equity interest in the Target Group as well as the total consideration for acquisition of 100% equity interest of the Target Group are fair and reasonable.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Sales of the Japanese brand luxury and mid-to-high-end automobiles have recorded a stable and continuing growth in China with great potentials for future development. In line with the Company's development strategy of expanding its Japanese brand dealership distribution network in coastal regions such as Zhejiang and Guangdong, for the purpose of strengthening its market leading position in those areas as well as better utilising the regional scale and customer resources, the Acquisition of the remaining equity interest in the Target Company is aimed at strengthening the Company's management and operation of the Target Group so as to strengthen and expand the Company's market share and competitive advantages in the above-mentioned areas.

FURTHER DETAILS ON THE ACQUISITION

From 30 September 2011 to 2 March 2012, the Transferee has in succession acquired 100% equity interest in the Target Company. The following table sets out the details of the shareholding structure of the Target Company before and after the completion of the Acquisition.

	Before the Completion of the Acquisition	**After the Completion of the Acquisition**
Target Company	• Transferor held a 20% equity interest; and • Transferee held a 80% equity interest	• Transferee will hold 100% equity interest

Since the location and the growing potential of Wenzhou Company and Leqing Company do not match with the development strategies of the Group, the Directors of the Company decided not to acquire these two companies before completion of the acquisition entered into on 30 September 2011. The Wenzhou Company and Leqing Company were therefore excluded from the Target Company and never consolidated into the Group. The total consideration of the acquisition was adjusted by assessment of the book value of the net assets and potential profitability of Wenzhou Company and Leqing Company. Exclusion of these two companies is not a condition precedent to the completion of the Acquisition.

FINANCIAL INFORMATION OF THE TARGET GROUP

The table below sets out certain unaudited financial information (prepared under the HKFRSs) of the Target Group on the aggregate basis for the years ended 31 December 2009 and 2010 as well as the six months ended 30 June 2011.

(in RMB million)

	For the year ended 31 December 2009 *(unaudited)*	**For the year ended 31 December 2010** *(unaudited)*	**For the six months ended 30 June 2011** *(unaudited)*
Revenue	2,311	2,990	1,500
Profit before taxation	73	50	45
Profit after taxation	46	29	33

	As at 31 December 2009 *(unaudited)*	As at 31 December 2010 *(unaudited)*	As at 30 June 2011 *(unaudited)*
Net assets	339	373	406

The major assets of the Target Group consist of non-current assets of approximately RMB445.9 million such as land use rights, property, plant and equipment, and current assets of approximately RMB1,048.6 million such as inventories, cash and cash equivalent, prepayments and other receivables.

INFORMATION OF THE COMPANY AND THE TARGET COMPANY

The Company is a leading national automobile dealership group in China and operates automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus, Porsche, Audi, Lamborghini and imported Volkswagen and mid-to-high end automobile brands including Toyota, Nissan and Honda, with 140 dealerships being operated in cities with relatively affluent populations in the northeastern, eastern and northern China, southern coastal regions of China, as well as selected inland cities of China as at the Latest Practicable Date.

The Target Company mainly engages in businesses relating to automobile sales and services in regions including Zhejiang, Jiangsu and Guangdong in China. In particular, the Target Group operates 1 Lexus 4S dealership, 3 FAW-Toyota 4S dealerships and 3 GZ-Toyota 4S dealerships in Zhejiang, 3 Lexus 4S dealerships and 1 Infiniti 4S dealership in Guangdong, 1 Lexus 4S dealership in Jiangsu, and the remaining 2 Lexus 4S dealerships are under construction in Guangdong and Jiangsu.

LISTING RULES IMPLICATIONS

Connected Transaction

The Transferor is the Company's Connected Person by being a substantial shareholder in the subsidiary of the Company. Pursuant to Rule 14A.25 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are higher than 5%, the Acquisition constitutes a connected transaction of the Company under Rule 14A.17 of the Listing Rules, and is subject to reporting, announcement and independent Shareholders' approval requirements.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any Shareholder and their associates with a material interest in the Acquisition are required to abstain from voting on the relevant resolution if the Company were to convene a general meeting. As at the Latest Practicable Date, no connected person or Shareholder is required to abstain from voting in connection with the Acquisition.

The Company has obtained the written approval for the Acquisition from Mr. Huang Yi and Mr. Li Guoqiang, the controlling Shareholders, who as at the Latest Practicable Date, jointly beneficially owned as to 65.34% of the issued share capital of the Company. Pursuant to Rule 14A.43 of the Listing Rules, since (i) the Company's controlling Shareholders have approved the Acquisition in writing; and (ii) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, it is not necessary and the Company will not convene an extraordinary general meeting in connection with the Acquisition.

The Independent Board Committee comprising Mr. Shigeno Tomihei, Mr. Ng Yuk Keung and Mr. Shen Jinjun has been formed to advise the Independent Shareholders on the Acquisition. Vinco Capital has been appointed as the independent financial advisor of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

Discloseable Transaction

Pursuant to Rule 14.22 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. However, since the Target Company has become a subsidiary of the Company after the Previous Acquisitions, pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, revenue and profits of the Target Company have been applied to the calculation of the applicable percentage ratios in the Previous Acquisitions, and the Company has disclosed accordingly pursuant to Chapter 14 of the Listing Rules. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are higher than 5% but lower than 25%, the Acquisition shall constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company has made an announcement in this regard to comply with Rule 14.33 of the Listing Rules on 2 March 2012.

RECOMMENDATION

None of the Directors had any material interest in the Acquisition and none of the Directors abstained or was required to abstain from voting on the relevant Board resolution passed to approve the Acquisition.

None of the Shareholders have any material interest in the Acquisition and none of the Shareholders will abstain or will be required to abstain from voting on the relevant resolution to approve the Acquisition if a general meeting would have been convened.

Although no general meeting will be convened for approving the Acquisition, the Board (including the independent non-executive Directors) considers that the transaction contemplated under the Acquisition is on normal commercial terms and the terms of the Equity Transfer Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, if a general meeting was convened for approving the Acquisition, the Board would have recommended the Shareholders to vote in favour of the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 10 to 11 of this circular which contains its recommendation to the Independent Shareholders of the Company as to the Acquisition.

Your attention is also drawn to the letter from Vinco Capital set out on pages 12 to 24 of this circular, which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition as well as the principal factors and reasons considered by it in concluding its advice and the additional information set out in the appendix to this circular.

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

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)

Independent Board Committee:
Mr. Shigeno Tomihei
Mr. Ng Yuk Keung
Mr. Shen Jinjun

23 March 2012

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 20% EQUITY INTEREST IN LOONG WAH MOTORS (CAYMAN) CO., LTD.

We refer to the circular dated 23 March 2012 of the Company (the "Circular") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Equity Transfer Agreement and to advise the Independent Shareholders whether, in our opinion, the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Vinco Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the "Letter from the Board" set out on pages 3 to 9 of the Circular which contains, inter alia, information about the Equity Transfer Agreement, and the "Letter from Vinco Capital" set out on pages 12 to 24 of the Circular which contains its advice in respect of the terms of the Equity Transfer Agreement and the additional information set out in the appendix to this Circular.

Having considered the advice given by, and the principal factors and reasons taken into consideration by the Independent Financial Advisor in arriving at its advice, we consider that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Equity Transfer Agreement are in the interests of the Company and the Shareholders as a whole. We, therefore, will have recommended the Independent Shareholders to vote in favour of the Acquisition and the transactions contemplated thereunder if a general meeting was convened for approval of the Acquisition.

Yours faithfully,

Independent Board Committee

Mr. Shigeno Tomihei	**Mr. Ng Yuk Keung**	**Mr. Shen Jinjun**
Independent non-executive director	*Independent non-executive director*	*Independent non-executive director*

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition which has been prepared for the purpose of incorporation in this circular:

VINCO 城高

Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

23 March 2012

To the Independent Board Committee and
the Independent Shareholders of
Zhongsheng Group Holdings Limited

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 20% EQUITY INTEREST IN LOONG WAH MOTORS (CAYMAN) CO., LTD

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, details of which are set out in the section headed "Letter from the Board" (the "Letter from the Board") in the circular (the "Circular") issued by the Company to the Shareholders dated 23 March 2012 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 30 September 2011, the Company has made an announcement in connection with the acquisition of 50% equity interest in the Target Company (the "Previous Announcement"), which has become a non wholly-owned subsidiary of the Company after the completion of the foregoing acquisition. The Company has then further acquired an additional 30% equity interest of the Target Company on 6 October 2011. On 2 March 2012, Zhongsheng Holdings Company Limited, a wholly-owned subsidiary of the Company, being the Transferee, has entered into the Equity Transfer Agreement with the Transferor, Mr. Fong Chi Keung, in relation to the acquisition of the remaining 20% of the equity interest in the Target Company from the Transferor. After the completion of the Acquisition, the Target Company has become the wholly-owned subsidiary of the Company.

Pursuant to Rule 14.22 of the Listing Rules, the Acquisition shall be aggregated with the Previous Acquisitions. However, since the Target Company has become a subsidiary of the Company after the Previous Acquisitions, pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, revenue and profits of the Target Company have been applied to the calculation of the applicable percentage ratios in the Previous Acquisitions, and the Company has disclosed accordingly pursuant to Chapter 14 of the Listing Rules. Given that the applicable percentage ratios for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapters 14 of the Listing Rules.

The Transferor, as being a substantial shareholder in the subsidiary of the Company, is regarded as a Connected Person of the Company under Chapter 14A of the Listing Rules. Mr. Huang Yi and Mr. Li Guoqiang, the controlling Shareholders, who as at the Latest Practicable Date, jointly beneficially owned as to 65.34% of the issued share capital of the Company, have approved in writing for the Acquisition. Pursuant to Rule 14A.43 of the Listing Rules, since (i) the Company's controlling Shareholders have approved the Acquisition in writing; and (ii) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, it is not necessary and the Company will not convene an extraordinary general meeting in connection with the Acquisition.

The Independent Board Committee, comprising Mr. Shigeno Tomihei, Mr. Ng Yuk Keung and Mr. Shen Jinjun, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Acquisition. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Acquisition are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Acquisition, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, we have considered the principal factors and reasons set out below:

1. Background of the Acquisition

Reference is made to the Previous Announcement dated 30 September 2011. The Company acquired a 50% equity interest in the Target Company on 30 September 2011. The Company has then further acquired an additional 30% equity interest of the Target Company on 6 October 2011. On 2 March 2012, the Transferee acquired from the Transferor the remaining 20% equity interest in the Target Company, with the total consideration for the Acquisition of RMB222,440,000, which shall be payable in full by the Transferee in installments (the "Consideration"). The Consideration is determined upon arm's length negotiation between the Company and the Transferor after taking into account a combination of factors, including the net asset value, the potential profitability which is expectable due to the stable increase of automobile penetration rate in the coastal regions such as Guangdong and Zhejiang provinces and the continuing growth in automobile sales of those well-established brands such as Lexus and Toyota distributed by the Target Group, goodwill attached to the brands operated by the Target Group established through years of operation in Zhejiang and Guangdong, broad recognition by both auto-makers and local customers, and valuable customer base, and the operational and financial efficiencies that will be derived by the Group from attaining complete control over Target Group's operations. The customer base of the Target Group is mainly comprised of customers for new car sales and customers for regular repair and maintenance services. After years of operation in Zhejiang and Guangdong, the Target Group has established a valuable customer base for the repair and maintenance services, which can contribute recurring value and profit to the Target Group. The price-to-book ratio (the "P/B Ratio") for the consideration of the Acquisition is approximately 2.8 times, which is about the same level of the P/B Ratio for the acquisition of the 100% equity interest in the Target Company.

For the period commencing from 30 September 2011 to the 2 March 2012 as the date of the Equity Transfer Agreement, the Transferee in succession acquired 100% equity interest in the Target Company, which will then become the wholly-owned subsidiary of the Company after the completion of the Acquisition.

2. Reasons for the Acquisition

As discussed with the Directors, we are given to understand that the Directors have taken into consideration the followings factors in relation to the reasons for the Acquisition:

Information of the Group

The Company is a leading national automobile dealership group in China and operates automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus, Porsche, Audi, Lamborghini and imported Volkswagen and mid-to-high end automobile brands including Toyota, Nissan and Honda, with 140 dealerships being operated in cities with relatively affluent populations in the northeastern, eastern and northern China, southern coastal regions of China, as well as selected inland cities of China as at the Latest Practicable Date.

Tabularised below set out the financial information of the Group for the six months ended 30 June 2010 and the corresponding period in 2011, and the two years ended 31 December 2010:

	For the six months ended 30 June 2010 *(unaudited)* *RMB'000*	**For the six months ended 30 June 2011** *(unaudited)* *RMB'000*	**For the year ended 31 December 2009** *RMB'000*	**For the year ended 31 December 2010** *RMB'000*
Revenue	8,806,325	16,389,831	13,722,185	24,042,907
Profit before tax	525,117	821,389	666,704	1,383,997
Profit after tax	389,259	617,417	493,003	1,082,373

	As at 30 June 2010 *(unaudited)* *RMB'000*	As at 30 June 2011 *(unaudited)* *RMB'000*	As at 31 December 2009 *RMB'000*	As at 31 December 2010 *RMB'000*
Net asset	5,461,545	7,245,389	2,147,807	6,714,569

For the six months ended 30 June 2011, the Group recorded unaudited revenue of approximately RMB16,390 million, representing an approximately 86.11% growth as comparing to the corresponding period in the previous year. Such growth was primarily attributable to the mid-to-high-end and luxury passenger vehicle sales and after-sales business, which continued to maintain a stable growth. The profit after tax for the six months ended 2011 is approximately RMB617 million, which account for an approximately 58.61% increase as comparing to the corresponding period in the previous year.

For the year ended 31 December 2010, the Group recorded revenue of approximately RMB24,043 million, representing an approximately 75.21% growth as comparing to the corresponding period in the previous year. Such increase was primarily attributable to the increase in the number of dealerships in operation and the mid-to-high-end and luxury passenger vehicle sales and after-sale business of the existing dealerships continued to maintain a stable growth. The profit after tax for the year ended 2010 is approximately RMB1,082 million, which account for an approximately 119.55% increase as comparing to the corresponding period in the previous year.

Information of the Target Group

The Target Company, through its wholly-owned subsidiaries, is mainly engaged in businesses relating to automobile sales and services in Zhejiang, Jiangsu and Guangdong regions in China. In particular, the Target Group operates 1 Lexus 4S dealership, 3 FAW-Toyota 4S dealerships and 3 GZ-Toyota 4S dealerships in Zhejiang, 3 Lexus 4S dealerships and 1 Infiniti 4S dealership in Guangdong, 1 Lexus 4S dealership in Jiangsu, and the remaining 2 Lexus 4S dealerships are under construction in Guangdong and Jiangsu.

The table below sets out certain unaudited financial information (prepared under the HKFRSs) of the Target Group on the aggregate basis for the years ended 31 December 2009 and 2010 as well as the six months ended 30 June 2011:

	For the year ended 31 December 2009 *(unaudited)*	For the year ended 31 December 2010 *(unaudited)*	For the six months ended 30 June 2011 *(unaudited)*
		(in RMB million)	
Revenue	2,311	2,990	1,500
Profit before taxation	73	50	45
Profit after taxation	46	29	33

	As at 31 December 2009 *(unaudited)*	As at 31 December 2010 *(unaudited)*	As at 30 June 2011 *(unaudited)*
Net assets	339	373	406

As per the unaudited financial information, the revenue recorded for the year ended 31 December 2010 was approximately RMB2,990 million, representing an approximately 29.38% increase as comparing to the corresponding period in 2009. The profit after tax for the year ended 31 December 2010 was RMB29 million, representing an approximately 36.96% decrease as comparing to the corresponding period in 2009.

Reasons for entering the Equity Transfer Agreement

i. The Acquisition conforms with the Group's expansion strategy:

As stated in the interim report 2011, the Company will continue to strengthen its strategic advantage while striving to maintain its leading position. The Company planned to expand its business scale by adding 40 new dealerships through organic growth and strategic acquisition this year. Since the Target Company is mainly engaged in business relating to automobile sales and services in China and operates dealerships for brands such as Lexus, FAW-Toyota, GZ-Toyota and Infiniti, the Acquisition is in line with the Company's expansion strategy and is in the ordinary course of business. Furthermore, as stated in the Letter from the Board in the Circular, the acquisition of the remaining 20% interest of the Target Company will strengthen the Company's management and operation of the Target Group so as to strengthen and expand the Company's market share and competitive advantages in coastal regions such as Zhejiang, Jiangsu and Guangdong. Therefore, we concur with the Director's view that the Acquisition represents a rational business opportunity of the Group for its development in the automobile dealership business, which is in the ordinary and usual course of business of the Company and will be beneficial to the Company and the Shareholders as a whole.

ii. Overview of the retail sales market of passenger automobiles in China:

According to the China Association of Automobile Manufacturers, the total numbers of passenger automobiles sold in China were approximately 10.33 million, 13.76 million and 14.47 million in 2009, 2010 and 2011 respectively, which representing a compound annual growth rate (the "CAGR") of approximately 18.35% from 2009 to 2011. Amongst of which, the total number of Japanese passenger automobiles sold in China were approximately 2.2 million, 2.69 million and 2.81 million in 2009, 2010 and 2011 respectively, which representing a CAGR of approximately 13.01% from 2009 to 2011. As advised by the Company, the reasons of such growth is lower than the growth of total sales number of passenger automobile in China are:

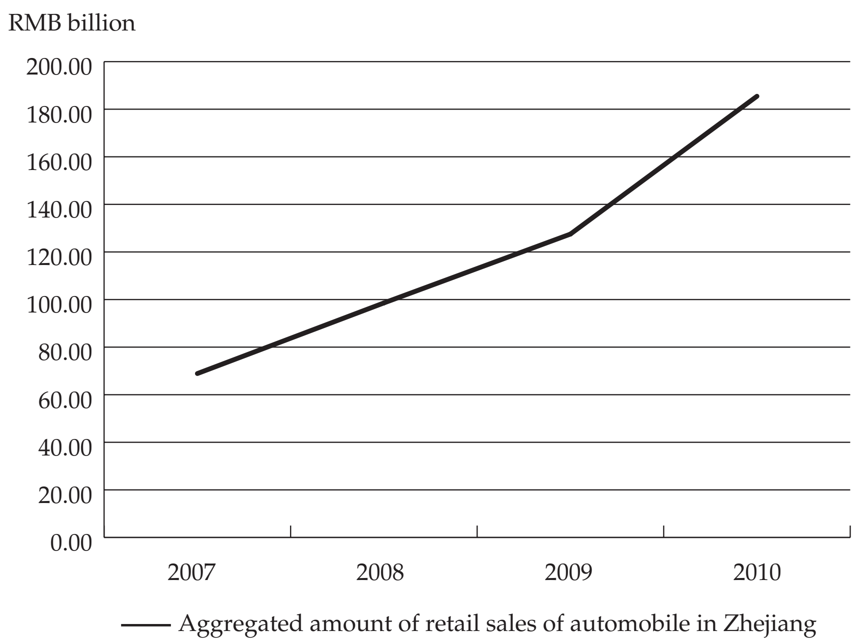
i) In 2009/2010, the Chinese government implemented the "Automobile Industry Adjustment and Stimulus Plan" (汽車產業調整及振興計劃), which including tax incentives for buying small car whereby boosting up the total number of sales of automobile in China. However, most of the Japanese automobile models were excluded from the plan.

ii) The Japanese earthquake in 2011 hit the supply chain of automobiles, hence affect the number of sales of Japanese automobiles in China.

Furthermore, in accordance with China Association of Automobile Manufacturers, Toyota was the most popular Japanese automobile brand in China. The number of Toyota automobiles sold in China accounted for an average of approximately 31.31% of total number of Japanese passenger automobile sold in China during the period from 2009 to 2011. In respect of the said ratio, Honda, Suzuki, Daihatsu and Mazda accounted for an average of approximately 13.65%, 12.26%, 11.96% and 4.57% respectively during the same period thereof. Since the Target Company is holding 6 dealerships in relation to Toyota in China, it gains strategic advantage in retailing Japanese automobiles in China.

According to the Zhejiang Provincial Bureau of Statistics, the aggregated amounts of retail sales of automobiles in Zhejiang were approximately RMB68.89 billion, RMB98.57 billion, RMB127.51 billion and RMB185.45 billion in the year of 2007, 2008, 2009 and 2010 respectively. Those statistical figures representing the amount of aggregated retail sales of automobiles in Zhejiang have been gradually increasing by a CAGR of approximately 39.11%. The chart below illustrates the trend thereof:

Retail Sales of Automobile in Zhejiang Province



Source from Zhejiang Provincial Bureau of Statistics

According to the Guangdong Provincial Bureau of Statistics, the retail sales in 2009 in Guangdong province was amounted to approximately RMB1,489.18 billion, representing a growth of 16.3% to the previous year, which was higher than the national growth of retail sales by 0.8%. Amongst of which, the retail sales of automobile was amounted to approximately RMB127.55 billion, representing a 44.0% growth to the previous year.

Given the foregoing market overview, we consider that the retail sales market of passenger automobile is favorable to the Group's development strategy in expanding its Japanese brand dealership in coastal regions of China and the Acquisition will therefore further expand and diversify the income source of the Group. In light of the above, we are of the view that the Acquisition is in the interests of the Company and Independent Shareholders as a whole.

3. Principal terms of the Equity Transfer Agreement

Basis of the Consideration

As stated in the Letter from the Board, the Consideration of RMB222,440,000 payable in cash, which will be satisfied by the Company's internal resources, was determined after arm's length negotiations between the Company and the Transferor by taking into account a combination of factors, including the net asset value, the potential profitability, which is expectable due to the stable increase of automobile penetration rate in the coastal regions such as Guangdong and Zhejiang provinces and the continuing growth in automobile sales of those well-established brands such as Lexus and Toyota distributed by the Target Group, goodwill attached to the brands operated by the Target Group established through years of operation in Zhejiang and Guangdong, broad recognition by both auto-makers and local customers, and valuable customer base, and the operational and financial efficiencies that will be derived by the Group from attaining complete control over Target Group's operations. The customer base of the Target Group is mainly comprised of customers for new car sales and customers for regular repair and maintenance services. After years of operation in Zhejiang and Guangdong, the Target Group has established a valuable customer base for the repair and maintenance services, which can contribute recurrent value and profit to the Target Group. The P/B Ratio for the consideration of the Acquisition is approximately 2.8 times, which is about the same level of the P/B Ratio for the acquisition of the 100% equity interest in the Target Company. We are of the view that the combination of the net asset value and the above intangible factors represent a fair and reasonable valuation of the Target Group as they are the fundamental and commonly used indicators to determine firm's value.

Under the Equity Transfer Agreement, the Consideration of RMB222,440,000 shall be payable in full by the Transferee in RMB or equivalent Hong Kong dollars in installments according to the following schedule:

1. as to RMB30,000,000 to be paid to the Transferor as a deposit in connection with the equity transfer.

2. as to RMB192,440,000 to be paid to the Transferor on the closing date after completion of the delivery agreements under the Equity Transfer Agreement as the remaining balance of the Consideration.

For the purpose of further assessing the fairness and reasonableness of the Consideration, we have carried out market comparison for our analysis and applied the price-to-earnings ratio (the "P/E Ratio") and P/B Ratio to make comparison for the Consideration. As at the date of the Equity Transfer Agreement, reference is made to companies listed on Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), as well as companies listed on Shenzhen Stock Exchange (the "SZSE") and Shanghai Stock Exchange (the "SSE") which are (i) principally engaged in business similar to that of the Target Company, including but not limited to automobiles trading business, and (ii) with market capitalisation of not less than HK$1 billion (the "Comparables"). Shareholders should note that the business, operation and prospect of the Company are not exactly the same as the Comparables.

After evaluating the principal businesses, significance of the 4S dealership businesses and the geographical coverage of the companies listed on Stock Exchange, SZSE and SSE, the Comparables are considered to be exhaustive for the purpose of our analysis. We have reviewed the annual reports or prospectus of the Comparables, the principal businesses of the Comparables have all included retailing automobiles or others 4S dealership activities whereas such businesses derived over 76.50% of the total revenue of the Comparables in 2010. Furthermore, the Comparables' segmented revenue derived from China, Hong Kong or Macua were over 78% of the total revenue of the Comparables in 2010. Thus, we are of the view that the Comparables are similar with the Company in respect of the principal business activities, the significance of 4S dealership businesses and geographical coverage, such comparison analysis can provide guidance on valuation and represents market sentiment of the prevailing market condition as well as provides general reference towards the sector. Our relevant finding is summarized in table below.

Company	Stock Code	Place of Listing	P/E Ratio (Times)	P/B Ratio (Times)
Wo Kee Hong (Holdings) Limited	720	Hong Kong	N/A	2.19
Sparkle Roll Group Limited	970	Hong Kong	8.88	1.84
China ZhengTong Auto Services Holdings Limited	1728	Hong Kong	40.78	3.66
Dah Chong Hong Holdings Limited	1828	Hong Kong	12.62	2.22
Fujian Zhangzhou Development Company Limited	000753	Shenzhen	57.22	3.03
Wuhu Yaxia Automobile Corporation	002607	Shenzhen	22.66	3.16

Company	Stock Code	Place of Listing	P/E Ratio (Times)	P/B Ratio (Times)
Shanghai Shenhua Holdings Company Limited	600653	Shanghai	33.24	2.86
		Max	57.22	3.66
		Mean	29.23	2.71
		Median	27.95	2.86
		Min	8.88	1.84
The Company			20.39	3.52
Target Company			38.35(2)	2.74(3)

Notes:

1. The statistical data were derived from Bloomberg, Stock Exchange's website, SZSE's website and SSE's website as at the date of 2 March 2012 (the date of Equity Transfer Agreement).

2. The P/E Ratio of Target Company is determined based on i) the Consideration of RMB222,440,000 attributable to the Acquisition, ii) the unaudited profit after tax of approximately RMB5.8 million (representing 20% of the unaudited profit after tax of the Target Group) for the year ended 31 December 2010.

3. The P/B Ratio of Target Company is determined based on i) the Consideration of RMB222,440,000 attributable to the Acquisition, ii) the unaudited net assets of approximately RMB81.2 million (representing 20% of the unaudited net asset of the Target Group) for the year ended 30 June 2011.

In regard to the table above, the implied P/E Ratio of Target Company is above the mean but is still within the range of the P/E Ratio of the Comparables and the P/B Ratio of the Target Company is close to the mean and within the range of the P/B Ratio of the Comparables. Although the implied P/E Ratio of the Target Company is higher than that of the Company, the P/B Ratio of the Target Company is below the Company. As discussed with the Company, the net asset value of the Target Company is the major factor when determining the Consideration. Despite that the implied P/E Ratio of the Target Company is at the high end of P/E Ratio of the Comparables, given that i) the implied P/E Ratio of the Target Company is still within the range of the P/E Ratio of the Comparables, ii) the implied P/E Ratio of the Target Company is approximately 32.98% lower than the highest P/E Ratio of the Comparables, iii) the P/B Ratio of the Target Company is within the range and close to the mean of the P/B Ratio of the Comparables, iv) the P/B Ratio of the Target Company is below the P/B Ratio of the Company, and v) the Company has quite a number of new stores aged less than 2 years whereby the potential profitability has not been fully reflected in the past earnings of the Target Company, we consider that the Consideration are on normal commercial term, and is fair and reasonable to the Company and Independent Shareholders as a whole.

Under the terms of Equity Transfer Agreement, the Leqing Company and the Wenzhou Company were excluded from the Acquisition. As discussed with the Company, the growing potential of Leqing Company and Wenzhou Company were not in line with the Group's development strategies, therefore the Directors of the Company decided not to acquire these two companies before completion of the acquisition entered into on 30 September 2011. The total consideration of the Acquisition has been adjusted mainly by considering the book value of the net assets and potential profitability of Wenzhou Company and Leqing Company. As advised by the Company, the total consideration for 100% Target Group before the exclusion of the Wenzhou Company and Leqing Company was RMB1,161,227,000 and the adjustment consideration for Wenzhou Company and Leqing Company was RMB34,710,000. Whereas the total book value of Wenzhou Company and Leqing Company was RMB12,460,000 as at 30 September 2011, the P/B Ratio of such adjustment is approximately 2.79 times which is within the range and similar to the mean of the Comparables. Since the book value of the net assets and potential profitability are the fundamental and most commonly used indicators to determine firm's value and the P/B Ratio of the adjustment is within the range and similar to the mean of the Comparables, we are of the view that the adjustment of the Consideration is fair and reasonable to the Company and Independent Shareholders as a whole.

4. Potential financial effects of the Acquisition on the Group

Earnings

As disclosed in the annual report and interim report, the Group recorded profit for the period were approximately RMB1,082 million for the year ended 31 December 2010 and RMB617 million for the six months ended 30 June 2011. Meanwhile, the Target Company recorded unaudited profit after tax of approximately RMB29 million for the year ended 31 December 2010 and approximately RMB33 million for the six months ended 2011. Given that the Acquisition represents the purchase of the remaining interest in the Target Company, which is a non wholly-owned subsidiary of the Group, the financial results of the Target Company has already been consolidated in the accounts of the Group while the Acquisition will have no impact on the earnings of the Group.

Net assets and working capital

According to the interim report 2011, the net assets of the Group was approximately RMB7,245 million as at 30 June 2011. Upon completion of the Acquisition, the Target Company has become the wholly-owned subsidiary of the Company and the Acquisition will not affect the amount of net assets of the Group.

As stated by the Letter of the Board, the Consideration of RMB222,440,000 will be payable in cash through the Company's internal resources. According to the interim report 2011, the Group's unaudited cash and cash equivalents (including cash in transit) was approximately RMB4,492 million, the Consideration represents approximately 4.95% of the cash in hand and cash equivalents of the Group. Therefore, we concur with the view of Directors that the Acquisition will not have any significant adverse impact on the cash position and the normal operations of the Group following the Acquisition.

CONCLUSION

Having taken into consideration the principal factors and reasons set out above, we are of the view that (i) the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) the terms of the Equity Transfer Agreement are fair and reasonable; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14A.43 of the Listing Rules, no general meeting will be convened for approving the Acquisition. If a general meeting was convened for the approval of the Acquisition, we would have advised the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the Acquisition and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of providing information regarding the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's Interests

As at the Latest Practicable Date, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Long positions in the Company's shares

Name of Director	Capacity/Nature of Interest	Total Number of Shares	Approximate Percentage of Shareholding *(%)*
Mr. Huang Yi	Deemed interest, interest of controlled company, founder of a discretionary trust, beneficiary of a trust and agreement to acquire interests	1,247,014,376 (long position)	65.34
Mr. Li Guoqiang	Deemed interest, interest of controlled company, founder of a discretionary trust, beneficiary of a trust and agreement to acquire interests	1,247,014,376 (long position)	65.34

Save as disclosed above, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Substantial Shareholders' interests

As at the Latest Practicable Date, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long position in the Shares and underlying shares of the Company

Name	**Capacity/Nature of Interest**	**Total Number of Shares**	**Approximate Percentage of Shareholding** *(%)*
General Atlantic Partners (Dalian), L.P. *(Note 1)*	Beneficial owner	125,756,769 (long position)	6.59
GAP (Bermuda) Limited *(Note 1)*	Deemed interest, interest of controlled company	155,648,919 (long position)	8.16
Blue Natural Development Ltd. *(Note 2)*	Beneficial owner and deemed interest, agreement to acquire interests	1,247,014,376 (long position)	65.34
Light Yield Ltd. *(Note 3)*	Beneficial owner and deemed interest, interest of controlled company and agreement to acquire interests	1,247,014,376 (long position)	65.34
Vest Sun Ltd. *(Note 4)*	Deemed interest, interest of controlled company and agreement to acquire interests	1,247,014,376 (long position)	65.34

Name	Capacity/Nature of Interest	Total Number of Shares	Approximate Percentage of Shareholding (%)
Mountain Bright Limited *(Note 5)*	Beneficial owner and deemed interest, agreement to acquire interests	1,247,014,376 (long position)	65.34
RBC Trustees (CI) Limited	Deemed interest, interest of controlled company, trustee and agreement to acquire interests	1,247,014,376 (long position)	65.34
Vintage Star Limited *(Note 6)*	Beneficial owner and deemed interest, agreement to acquire interests	1,247,014,376 (long position)	65.34
The Capital Group Companies, Inc.	Deemed interest, interest of controlled company	95,593,000 (long position)	5.01

Notes:

1. The limited partners of General Atlantic Partners (Dalian), L.P. are General Atlantic Partners (Bermuda), L.P. ("GAP LP"), GapStar, LLC ("GapStar"), GAP Coinvestments III, LLC ("GAPCO III"), GAP Coinvestments IV, LLC ("GAPCOIV"), 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 Limited"). GAP Bermuda Limited is the general partner of General Atlantic GenPar (Bermuda), L.P. ("GAP Bermuda GenPar"), which is the general partner of GAP LP. GAP Bermuda GenPar is also the general partner of GAP-W International, LP., which directly owns 27,020,993 shares in the Company. General Atlantic LLC ("GA LLC") is the managing member of GAPCO III and GAPCO IV and the general partner of GAPCO CDA. There are 25 managing directors of GA LLC, including Mr. Leng Xuesong, one of the Company's Directors. The managing directors of GA LLC are also the directors and executive officers of GAP Bermuda Limited. In addition, GAPCO Management GmbH ("GmbH Management") is the general partner of GAPCO KG. The managing directors of GA LLC make management and investment decisions in relation to GAPCO KG and GmbH Management.

2. Blue Natural Development Ltd. is owned as to 62.3% by Light Yield Ltd. and as to 37.7% by Vest Sun Ltd.. Mr. Huang Yi and Mr. Li Guoqiang are directors of Blue Natural Development Ltd..

3. Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd..

4. Vest Sun Ltd. is wholly-owned by Mr. Li Guoqiang, who is also the sole director of Vest Sun Ltd..

5. Mountain Bright Limited is wholly owned by RBC Trustees (CI) Limited as trustee of a trust settlement for Mr. Huang Yi (the settlor of the trust) and his family.

6. Vintage Star Limited is wholly owned by RBC Trustees (CI) Limited as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTOR'S INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2010 (being the date up to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

(a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

(b) There were no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are continuous contracts with a notice period of 12 months or more.

(c) There were no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of the notice period.

6. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the Group's financial or trading position since 31 December 2010, being the date to which the latest published audited accounts of the Group have been made up.

7. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinion or advice, which is contained in this circular:

Name	Qualification
Vinco Capital	A licensed corporation to carry out types 1 (dealing in securities) and 6 (dealing in securities and advising on corporate finance) of regulated activities under the SFO

As at the Latest Practicable Date, Vinco Capital did not have:

(a) any direct or indirect interest in any assets which have since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

(b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its opinion and the reference to its name included herein in the form and context in which it appears.

8. GENERAL INFORMATION

(a) The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O.Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The address of the head office and principal place of business of the Company in Hong Kong is Room 3504–12, 35th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

(c) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The joint company secretaries of the Company are Ms. Kam Mei Ha Wendy and Miss Mak Sze Man, both of whom are associate members of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) at the head office and principal office of the Company in Hong Kong at Room 3504–12, 35th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and including 13 April 2012:

(a) the Equity Transfer Agreement;

(b) the Articles of Association of the Company;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 10 to 11 of this circular;

(d) the letter from Vinco Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 12 to 24 of this circular; and

(e) the consent letter issued by the expert referred to in this circular.