## OVERVIEW

We were the second largest luxury and ultra-luxury automobile dealership group in Northwestern China in terms of the number of dealership outlets for luxury and ultra-luxury automobile brands as of December 31, 2013, according to ACMR. In addition, we were the largest automobile dealership group in Xi'an City and Shaanxi Province in terms of revenue in 2012, according to ACMR.

According to ACMR, Xi'an City was the largest city in Shaanxi Province in terms of GDP in 2013, accounting for approximately 30.4% of the total GDP of Shaanxi Province in 2013, compared to Yulin, which was the second largest city in Shaanxi Province in terms of GDP in 2013 and accounted for 17.7% of the total GDP of Shaanxi Province in 2013. In addition, according to ACMR, Xi'an City was the largest automobile market in Shaanxi Province in terms of new automobile plate registration volume in 2012, which accounted for 50.9% of the total new automobile plate registration volume of Shaanxi Province in 2012, compared to Yulin, which was the second largest city in Shaanxi Province in terms of new automobile plate registration volume in 2012 and accounted for 16.8% of the total new automobile plate registration volume of Shaanxi Province in 2012. According to ACMR, Shaanxi Province was the largest province in Northwestern China in terms of GDP in 2013, accounting for 45.1% of the total GDP of Northwestern China in 2013, compared to Xinjiang, which was the second largest provincial region in Northwestern China in terms of GDP in 2013 and accounted for 23.9% of the total GDP of Northwestern China in 2013. In addition, according to ACMR, Shaanxi Province was the largest automobile market in Northwestern China in terms of new automobile plate registration volume in 2012, which accounted for 43.6% of the total new automobile plate registration volume of Northwestern China in 2012, compared to Xinjiang, which was the second largest market in Northwestern China in terms of new automobile plate registration volume in 2012 and accounted for 23.0% of the total new automobile plate registration volume of Northwestern China in 2012.

As of the Latest Practicable Date, we had 26 outlets in operation, including 17 4S dealership stores, eight showrooms and one service center, and 15 out of our 26 outlets in operation were located in Xi'an in Shaanxi Province and contributed approximately 74.8% to our total revenue for 2013. As of the Latest Practicable Date, our remaining 11 outlets were located in Yan'an in Shaanxi Province, Lanzhou in Gansu Province, Yinchuan in Ningxia, Taiyuan in Shanxi Province, Ordos in Inner Mongolia and Wuxi and Suzhou in Jiangsu Province. As of the Latest Practicable Date, 19 out of our 26 outlets were located in Northwestern China. We have a proven track record of establishing successful and high quality outlets. In Northwestern China, we were the first to set up outlets for Cadillac, Porsche, Bentley, Ferrari/Maserati and Hongqi, and among the first dealerships to set up outlets for Audi. As of the Latest Practicable Date, we had ten outlets covering such ultra-luxury automobile brands as Porsche and Ferrari/Maserati, for which we were the only dealer in Northwestern China, two outlets covering Bentley, for which we were the only dealer in Shaanxi Province, and 13 outlets covering such luxury automobile brands as Audi, Volkswagen Imported, Mercedes-Benz, Cadillac, Lexus and Hongqi. As of the Latest Practicable Date, we had received non-binding letters of intent from automobile suppliers, and we planned to establish one outlet for ultra-luxury automobile brand of Ferrari/Maserati, nine outlets for luxury automobile brands including Audi, Volkswagen Imported, Hongqi and Chrysler and one outlet for Shanghai Volkswagen, a middle market brand.

We offer a comprehensive range of automobile sales and services, including (i) the sale of automobiles, both imported and domestically manufactured, and (ii) after-sales services, including maintenance and repair services, sales of spare parts and automobile detailing services. We also provide other value-added services, such as automobile insurance agency services, automobile financing services, automobile licensing services and automobile survey services.

We derive a majority of our revenue from automobile sales. Our revenue generated from sales of automobiles accounted for 92.9%, 91.9% and 90.7% of our total revenue for 2011, 2012 and 2013, respectively. The following table sets forth a breakdown of the sales volumes, revenue and profit from automobile sales by brand segments for the periods indicated:

| | Year ended December 31, | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | | | | 2012 | | | | | 2013 | | | | |
| | Revenue | % | Gross Profit | % | Gross Margin | Revenue | % | Gross Profit | % | Gross Margin | Revenue | % | Gross Profit | % | Gross Margin |
| | *RMB'000* | | | | | *RMB'000* | | | | | *RMB'000* | | | | |
| **Automobile sales** | | | | | | | | | | | | | | | |
| Luxury and ultra-luxury brands . . . . . . . . . . . . | 4,410,970 | 82.5 | 353,833 | 68.6 | 8.0% | 6,122,318 | 85.0 | 312,990 | 55.6 | 5.1% | 6,308,165 | 84.9 | 336,655 | 54.0 | 5.3% |
| Middle market brands . . . . . . . | 556,514 | 10.4 | 19,319 | 3.7 | 3.5% | 496,951 | 6.9 | 5,540 | 1.0 | 1.1% | 431,200 | 5.8 | 568 | 0.0 | 0.1% |
| Subtotal. . . . . . . . . . . . . | 4,967,484 | 92.9 | 373,152 | 72.3 | 7.5% | 6,619,269 | 91.9 | 318,530 | 56.6 | 4.8% | 6,739,365 | 90.7 | 337,223 | 54.0 | 5.0% |
| **After-sales services** | | | | | | | | | | | | | | | |
| Luxury and ultra-luxury brands . . . | 339,750 | 6.3 | 126,698 | 24.6 | 37.3% | 536,336 | 7.4 | 225,930 | 40.2 | 42.1% | 645,914 | 8.7 | 268,209 | 43.0 | 41.5% |
| Middle market brands . . . . . . . | 41,170 | 0.8 | 16,054 | 3.1 | 39.0% | 49,627 | 0.7 | 18,027 | 3.2 | 36.3% | 47,420 | 0.6 | 18,494 | 3.0 | 39.0% |
| Subtotal. . . . . . . . . . . . . | 380,920 | 7.1 | 142,752 | 27.7 | 37.5% | 585,963 | 8.1 | 243,957 | 43.4 | 41.6% | 693,334 | 9.3 | 286,703 | 46.0 | 41.4% |
| **Total** . . . . . . . . . . . . . . | **5,348,404** | **100.0** | **515,904** | **100.0** | **9.6%** | **7,205,232** | **100.0** | **562,487** | **100.0** | **7.8%** | **7,432,699** | **100.0** | **623,926** | **100.0** | **8.4%** |

The gross profit of our Toyota outlet, a middle market brand, decreased significantly from 2011 to 2013, primarily due to a significant decrease in gross profit from the sales of new Toyota-branded automobiles as a result of anti-Japan market sentiment resulting from the dispute over the Diaoyu Islands.

We have been continuously improving our after-sales service capabilities. During the Track Record Period, a majority of our new customers who purchased our luxury and ultra-luxury automobiles returned to our 4S dealership stores for maintenance or repair services. The throughput volume of after-sales services increased from 111,513 units for 2011 to 154,641 units for 2012 and further increased to 170,173 units for 2013. For 2011, 2012 and 2013, our revenue generated from after-sales services accounted for 7.1%, 8.1% and 9.3%, respectively, of our total revenue.

## OUR OUTLETS

We have been expanding our dealership network through steady organic growth, with the number of our outlets more than doubling since 2007 due to the increase in the number of luxury and ultra-luxury automobile outlets. As of the Latest Practicable Date, we had 17 4S dealership stores, eight showrooms and one service center. A 4S dealership store refers to a dealership authorized to provide four integrated standard automobile-related businesses, including sales, spare parts, service and survey. In China, the majority of automobiles are distributed through 4S dealership stores. Our showrooms only provide sales of automobiles. The following table sets forth the number of our outlets as of the dates indicated:

| | As of December 31, | | | As of the Latest Practicable Date |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | |
| Ultra-luxury Brands | 3 | 7 | 9 | 12 |
| Luxury Brands | 8 | 12 | 13 | 13 |
| Middle Market Brand | 1 | 1 | 1 | 1 |
| **Total** | **12** | **20** | **23** | **26** |

*Note:* In August 2013, we terminated the operations of our Chrysler showroom in Yulin in Shaanxi Province after a trial operation. In June 2013, we disposed of our Volkswagen Imported outlet in Yangzhou in Jiangsu Province. For more details, see "Our Business — Our Outlets — Dealership Arrangements" beginning on page 136 of this prospectus.

As of the Latest Practicable Date, among our 26 outlets in operation, 24 were located in Shaanxi Province, Inner Mongolia, Shanxi Province, Gansu Province and Ningxia, where we see an increasing yet unmet demand for ultra-luxury and luxury automobiles from the growing affluent population in the region.

As part of our expansion plan and in order to further strengthen our market presence, we plan to open 11 new outlets by the end of 2014, including four outlets for such luxury and ultra-luxury brands as Ferrari/Maserati, Audi, Volkswagen Imported and Hongqi in Northwestern China, one Volkswagen Imported 4S dealership store in Taiyuan in Shanxi Province, one Audi 4S dealership store in Beijing, one Volkswagen Imported 4S dealership store in Wuxi in Jiangsu Province, one Audi 4S dealership store in Yangzhou in Jiangsu Province, one Volkswagen Imported showroom and one Chrysler 4S dealership store in Suzhou in Jiangsu Province and one 4S dealership store for Shanghai Volkswagen, a middle market brand, in Xi'an in Shaanxi Province by the end of 2014.

We estimate that the capital expenditure for these outlets will range between RMB30 million and RMB80 million per outlet, depending on such factors as the location and brands of the outlets. We expect to use 30% of the capital expenditures for the acquisition of land use rights, 55% for the construction and decoration of our outlets, 10% for equipment and furniture and 5% for the procurement of test drive automobiles. The estimated capital expenditures for each new outlet are in line with the historical capital expenditures we have incurred.

As of December 31, 2013, we expected to incur approximately RMB805.7 million of capital expenditures for our planned outlets, of which approximately RMB365.7 million of capital expenditures had already been incurred. We expect to fund such capital expenditures primarily through the net proceeds from the Global Offering and cash generated from our operations.

For more details, please see "Our Business — Our Outlets" beginning on page 130 of this prospectus.

## DEALERSHIP ARRANGEMENTS

All of our outlets are subject to a non-exclusive dealership authorization arrangement with one automobile supplier to offer only the products of and services for one or more brands of that automobile supplier. Under our existing dealership authorization agreements, the automobile suppliers typically set forth certain requirements and restrictions that we need to follow.

Under these agreements, the automobile suppliers specify the locations of our outlets and require us to observe their recommended pricing guidelines from time to time. Their representatives conduct site-visits, including unscheduled visits, to inspect the compliance of our outlets with their requirements. The automobile suppliers will set sales targets for us, regularly evaluate our performance and customer satisfaction level and conduct regular audits. For more details of the major terms of the dealership agreements, please refer to "Our Business — Our Outlets — Dealership Arrangements" beginning on page 136 of this prospectus.

Since our inception, none of our dealership authorization agreements has been terminated by automobile suppliers, and we have been able to renew all of our dealership authorizations upon expiration. We do not expect any of our dealership authorization agreements to be terminated in the next 12 months. For more details, please see "Our Business — Our Outlets — Dealership Arrangements" beginning on page 136 of this prospectus.

Automobile suppliers typically grant rebates with reference to the units of new automobiles which automobile dealers purchase or sell. Automobile suppliers may also grant us additional rebates based on the evaluation of our overall performance. During the Track Record Period, most of our rebates were settled by deducting the aggregate purchase price payable by us for subsequent automobile purchase orders, with the rest paid to us in cash.

For 2011, 2012 and 2013, we recorded rebates from automobile suppliers of RMB71.1 million, RMB175.2 million and RMB226.8 million, respectively, which accounted for 13.8%, 31.1% and 36.4% of our gross profit during the same periods, respectively. For further details, please refer to the section headed "Our Business — Suppliers and Procurement — Rebate" beginning on page 152 of this prospectus.

## OUR COMPETITIVE STRENGTHS

We believe the following strengths differentiate us from our competitors:

- Second largest luxury and ultra-luxury automobile dealership group in Northwestern China
- Strategic outlet network in Northwestern China with strong growth potential in the luxury and ultra-luxury segments
- Strong focus on luxury and ultra-luxury brands, which has been the driver of our revenue and profit growth
- Long-term strong relationships with leading automobile suppliers, in particular our strategic cooperation with the Volkswagen Group and its portfolio brand companies
- Ability to achieve sustainable growth through our effective and replicable expansion model

- Experienced senior management team with strong track records and are supported by a team of talented and well-trained professionals

## OUR STRATEGIES

Our goal is to strengthen our leading market position and to capture opportunities in the rapidly expanding automobile market in China. We intend to achieve these goals through the following strategies:

- Continue to strengthen our leading market position in Northwestern China and selectively expand into new markets in China
- Continue to enhance our existing brands and further diversify our portfolio of luxury and ultra-luxury automobile brands that we offer
- Expand the scope of our after-sales services, improve the efficiency of our after-sales services and improve our customer service quality
- Further strengthen our brand, operational efficiency and sales and marketing efforts
- Continue to attract, train and retain skilled employees to support our future growth and expansion

## SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information as of and for the years ended December 31, 2011, 2012 and 2013. We have derived this summary from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The summary below should be read in conjunction with the consolidated financial information included in the Accountants' Report in Appendix I to this prospectus, together with the accompanying notes. Our consolidated financial information was prepared in accordance with HKFRSs.

### Selected Items of Consolidated Statements of Profit or Loss

| | Year ended December 31, | | |
|---|---|---|---|
| | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **REVENUE** | 5,348,404 | 7,205,232 | 7,432,699 |
| Cost of sales and services | (4,832,500) | (6,642,745) | (6,808,773) |
| **Gross profit** | 515,904 | 562,487 | 623,926 |
| Other income and gains, net | 35,570 | 64,119 | 93,901 |
| Selling and distribution costs | (139,648) | (176,047) | (192,391) |
| Administrative expenses | (110,025) | (145,559) | (152,270) |
| **Profit from operations** | 301,801 | 305,000 | 373,166 |
| Finance costs | (40,994) | (116,695) | (124,584) |
| **Profit before tax** | 260,807 | 188,305 | 248,582 |
| Income tax | (66,809) | (48,091) | (62,969) |
| **Profit for the year** | 193,998 | 140,214 | 185,613 |

## Selected Items of Consolidated Statements of Financial Position

| | As of December 31, | | |
|---|---|---|---|
| | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| TOTAL NON-CURRENT ASSETS | 655,897 | 1,003,622 | 1,256,686 |
| TOTAL CURRENT ASSETS | 1,453,098 | 2,178,348 | 2,130,488 |
| TOTAL CURRENT LIABILITIES | 1,306,561 | 2,254,773 | 2,205,905 |
| NET CURRENT ASSETS/(LIABILITIES) | 146,537 | (76,425) | (75,417) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 802,434 | 927,197 | 1,181,269 |
| NON-CURRENT LIABILITIES | 118,693 | 83,170 | 145,188 |
| NET ASSETS | 683,741 | 844,027 | 1,036,081 |
| TOTAL EQUITY | 683,741 | 844,027 | 1,036,081 |

### Net current liabilities

As of December 31, 2012, we had net current liabilities of RMB76.4 million, which was primarily due to a significant increase in short-term bank borrowings from RMB485.0 million as of December 31, 2011 to RMB1,337.4 million as of December 31, 2012 for the expansion of our business. Our net current liabilities remained relatively stable at RMB75.4 million as of December 31, 2013.

As of February 28, 2014, our net current liabilities decreased slightly to RMB68.9 million. As of February 28, 2014, we had unutilized and unrestricted banking facilities of RMB1.2 billion. Our Directors believe that with the available banking facilities, the cash generated from our operating activities and the net proceeds we expect to receive from the Global Offering, we will be able to further improve our liquidity position in the future. See "Risk Factors — Risks Relating to Our Business — We had net current liabilities position as of December 31, 2012 and 2013" beginning on page 34 of this prospectus.

### Operating cash flow

We had negative operating cash flow of RMB12.9 million and RMB294.5 million for 2011 and 2012, respectively, primarily due to our increased need for working capital as a result of our business expansion. For 2013, we had positive operating cash flow of RMB403.2 million. See "Risk Factors — Risks Relating to Our Business — We have recorded, and may continue to record, negative operating cash flows due to our rapid expansion" on page 33 and "Financial Information — Liquidity and Capital Resources — Cash Flow Generated from/(Used in) Operating Activities" beginning on page 213 of this prospectus.

## KEY OPERATING DATA

The following table sets forth our average revenue per outlet that we had operated for at least one fiscal year for the periods indicated:

| Year ended December 31, | | | | | |
|---|---|---|---|---|---|
| 2011 | | 2012 | | 2013 | |
| Number of outlets | Average revenue per outlet | Number of outlets | Average revenue per outlet | Number of outlets | Average revenue per outlet |
| | *(RMB in millions)* | | *(RMB in millions)* | | *(RMB in millions)* |
| 7 | 731.8 | 12 | 525.7 | 18 | 405.2 |

Our average revenue per outlet that we had operated for at least one fiscal year decreased from RMB731.8 million for 2011 to RMB525.7 million for 2012, and further decreased to RMB405.2 million for 2013. The decreases in our average revenue per outlet that we had operated for at least one fiscal year were primarily due to the combination of following reasons. We opened five new outlets in 2011, including one Bentley outlet, one Audi outlet, one Volkswagen Imported outlet, one Cadillac outlet and one Lexus outlet. It took us time to fully ramp up the operations of these five stores. Furthermore, two of these five outlets are showrooms, which usually generate less revenue than 4S dealership stores as showrooms do not provide after-sales services. We opened six new outlets in 2012, including two Porsche outlets, one Bentley outlet, one Ferrari/Maserati outlet, one Audi outlet and one Volkswagen imported outlet, two of which are showrooms, and for similar reasons, our average revenue per outlet that we had operated for at least one fiscal year further decreased for 2013.

The following table sets forth the revenue and the percentage of revenue contribution by automobile brand for the periods indicated:

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | 2012 | | 2013 | |
| | Revenue | Percentage to total revenue | Revenue | Percentage to total revenue | Revenue | Percentage to total revenue |
| | *(RMB in millions)* | *(%)* | *(RMB in millions)* | *(%)* | *(RMB in millions)* | *(%)* |
| **Ultra-luxury brands** | | | | | | |
| Porsche | 1,162.7 | 21.7 | 1,942.2 | 27.0 | 2,077.9 | 28.0 |
| Bentley | 15.1 | 0.3 | 151.1 | 2.1 | 185.7 | 2.5 |
| Ferrari/Maserati | — | — | 15.7 | 0.2 | 131.5 | 1.8 |
| Subtotal | 1,177.8 | 22.0 | 2,109.0 | 29.3 | 2,395.1 | 32.3 |
| **Luxury brands** | | | | | | |
| Audi | 1,505.3 | 28.2 | 2,522.6 | 35.0 | 2,734.9 | 36.8 |
| Volkswagen Imported | 970.3 | 18.1 | 1,160.0 | 16.1 | 1,137.2 | 15.3 |
| Lexus | 588.7 | 11.0 | 489.9 | 6.8 | 334.9 | 4.5 |
| Cadillac | 508.6 | 9.5 | 350.4 | 4.8 | 328.3 | 4.4 |
| Chrysler | — | — | 26.7 | 0.4 | 13.8 | 0.2 |
| Benz | — | — | — | — | 2.5 | 0.0 |
| Hongqi | — | — | — | — | 7.4 | 0.1 |
| Subtotal | 3,572.9 | 66.8 | 4,549.6 | 63.1 | 4,559.0 | 61.3 |
| **Middle market brand** | | | | | | |
| Toyota | 597.7 | 11.2 | 546.6 | 7.6 | 478.6 | 6.4 |
| **Total** | **5,348.4** | **100.0** | **7,205.2** | **100.0** | **7,432.7** | **100.0** |

The average selling prices of luxury and ultra-luxury brand automobiles offered by us generally decreased for 2012 when compared to 2011, and the average selling prices of most luxury and ultra-luxury brand automobiles offered by us decreased for 2013 when compared to 2012. These decreases were primarily due to (i) the fact that the mix of automobile models offered by us shifted to lower configuration models as our automobile suppliers have promoted sales of lower configuration models in order to cater to the change in customers' demands given the change in market sentiment, as well as an increase in the supply of domestically-manufactured automobiles, which had lower prices than imported models; and (ii) the reduction of the selling prices of certain automobiles with low turnover rates by us pursuant to the policies and requests of our automobile suppliers in order to facilitate the turnover of older models. We believe the combination of these factors contributed to the decrease in our gross margin of new automobile sales in 2012. Although our average selling prices decreased in 2013, we managed to improve the mix of the automobile models we offered to our customers, which allowed us to enjoy an increase in our gross margin of new automobile sales in 2013. Please refer to "Financial Information" beginning on page 191 of this prospectus for further information.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods and as of the dates indicated:

| | Year ended and as of December 31, | | |
|---|---|---|---|
| | 2011 | 2012 | 2013 |
| **Profitability** | | | |
| Return on equity | 28.4% | 16.6% | 17.9% |
| Return on total assets | 9.2% | 4.4% | 5.5% |
| **Liquidity** | | | |
| Current ratio | 1.1 | 1.0 | 1.0 |
| **Capital Adequacy** | | | |
| Debt to equity ratio | 57.6% | 138.6% | 115.0% |
| Interest coverage | 7.4 | 2.6 | 3.0 |

## RECENT DEVELOPMENTS

For the two months ended February 28, 2014, we sold 2,489 units of new automobiles and the throughput volume of our after-sales services was 25,932 units. Our revenue, gross profit and gross margin for the two months ended February 28, 2014 increased compared to those for the two months ended February 28, 2013. Our Directors confirm that, after having performed reasonable due diligence on our Group, there has been no material adverse change in our Group's financial or trading position or prospects since January 1, 2014 to the date of this prospectus.

As far as our Directors are aware, there has been no change in the general economic or market conditions or in the automobile industry of the PRC as a whole, or in the markets where we have operations, which would have a material and adverse impact on our business operations or financial condition since January 1, 2014 to the date of this prospectus.

## LISTING EXPENSES

The estimated expenses in relation to the Global Offering are approximately RMB60.3 million, of which approximately RMB41.3 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering in the year 2014. The remaining estimated listing expenses of approximately RMB19.0 million, which cannot be so deducted, was or will be charged to profit or loss, of which approximately RMB12.4 million was charged during the Track Record Period, and approximately RMB6.6 million is expected to be incurred before or upon completion of the Global Offering in the year 2014. This calculation is based on the Offer Price of HK$3.61 per Offer Share and the assumption that 150,000,000 Shares expected to be issued under the Global Offering and 600,000,000 Shares are issued and outstanding immediately following the Global Offering (assuming the Over-allotment Option is not exercised).

## CONTROLLING SHAREHOLDERS AND PRE-IPO INVESTMENT

Immediately after the completion of the Global Offering, Golden Speed and Win Force will jointly hold 58.5% of our outstanding Shares, assuming the Over-allotment Option is not exercised. Golden Speed is wholly owned by Mr. Wu and Win Force is wholly owned by Ms. Chiu. Golden Speed, Win Force, Mr. Wu and Ms. Chiu will be considered as our Controlling Shareholders, holding in aggregate approximately 58.5% of our outstanding Shares upon the Listing.

Pursuant to a share subscription agreement (the "Share Subscription Agreement") dated April 10, 2011 entered into among our Founders, together with their direct and indirect wholly owned subsidiaries and Standard Chartered Private Equity, Standard Chartered Private Equity subscribed for 5,000 Series A preferred shares of Top Wheel (the "Series A Preferred Shares"), with the subscription price of approximately US$34.37 million, representing 20% of Top Wheel's allotted and issued share capital as then enlarged on a fully-diluted and as-converted basis (the "Pre-IPO Investment"). It is expected that, immediately prior to the completion of the Global Offering, the Series A Preferred Shares will be converted into the ordinary shares of Top Wheel, which will then be repurchased by Top Wheel. As consideration for such repurchase, Top Wheel will transfer 90,000,000 Shares it holds to Standard Chartered Private Equity. Immediately upon completion of the above share swap, Standard Chartered Private Equity will cease to be a shareholder of Top Wheel and will hold 90,000,000 Shares in our Company, representing 20% of our total issued share capital immediately prior to the Global Offering, and approximately 15% (assuming the Over-allotment Option is not exercised) to 14.5% (assuming the Over-allotment Option is exercised in full) of the issued share capital of our Company upon completion of the Global Offering.

For further details and the terms of the Pre-IPO Investment, please refer to the paragraph headed "Our History and Reorganization — Pre-IPO Investment" beginning on page 95 of this prospectus.

## OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option will not be exercised.

| | Based on the Offer Price of HK$3.61 |
|---|---|
| Market capitalization of our Shares(1) | HK$2,166.0 million |
| Unaudited pro forma adjusted net tangible asset per Share(2) | HK$2.92 |

*Notes:*

(1) The calculation of market capitalization is based on 150,000,000 Shares expected to be issued under the Global Offering, and assuming that 600,000,000 Shares are issued and outstanding following the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 600,000,000 Shares are in issue following the Global Offering.

## UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of our Group had the Global Offering been completed as of December 31, 2013 or any future date. They are prepared based on our consolidated net assets as of December 31, 2013 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report in Appendix I to this prospectus.

| | Consolidated net tangible assets attributable to owners of our Company as of December 31, 2013 | Estimated net proceeds from the Global Offering | Unaudited pro forma adjusted consolidated net tangible assets | Unaudited pro forma adjusted consolidated net tangible assets per Share | |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *(HK$ equivalent)* |
| Based on the Offer Price of HK$3.61 per Share. . . . . . . . . . . | 1,026,865 | 374,328 | 1,401,193 | 2.34 | 2.92 |

## USE OF PROCEEDS

The net proceeds of the Global Offering are expected to be approximately HK$466.3 million (based on the Offer Price of HK$3.61 per Share) after deducting the underwriting fees and commissions (including the discretionary incentive fee) and the estimated expenses payable by us in relation to the Global Offering. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 85% of the net proceeds to us (approximately HK$396.4 million based on the Offer Price of HK$3.61 per Share) will be used for expanding our outlet network organically and, if suitable opportunities arise, through selective acquisitions. For the proceeds used for our organic growth, we expect to use 30% for the acquisition of land use rights, 55% for the construction and decoration of our outlets, 10% for equipment and furniture and 5% for the procurement of test drive automobiles;

- approximately 5% of the net proceeds to us (approximately HK$23.3 million based on the Offer Price of HK$3.61 per Share) will be used for upgrading, maintenance and refurbishment of our existing outlets; and

- approximately 10% of the net proceeds to us (approximately HK$46.6 million based on the Offer Price of HK$3.61 per Share) will be used for working capital and other general corporate purposes.

For more details, please see "Future Plans and Use of Proceeds" beginning on page 232 of the prospectus.

## RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering. For further details regarding the risks we are facing, please see "Risk Factors" beginning on page 28 of the prospectus.

## LEGAL AND COMPLIANCE

Our Directors have confirmed that, during the Track Record Period, there were no litigation or arbitration proceedings, and, to their best knowledge, they are not aware of any pending or threatened litigation or arbitration proceedings against us or any of our Directors which had or could have a material and adverse effect on our financial condition or results of operations.

For the details of our historical non-compliance incidents, please refer to "Our Business — Legal and Compliance" beginning on page 163 of this prospectus.

## OUR PROPERTIES

We have constructed a large portion of our outlets on premises to which we own the land use rights which, in the view of our Directors, places us in a stronger position to apply for new dealership authorization from automobile suppliers compared with competitors with outlets on leased premises. As of the Latest Practicable Date, we owned 19 properties and leased 18 properties in the PRC and owned one property in Hong Kong.

Among these owned and leased properties, 26 of them are considered important to us as we operate outlets and spare parts distribution center thereon, which in aggregate contributed substantially all of our revenue during the Track Record Period. For details of such properties, please see the section headed "Statutory and General Information — Further Information about Our Business — Material Properties" in Appendix V to this prospectus.

As of the Latest Practicable Date, two of the properties we owned have titles defects, and eight of the properties we leased have title defects because the lessors either have not obtained the required title certificates or required approvals from competent authorities before leasing the relevant sites to us, which are either State-owned land or collectively-owned lands. We have taken various remedial actions including, among others, making applications for the title certificates, obtaining indemnity from the lessors for losses that we may incur due to the title defects, requesting the lessors to obtain the required title certificates, approvals and/or obtaining confirmation from competent authorities for these title defects.

For further details of our owned and leased properties, the title defects, remedial actions taken and the potential penalties in respect of such defects, please refer to "Our Business — Our Properties" beginning on page 157 of this prospectus.