
OUR HISTORY AND REORGANIZATION

OUR HISTORY

History and Development

Our history can be traced back to 2000 when Audi was recruiting automobile dealerships in Xi'an, Shaanxi Province. Prior to establishing our Group, Mr. Wu and Ms. Chiu (Mr. Wu's wife), our Founders and Controlling Shareholders, had been working in the relevant PRC automobile industry for a number of years and had accumulated extensive experience which they then used as the foundation for our success. Having an understanding of the automobile dealership business and its growth potential in Xi'an, our Founders and Controlling Shareholders, entered into the dealership authorization agreement with Audi and established Shaanxi Sunfonda which subsequently opened our first Audi 4S dealership store in Xi'an of Shaanxi Province and expanded our dealership network and brand portfolio over the last 13 years.

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 have a proven track record of establishing successful and high quality outlets. We were the largest automobile dealership group in Xi'an City and Shaanxi Province in terms of revenue in 2012, according to ACMR. 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, as well as two outlets covering Bentley, for which we were the only dealer in Shaanxi Province, and 13 outlets covering luxury automobile brands such 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.

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

Year	Milestones
2002	We opened our first Audi 4S dealership store in Xi'an, which was among the first Audi dealerships in Northwestern China.
2005	We opened our first Volkswagen Imported 4S dealership store in Xi'an, which was among the first Volkswagen Imported 4S dealership stores in Northwestern China.
2007	We expanded our brand portfolio to cover ultra-luxury automobile brands by opening in Xi'an the first and only Porsche 4S dealership store in Northwestern China. We further strengthened our market position in Northwestern China by opening our first Cadillac 4S dealership store, which was also the first Cadillac 4S dealership store in Northwestern China.
2008	We opened our first Lexus 4S dealership store in Xi'an, which was the only Lexus 4S dealership store in Shaanxi Province.

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Year	Milestones
2010	We expanded our ultra-luxury automobile dealership network to Shanxi Province through the establishment of our second Porsche 4S dealership store, which was also the first Porsche 4S dealership store in Shanxi Province.
2011	We opened a Bentley automobiles showroom in Xi'an, which made us the first authorized dealer of Bentley in Northwestern China. We opened our second Audi 4S dealership store in Xi'an.
2012	We expanded our ultra-luxury automobile dealership network to Inner Mongolia by opening our third Porsche 4S dealership store, which was also the first Porsche 4S dealership store in Inner Mongolia. We further expanded our network to cover Ferrari/Maserati by setting up a showroom in Xi'an, which was the first and only Ferrari/Maserati outlet in Northwestern China. We expanded our automobile dealership network to more developed, populous and affluent areas in the Yangtze River Delta by opening a Volkswagen Imported 4S dealership store in Yangzhou.
2013	We opened five new dealership stores of luxury and ultra-luxury automobile brands, including our first Hongqi automobiles showroom in Xi'an, which was the first Hongqi outlet in Northwestern China.

Awards and Achievements

Our outlets have received recognition and numerous awards from automobile suppliers, including the following:

Brand	Award
Porsche	Ranked fifth in the "Dealer of the Year in China 2012"
	Ranked sixth in the "Dealer of the Year in China 2011"
	Ranked first in sales of TEQ in China in the second half of 2011
	"Best Practice of Marketing in China 2011"
Audi	"Marketing Project Bronze Award" in the "2nd Audi Marketing Competition" in 2010
Volkswagen Imported	"Best Retailing Sales Bronze Award in China 2012"
	"Best Sales Growth Award in China 2011"
	"Best Customer Satisfaction Award in China 2011"
	"Sales Leap Award in China 2009"
Lexus	"Excellent After Sales Consultant Award 2012"
	"Excellent Dealership Award 2009"
	"Excellent Sales Consultant Award 2009"

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Brand	Award
Cadillac	“Four-Star Sales Award in China 2012” “Four-Star After Sales Services Award in China 2012” “Silver Award for Management of After Sales Spare Parts in China 2012” “Five-Star Sales Award in China 2011”
Bentley	“Best Market Managing in China 2013”

OUR GROUP MEMBERS

(a) Operating entities

1. *Shaanxi Sunfonda Technology*

Shaanxi Sunfonda Technology was established by Mr. Hu Yongtang (as to 85%) and Ms. Wang Yang (as to 15%) on July 20, 2001 with a total registered capital of RMB3 million. Mr. Hu Yongtang and Ms. Wang Yang held the equity interest in Shaanxi Sunfonda Technology on behalf of and for the benefit of Mr. Wu and Ms. Chiu, respectively, under trust arrangements.

In October 2002, Mr. Zhao, acting as the nominee of Mr. Wu, purchased the 85% equity interest in Shaanxi Sunfonda Technology from Mr. Hu Yongtang for a consideration of RMB2,550,000, which was determined with reference to the then registered capital of Shaanxi Sunfonda Technology. On the same day, Ms. Hu Xiufang (“Ms. Hu”), sister of Mr. Wu, acting as the nominee of Ms. Chiu, purchased the 15% equity interest in Shaanxi Sunfonda Technology from Ms. Wang Yang for a consideration of RMB450,000, which was determined with reference to the then registered capital of Shaanxi Sunfonda Technology.

In August 2003, the registered capital of Shaanxi Sunfonda Technology was increased to RMB8 million. In October 2008, at the instruction of Ms. Chiu, Ms. Hu transferred her 15% equity interest in Shaanxi Sunfonda Technology to Ms. Teng for a consideration of RMB1.2 million, which was determined with reference to the then registered capital of Shaanxi Sunfonda Technology. Ms. Teng held such equity interest on behalf of and for the benefit of Ms. Chiu under a trust arrangement.

In December 2009, the registered capital of Shaanxi Sunfonda Technology was further increased to RMB10 million, which had been fully paid.

On July 30, 2010, Mr. Zhao and Ms. Teng, at the instruction of Mr. Wu and Ms. Chiu, transferred their respective 85% and 15% equity interests in Shaanxi Sunfonda Technology to Sunfonda HK. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below. Subsequent to such transfer, Shaanxi Sunfonda Technology become a wholly owned subsidiary of Sunfonda HK.

In October 2013, the registered capital of Shaanxi Sunfonda Technology was further increased to RMB250 million, which had been fully paid.

Shaanxi Sunfonda Technology is principally engaged in the sales and after-sales services of Volkswagen Imported automobiles and also acts as the onshore holding company of most of our PRC operating subsidiaries. Please see “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” for details.

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2. Shaanxi Sunfonda

Shaanxi Sunfonda was established by Mr. Hu Yongtang, father of Mr. Wu (as to 85%) and Tangdu Imported Automobiles Repair Service Company (唐都進口汽車修理服務中心) (“Tangdu”) (as to 15%) on November 23, 2000, with a total registered capital of RMB5 million. Mr. Hu Yongtang held the equity interest in Shaanxi Sunfonda on behalf of and for the benefit of Mr. Wu under a trust arrangement and had passed away. Tangdu was a State-owned enterprise and an Independent Third Party.

In April 2001, Ms. Wang Yang, an employee of Shaanxi Sunfonda, acting as the nominee of Ms. Chiu, purchased the 15% equity interest in Shaanxi Sunfonda from Tangdu for a consideration of RMB750,000 with reference to the then registered capital of Shaanxi Sunfonda (the “Equity Transfer”). The Equity Transfer did not go through an independent valuation and was not formally approved by the State-owned assets administration authorities in accordance with relevant PRC laws and regulations on the disposal of State-owned assets. Shaanxi Sunfonda contributed 22.3% of our total revenue for 2012.

China North Industries Group Corporation (Northwestern Department) (中國兵器工業集團公司(西北兵工部)) (“CNIG”) issued the State-owned Assets Appraisal Filing on December 6, 2002 confirming the appraisal result of Tangdu, and further issued the Reply on the Restructuring of Tangdu Imported Automobiles Fix Service Company on December 31, 2002 approving the transformation of Tangdu. The Northwestern Bureau of China North Industrial Group Corporation (中國兵器工業集團公司西北兵工局) (“Northwestern Bureau”), successor of CNIG, issued a confirmation on September 25, 2013 confirming that (i) CNIG is the predecessor of Northwestern Bureau; and (ii) it has no objection to the appraisal result of Tangdu, nor to the Equity Transfer. King & Wood Mallesons, our PRC legal advisors, have advised us that CNIG and Northwestern Bureau are the competent State-owned assets administration authorities and are competent to issue such approval and confirmation.

Based on the above approvals and confirmations issued by CNIG and the Northwestern Bureau and given that: (i) at the time of the Equity Transfer, Shaanxi Sunfonda had not commenced operation and had incurred losses for the preparation for its operations; (ii) the consideration of RMB750,000 for the Equity Transfer, representing the 15% registered capital of Shaanxi Sunfonda, had been fully paid by Ms. Wang Yang to Tangdu; and (iii) the equity transfer was duly registered with the relevant administration for industry and commerce without being subject to any penalty or legal liability or any dispute, and its subsequent changes have been duly approved by and registered with the applicable government departments up to the Latest Practicable Date, King & Wood Mallesons, our PRC legal advisors, are of the view that there is no evidence which indicates that the Equity Transfer incurred loss of State-owned assets to Tangdu, or the existence of historical procedural defects will render the Equity Transfer void or otherwise have any adverse impact on the Group's ownership of such 15% equity interest in Shaanxi Sunfonda. Our Controlling Shareholders also undertake to provide indemnity to our Group for any loss and liability arising from such historical procedural defects.

In July 2001, the registered capital of Shaanxi Sunfonda was increased to RMB16.5 million. In December 2001, at the instruction of Ms. Chiu, Ms. Wang Yang transferred the 15% equity interest in Shaanxi Sunfonda to Ms. Hu, for a consideration of RMB2.5 million, which was determined with reference to the then registered capital of Shaanxi Sunfonda. Ms. Hu held such equity interest on behalf of and for the benefit of Ms. Chiu under a trust arrangement. Subsequently, in October 2002 and October 2008, respectively, at the instructions of Mr. Wu and Ms. Chiu, Mr. Hu Yongtang transferred his 85% equity interest in Shaanxi Sunfonda to Mr. Zhao

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and Ms. Hu transferred her 15% equity interest in Shaanxi Sunfonda to Ms. Teng. Mr. Zhao is Ms. Chiu's brother and Ms. Teng's husband. Mr. Zhao and Ms. Teng held the equity interest in Shaanxi Sunfonda on behalf of, and for the benefit of, Mr. Wu and Ms. Chiu, respectively, under trust arrangements.

In June 2004, the registered capital of Shaanxi Sunfonda was increased to RMB30 million and such amount had been fully paid.

On October 8, 2010, Mr. Zhao and Ms. Teng, at the instruction of Mr. Wu and Ms. Chiu, transferred their respective 85% and 15% equity interests in Shaanxi Sunfonda to Sunfonda HK. Subsequent to such transfer, Shaanxi Sunfonda became a wholly owned subsidiary of Sunfonda HK. On June 4, 2013, Sunfonda HK transferred the entire equity interest in Shaanxi Sunfonda to Shaanxi Sunfonda Technology. For further details, please refer to the section headed "Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries" below.

Shaanxi Sunfonda is principally engaged in the sales and after-sales services of Audi automobiles.

3. *Xi'an Xinmingyang*

Xi'an Xinmingyang was established by Mr. Zhao (as to 85%) and Ms. Hu (as to 15%) on September 29, 2003 with a total registered capital of RMB10 million, which had been fully paid. Mr. Zhao and Ms. Hu held equity interest in Xi'an Xinmingyang on behalf of, and for the benefit of, Mr. Wu and Ms. Chiu, respectively, under trust arrangements.

In October 2008, at the instruction of Ms. Chiu, Ms. Hu transferred her 15% equity interest in Xi'an Xinmingyang to Ms. Teng, for a consideration of RMB1.5 million, which was determined with reference to the then registered capital of Xi'an Xinmingyang. Ms. Teng held such equity interest on behalf of and for the benefit of Ms. Chiu under a trust arrangement.

On October 8, 2010, Mr. Zhao and Ms. Teng, at the instruction of Mr. Wu and Ms. Chiu, transferred their respective 85% and 15% interests in Xi'an Xinmingyang to Sunfonda HK. Subsequent to such transfer, Xi'an Xinmingyang became a wholly owned subsidiary of Sunfonda HK. On July 15, 2013, Sunfonda HK transferred the entire equity interest in Xi'an Xinmingyang to Shaanxi Sunfonda Technology. For further details, please refer to the section headed "Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries" below.

Xi'an Xinmingyang is principally engaged in the sales and after-sales services of Toyota automobiles.

4. *Shaanxi Kaisheng*

Shaanxi Kaisheng was established by Mr. Zhao (as to 85%) and Ms. Hu (as to 15%) on February 17, 2006 with a total registered capital of RMB5 million. Mr. Zhao and Ms. Hu held equity interest in Shaanxi Kaisheng on behalf of, and for the benefit of, Mr. Wu and Ms. Chiu under trust arrangements.

In October 2008, at the instruction of Ms. Chiu, Ms. Hu transferred her 15% equity interest in Shaanxi Kaisheng to Ms. Teng, for a consideration of RMB0.75 million, which was determined with reference to the then registered capital of Shaanxi Kaisheng. Ms. Teng held such equity interest on behalf of, and for the benefit of, Ms. Chiu under a trust arrangement.

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On October 8, 2010, Mr. Zhao and Ms. Teng, at the instructions of Mr. Wu and Ms. Chiu, transferred their respective 85% and 15% equity interests in Shaanxi Kaisheng to Sunfonda HK. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below. Subsequent to such transfer, Shaanxi Kaisheng became a wholly owned subsidiary of Sunfonda HK.

In May 2011, the registered capital of Shaanxi Kaisheng was increased to RMB15 million, and such amount had been fully paid.

On June 25, 2013, Sunfonda HK transferred the entire equity interest in Shaanxi Kaisheng to Shaanxi Sunfonda Technology. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below.

Shaanxi Kaisheng is principally engaged in the sales and after-sales services of Cadillac automobiles.

5. *Shaanxi Xinjie*

Shaanxi Xinjie was established by Mr. Zhao (as to 85%) and Ms. Hu (as to 15%) on June 12, 2006 with a total registered capital of RMB5 million. Mr. Zhao and Ms. Hu held the equity interest in Shaanxi Xinjie on behalf of, and for the benefit of, Mr. Wu and Ms. Chiu, respectively, under trust arrangements.

In October 2007, the registered capital of Shaanxi Xinjie was increased to RMB13 million, and such amount had been fully paid.

In October 2008, at the instruction of Ms. Chiu, Ms. Hu transferred her 15% equity interest in Shaanxi Xinjie to Ms. Teng, for a consideration of RMB1.95 million, which was determined with reference to the then registered capital of Shaanxi Xinjie. Ms. Teng held such equity interest on behalf of, and for the benefit of, Ms. Chiu under a trust arrangement.

On October 8, 2010, Mr. Zhao and Ms. Teng, at the instruction of Mr. Wu and Ms. Chiu, transferred their respective 85% and 15% interests in Shaanxi Xinjie to Sunfonda HK. Subsequent to such transfer, Shaanxi Xinjie became a wholly owned subsidiary of Sunfonda HK. On June 25, 2013, Sunfonda HK transferred the entire equity interest in Shaanxi Xinjie to Shaanxi Sunfonda Technology. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below.

Shaanxi Xinjie is principally engaged in the sales and after-sales services of Porsche automobiles.

All aforementioned transfers of equity interests in our operating companies have been completed as at the Latest Practicable Date.

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Details of our other subsidiaries are set out below:

No.	Name of Subsidiary	Establishment Date	Registered capital as at the Latest Practicable Date	Principal operation
1.	Xi'an Junsheng	December 19, 2006	HK\$20.0 million	Sales of Lexus automobiles and after-sales services
2.	Shanxi Yingjie	March 5, 2009	HK\$15.0 million	Sales of Porsche automobiles and after-sales services
3.	Xi'an Sunfonda Star	December 28, 2009	HK\$84.0 million	Sales of Mercedes-Benz automobiles and after-sales services
4.	Ordos Sunfonda Xinjie	May 6, 2010	RMB16.8 million	Sales of Porsche automobiles and after-sales services
5.	Beijing Sunfonda Boao	July 9, 2010	HK\$38.0 million	No business operation or planned business operation
6.	Shaanxi Sunfonda Boao	September 13, 2010	RMB55.2 million	Sales of Audi automobiles and after-sales services
7.	Ordos Sunfonda Kaisheng	December 10, 2010	RMB11.7 million	Sales of Cadillac automobiles and after-sales services
8.	Lanzhou Sunfonda	June 20, 2011	RMB38.1 million	Sales of Porsche automobiles and after-sales services
9.	Yan'an Sunfonda Boao	July 27, 2011	HK\$20.0 million	Sales of Audi automobiles and after-sales services
10.	Suzhou Sunfonda	July 1, 2011	HK\$20.0 million	Sales of Volkswagen Imported automobiles and after-sales services
11.	Shaanxi Sunfonda Bentley	August 30, 2011	HK\$21.0 million	Sales of Bentley automobiles and after-sales services
12.	Yulin Sunfonda Kaisheng	December 19, 2011	HK\$8.0 million	Expected to carry out sales of automobiles and after-sales services
13.	Yulin Sunfonda Meidong	December 19, 2011	HK\$8.0 million	Expected to carry out sales of automobiles and after-sales services
14.	Shaanxi Sunfonda Junmei	June 12, 2012	RMB50.0 million ⁽¹⁾	Sales of Ferrari/Maserati automobiles
15.	Shanxi Sunfonda	September 13, 2012	RMB10.0 million ⁽²⁾	Expected to commence sales of Volkswagen Imported automobiles and after-sales services in the fourth quarter of 2014
16.	Suzhou Sunfonda Meidong	September 18, 2012	RMB10.0 million ⁽³⁾	Expected to carry out sales of automobiles and after-sales services

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No.	Name of Subsidiary	Establishment Date	Registered capital as at the Latest Practicable Date	Principal operation
17.	Shanxi Sunfonda Junmei	December 21, 2012	RMB50.0 million ⁽⁴⁾	Sales of Maserati automobiles and after-sales services
18.	Wuxi Sunfonda	January 5, 2013	RMB10 million ⁽⁵⁾	Expected to commence sales of Volkswagen Imported automobiles and after-sales services in the third quarter of 2014
19.	Yangzhou Boao	February 1, 2013	RMB30 million	Expected to commence sales of Audi automobiles and after-sales services in the third quarter of 2014
20.	Yulin Sunfonda	March 25, 2013	RMB10 million ⁽⁶⁾	Expected to carry out sales of automobiles and after-sales services
21.	Xi'an Hongqi	May 10, 2013	RMB10 million	Sales of Hongqi automobiles
22.	Ningxia Sunfonda Xinjie	June 18, 2013	HK\$5 million	Sales of Porsche automobiles and after-sales services
23.	Ningxia Sunfonda Junmei	August 12, 2013	RMB20 million	Sales of Maserati automobiles and after-sales services
24.	Wuxi Sunfonda Dehui	August 30, 2013	RMB5 million	Sales of Volkswagen Imported automobiles
25.	Suzhou Sunfonda Dehui	December 24, 2013	RMB5 million	Expected to commence sales of Volkswagen Imported automobiles and after-sales services in the third quarter of 2014
26.	Beijing Sunfonda Automobile	January 6, 2014	RMB10 million	Expected to commence sales of Audi automobiles and after-sales services in the third quarter of 2014
27.	Weinan Sunfonda Boao	January 8, 2014	RMB10 million	Expected to commence sales of Audi automobiles and after-sales services in the fourth quarter of 2014

(1) As of December 31, 2013, RMB30.0 million had been paid. According to applicable PRC laws and the Articles of Association, we expect to pay the remaining registered capital by June 11, 2014.

(2) As of December 31, 2013, RMB2.0 million had been paid. According to applicable PRC laws and the Articles of Association, we expect to pay the remaining registered capital by July 13, 2014.

(3) As of December 31, 2013, RMB2.0 million had been paid. According to applicable PRC laws and the Articles of Association, we expect to pay the remaining registered capital by September 17, 2014.

(4) As of December 31, 2013, RMB20.0 million had been paid. According to applicable PRC laws and the Articles of Association, we expect to pay the remaining registered capital by November 14, 2014.

(5) As of December 31, 2013, RMB2.0 million had been paid. According to applicable PRC laws and the Articles of Association, we expect to pay the remaining registered capital by January 4, 2015.

(6) As of December 31, 2013, RMB2.0 million had been paid. According to applicable PRC laws and the Articles of Association, we expect to pay the remaining registered capital by March 24, 2015.

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Trust arrangements of our PRC operating subsidiaries

As mentioned above, all the trust arrangements were made by our Founders in relation to their holdings of equity interests in Shaanxi Sunfonda, Shaanxi Sunfonda Technology, Xi'an Xinmingyang, Shaanxi Kaisheng and Shaanxi Xinjie. All of Mr. Hu Yongtang, Ms. Hu, Ms. Wang Yang, Mr. Zhao and Ms. Teng are PRC nationals, and they acted as nominee equity holders for Mr. Wu (who became a Hong Kong permanent resident in 1993) and Ms. Chiu (who became a Hong Kong permanent resident in 1996).

The trust arrangement for each nominee equity holder commenced on the date when Mr. Hu Yongtang, Ms. Hu, Ms. Wang Yang, Mr. Zhao and Ms. Teng respectively became holders of the equity interests in the aforementioned companies and ended upon the transfer of such equity interests by each of them. The Company has obtained a written confirmation from each nominee equity holder (other than Mr. Hu Yongtang who has passed away) confirming each of the trust arrangements, and has also obtained a verification opinion from a PRC law firm which handled (i) the incorporation of Shaanxi Sunfonda and Shaanxi Sunfonda Technology, respectively, and (ii) the transfer of equity interests in these two companies from Mr. Hu Yongtang to Mr. Zhao in October 2002. The verification opinion indicated that Mr. Hu Yongtang held the equity interests in these two companies on behalf of and for the benefit of Mr. Wu.

The trust arrangements were in place to facilitate our Group's business operations and the changes in the nominee equity holders were due mainly to the management and business planning of Mr. Wu and Ms. Chiu. In particular, Ms. Wang Yang was an employee of Shaanxi Sunfonda when she held the equity interests in Shaanxi Sunfonda and Shaanxi Sunfonda Technology on behalf of Ms. Chiu. As Ms. Chiu considered it to be more secure for such equity interests be held by her family members, she instructed Ms. Wang Yang to transfer such equity interests to Ms. Hu (sister of Mr. Wu) in December 2001 and October 2002, respectively. Mr. Zhao (brother of Ms. Chiu) and Ms. Teng are a married couple, and they worked in Shaanxi Sunfonda as project manager and parts manager, respectively, when they held the equity interests in the aforementioned five companies of our Group on behalf of Mr. Wu and Ms. Chiu. Mr. Wu and Ms. Chiu instructed them to act as their nominee equity holders since it was more efficient for Mr. Zhao and Ms. Teng, who lived in Xi'an, to handle the administrative process and documents that require personal attendance by, or involvement of, the equity holders of a company.

During the period of the trust arrangements, Mr. Wu and Ms. Chiu remained beneficial owners of the relevant equity interests and were responsible for the strategic management, planning and business development of the aforementioned companies.

King & Wood Mallesons, our PRC legal advisors, based on the confirmations issued by the relevant nominees and the verification opinion as mentioned above, confirmed that the trust arrangements are legal, valid and enforceable between the relevant parties under the applicable PRC laws, regulations and rules.

(b) Investment holding entities

1. Sunfonda HK

Sunfonda HK was incorporated in Hong Kong on March 12, 1997. One share of Sunfonda HK of HK\$1 each was issued to each of P&B Corporate Services Limited and P&B Nominee Services Limited, both Independent Third Parties, on the same date, and such shares were

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transferred to Mr. Wu and Ms. Chiu, respectively, at par value in April 1997. On April 7, 1997, 599,999 shares, 299,999 shares, 50,000 shares and 50,000 shares were allotted and issued to Mr. Wu, Ms. Chiu, and two other shareholders, both being Independent Third Parties, respectively. Subsequently, in August 2002, with a view to acquiring Sunfonda HK as an investment vehicle for his business, Mr. Wu acquired 100,000 shares of Sunfonda HK held by the other shareholders (other than Ms. Chiu) at par value.

Since late 2010, Sunfonda HK has been acting as the investment holding company for the equity interests in all of our operating subsidiaries in the PRC.

As part of the offshore reorganization, Sunfonda HK became an indirect wholly owned subsidiary of our Company. Please refer to the section headed “Corporate Reorganization — Off-shore Reorganization — Acquisition of Sunfonda HK by Grand Forever” below.

On April 15, 2011, Sunfonda HK agreed to novate its liabilities and obligations under the Restructuring Loans (defined below) due to Mr. Wu and Ms. Chiu to Grand Forever in consideration of the issuance of an additional 500,000 ordinary shares to Grand Forever as part of the process of capitalizing such loan, which was completed on the same day. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below.

On June 30, 2012, Sunfonda HK agreed to novate its liabilities and obligations under certain loans due to Top Wheel to Grand Forever in consideration of the issuance of an additional 1,000 ordinary shares to Grand Forever as part of the process of capitalizing such loan, which was completed on the same day. For further details, please refer to the section headed “Pre-IPO Investment — Novation and capitalization of Top Wheel’s loans” below.

2. *Our Company*

On January 13, 2011, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. One share of US\$1 was allotted and issued to Offshore Incorporations (Cayman) Limited as the initial subscriber and then transferred to Golden Speed on the same date. On the same date, the Company allotted and issued an additional 69 shares to Golden Speed for a consideration of US\$69 and an additional 30 shares to Win Force for a consideration of US\$30. On February 21, 2011, 70 shares held by Golden Speed and 30 shares held by Win Force were transferred to Top Wheel for a consideration of US\$70 and US\$30, respectively. As a result of the Reorganization, our Company became the holding company of our various subsidiaries.

On April 15, 2011, our Company agreed to novate its liabilities and obligations under the Restructuring Loans due to Mr. Wu and Ms. Chiu to Top Wheel in consideration of the issuance of an additional 1,000 ordinary shares to Top Wheel as part of the process of capitalizing such loan, which was completed on the same day. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below.

On June 30, 2012, our Company agreed to capitalize certain shareholder’s loans due to Top Wheel by issuing an additional 43,900 shares to Top Wheel, which was completed on the same day. For further details, please refer to the section headed “Pre-IPO Investment — Novation and capitalization of Top Wheel’s loans” below.

On January 8, 2014, the authorized share capital of our Company was changed from US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each to US\$50,000 divided into

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50,000 shares of a par value of US\$1.00 each and US\$100,000 divided into 1,000,000,000 Shares of a par value of US\$0.0001 each, through the creation of an additional 1,000,000,000 Shares with a par value of US\$0.0001 each ranking pari passu in all respects with the existing Shares. On the same date, our Company issued 450,000,000 Shares with a par value of US\$0.0001 to Top Wheel. Immediately following the completion of the above steps, our Company repurchased 45,000 shares with a par value of US\$1.00 in issue from Top Wheel for a consideration of US\$45,000, which has been settled in full by the amount payable by Top Wheel for the subscription of 450,000,000 Shares with a par value of US\$0.0001. All authorized Shares of a par value of US\$1.00 each were cancelled immediately after this repurchase of shares. As a result, the authorized share capital of our Company became US\$100,000 divided into 1,000,000,000 Shares of a par value of US\$0.0001 each.

In order to set up the Management Trust (details of which are set out below), on January 8, 2014, Top Wheel transferred 9,000,000 Shares in our Company to Westernrobust for nil consideration.

3. *Grand Forever*

On January 26, 2011, Grand Forever was incorporated under the laws of the BVI by our Company for acting as the intermediate holding company of our Group. One share of US\$1 was allotted and issued to our Company on the same date.

On April 15, 2011, Grand Forever agreed to novate its liabilities and obligations under the Restructuring Loans due to Mr. Wu and Ms. Chiu to our Company in consideration of the issuance of an additional 1,000 ordinary shares to our Company as part of the process of capitalizing such loan, which was completed on the same day. For further details, please refer to the section headed “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries” below.

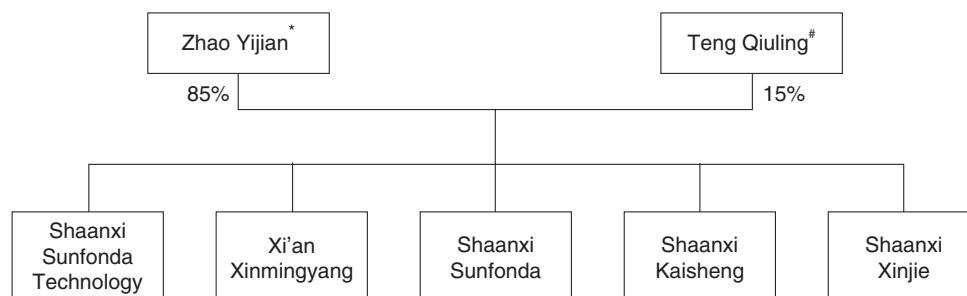
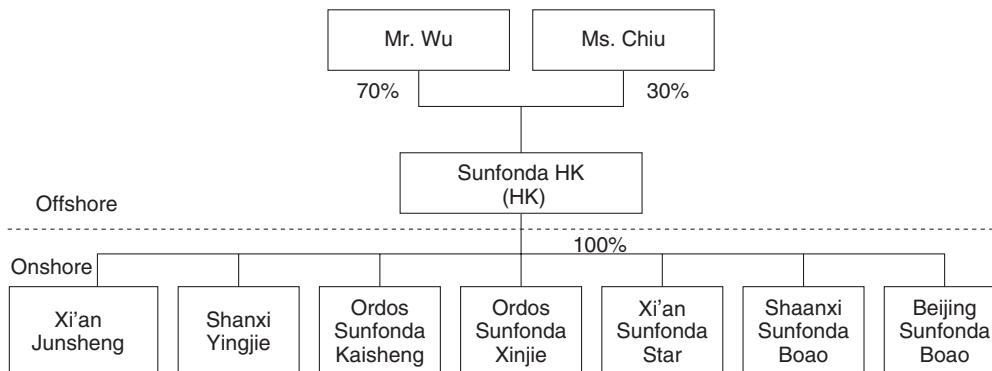
On June 30, 2012, Grand Forever agreed to novate its liabilities and obligations under certain loans due to Top Wheel to our Company in consideration of the issuance of an additional 1,000 ordinary shares to our Company as part of the process of capitalizing the loan, which was completed on the same day. For further details, please refer to the section headed “Pre-IPO Investment — Novation and capitalization of Top Wheel’s loans” below.

CORPORATE REORGANIZATION

In anticipation of the Global Offering, we initiated the Reorganization. Prior to the Reorganization, we operated seven subsidiaries (the “Seven PRC Subsidiaries”), of which the ownership was held through Sunfonda (Hong Kong) Limited (“Sunfonda HK”), an offshore holding company then owned as to 70% by Mr. Wu and as to 30% by Ms. Chiu. In addition, we operated Shaanxi Sunfonda Technology, Xi’an Xinmingyang, Shaanxi Sunfonda, Shaanxi Kaisheng and Shaanxi Xinjie (the “Five PRC Subsidiaries”), each of which were held as to 85% by Mr. Zhao (on trust for Mr. Wu) and as to 15% by Ms. Teng (on trust for Ms. Chiu).

OUR HISTORY AND REORGANIZATION

The following chart sets forth our ownership structure prior to the Reorganization:



* acting as the nominee of Mr. Wu under trust arrangements.

acting as the nominee of Ms. Chiu under trust arrangements.

On-shore Reorganization

(a) Acquisition of PRC subsidiaries

In 2010, we, through Sunfonda HK, acquired the Five PRC Subsidiaries.

Details of the acquisitions of the Five PRC Subsidiaries (the “Restructuring Acquisitions”) are set out below:

Name of the PRC operating subsidiary	Acquisition Agreement Date	Approval Date	Vendor/Percentage of shareholding transferred	Consideration (RMB million)
Shaanxi Sunfonda Technology	July 30, 2010	October 28, 2010	• Mr. Zhao (85%)	8.50
			• Ms. Teng (15%)	1.50
Xi'an Xinmingyang	October 8, 2010	December 16, 2010	• Mr. Zhao (85%)	12.92
			• Ms. Teng (15%)	2.28
Shaanxi Sunfonda	October 8, 2010	December 16, 2010	• Mr. Zhao (85%)	45.10
			• Ms. Teng (15%)	7.96
Shaanxi Kaisheng	October 8, 2010	December 16, 2010	• Mr. Zhao (85%)	4.59
			• Ms. Teng (15%)	0.81
Shaanxi Xinjie	October 8, 2010	December 16, 2010	• Mr. Zhao (85%)	18.61
			• Ms. Teng (15%)	3.28

OUR HISTORY AND REORGANIZATION

The consideration for the Restructuring Acquisitions was determined on the basis of arm's length negotiations, taking into account the valuation reports issued by Xi'an Jianhua Assets Valuation Co. Ltd. (西安建華資產評估有限責任公司), an Independent Third Party. The consideration above has been fully paid by Sunfonda HK, which was sourced through a shareholders' loan of HK\$125,621,500 (equivalent to approximately RMB105.55 million) provided by our Founders (the "Restructuring Loans"). On April 15, 2011, the Founders, Golden Speed, Win Force and the relevant Group companies entered into an agreement in respect of the novation of the liabilities and obligations of Sunfonda HK in respect of the Restructuring Loans to Top Wheel and the rights of the Founders under the Restructuring Loans to Golden Speed and Win Force. On April 15, 2011, Top Wheel issued 13,930 and 5,970 ordinary shares to Golden Speed and Win Force, respectively, as consideration for the capitalization of the novated Restructuring Loans. Subsequent to such novation, neither Sunfonda HK nor any members of our Group have assumed any rights or obligations under the Restructuring Loans.

Upon completion of the above acquisitions, each of the Five PRC Subsidiaries became a wholly owned subsidiary of Sunfonda HK.

To further streamline our corporate structure, Sunfonda HK transferred the entire equity interest in the following 14 subsidiaries to Shaanxi Sunfonda Technology in 2013, the details of which are set out below:

Name of the PRC operating subsidiary	Transfer Agreement Date	Approval Date	Vendor/Percentage of shareholding transferred	Consideration
Shaanxi Sunfonda	March 5, 2013	June 3, 2013	Sunfonda HK (100%)	Nil
Shaanxi Sunfonda Bentley . . .	March 5, 2013	June 3, 2013	Sunfonda HK (100%)	Nil
Shaanxi Kaisheng	March 5, 2013	June 3, 2013	Sunfonda HK (100%)	Nil
Shaanxi Xinjie	March 5, 2013	June 3, 2013	Sunfonda HK (100%)	Nil
Shaanxi Sunfonda Boao	March 5, 2013	June 3, 2013	Sunfonda HK (100%)	Nil
Yulin Sunfonda Meidong	March 5, 2013	July 18, 2013	Sunfonda HK (100%)	Nil
Xi'an Junsheng	May 30, 2013	June 21, 2013	Sunfonda HK (100%)	Nil
Xi'an Xinmingyang	May 30, 2013	June 21, 2013	Sunfonda HK (100%)	Nil
Yulin Sunfonda Kaisheng	May 30, 2013	July 18, 2013	Sunfonda HK (100%)	Nil
Yan'an Sunfonda Boao	May 30, 2013	July 11, 2013	Sunfonda HK (100%)	Nil
Shanxi Yingjie	June 16, 2013	July 24, 2013	Sunfonda HK (100%)	Nil
Ordos Sunfonda Kaisheng . . .	June 16, 2013	July 31, 2013	Sunfonda HK (100%)	Nil
Lanzhou Sunfonda	June 16, 2013	July 31, 2013	Sunfonda HK (100%)	Nil
Ordos Sunfonda Xinjie	June 16, 2013	July 31, 2013	Sunfonda HK (100%)	Nil

Upon completions of the above transactions, each of the 14 subsidiaries became a wholly owned subsidiary of Shaanxi Sunfonda Technology.

Yangzhou Sunfonda was previously one of our wholly-owned subsidiaries and had commenced its construction and the operation of a dealership store without obtaining the relevant approval from the NDRC of the Yangzhou municipal government because it had not completed the bidding process for the land on which the relevant outlet is located and obtained the relevant land title documents, which are pre-requisites for NDRC approval. To enable Yangzhou Sunfonda address its non-compliance issues without affecting our Group, we

OUR HISTORY AND REORGANIZATION

transferred the entire equity interest in Yangzhou Sunfonda to Mr. Zhao for a consideration of US\$5 million, which was determined based on the registered capital of Yangzhou Sunfonda, pursuant to an equity transfer agreement entered into in June 2013. Following the completion of the equity transfer, none of our Company nor the Controlling Shareholders has any ability to directly or indirectly control or influence Yangzhou Sunfonda by way of agreement or other arrangement with Mr. Zhao, and no directors or senior management of our Group are involved in the operation and management of Yangzhou Sunfonda. We recorded revenue from Yangzhou Sunfonda amounting to nil, RMB159.4 million and RMB91.6 million for the three years ended December 31, 2013, representing nil, 2.2% and 1.2% of our total revenue for the relevant period, respectively. During the same periods, we recorded net losses of RMB0.6 million, RMB3.0 million and RMB2.0 million from Yangzhou Sunfonda, respectively.

(b) Establishment of PRC subsidiaries

We established an additional 18 wholly owned subsidiaries and two non-wholly owned subsidiaries in the PRC after the Restructuring Acquisitions, the details of which have been disclosed under the section headed “Our Group Members — Operating entities” above.

King & Wood Mallesons, our PRC legal advisors, advised that as Mr. Wu and Ms. Chiu became Hong Kong residents in 1993 and 1996 respectively, which were before the effective date of the M&A Rules, the above onshore reorganization of our Group does not fall within the scope of activities regulated by the M&A Rules.

Off-shore Reorganization

(a) Incorporation of our Company

On January 13, 2011, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an initial authorized share capital of US\$50,000. One share of US\$1 was allotted and issued to Offshore Incorporations (Cayman) Limited as the initial subscriber and was then transferred to Golden Speed. Our Company allotted and issued an additional 69 shares to Golden Speed for a consideration of US\$69 and an additional 30 shares to Win Force for a consideration of US\$30 on the same day.

In preparation for the Pre-IPO Investment, which is more particularly disclosed in the section headed “Pre-IPO Investment” below, on February 21, 2011, 70 shares of par value of US\$1.0 each held by Golden Speed and 30 shares of par value of US\$1.0 each held by Win Force were transferred to Top Wheel for a consideration of US\$70 and US\$30, respectively.

(b) Incorporation of Grand Forever

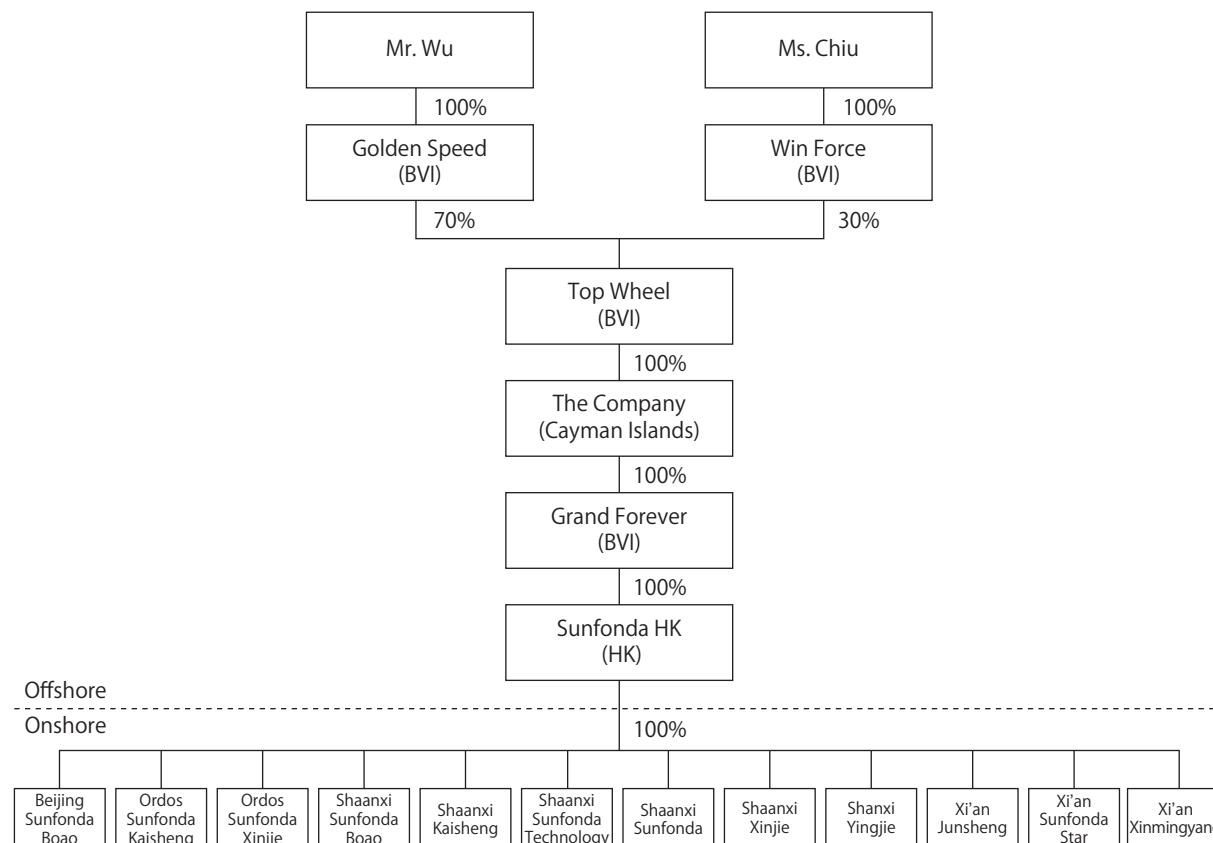
On January 26, 2011, Grand Forever was incorporated under the laws of the BVI with an authorized share capital of US\$50,000 by our Company for acting as the intermediate holding company of our Group. One share of US\$1 was allotted and issued to our Company on the same date.

OUR HISTORY AND REORGANIZATION

(c) Acquisition of Sunfonda HK by Grand Forever

On March 17, 2011, 700,000 shares of HK\$1 each held by Mr. Wu and 300,000 shares of HK\$1 each held by Ms. Chiu in Sunfonda HK were transferred to Grand Forever, a subsidiary of our Company, for a consideration of HK\$700,000 and HK\$300,000, respectively.

The following chart sets forth our ownership structure immediately after the Reorganization and prior to the Pre-IPO Investment:



PRE-IPO INVESTMENT

Investment by Standard Chartered Private Equity

On April 10, 2011, Mr. Wu and Ms. Chiu, our Founders, together with their direct and indirect wholly owned subsidiaries, namely, Golden Speed, Win Force and Top Wheel, entered into, among others, a share subscription agreement (the “Share Subscription Agreement”) and a shareholders agreement (the “Shareholders Agreement”) (collectively the “Pre-IPO Investment Agreements”) with Standard Chartered Private Equity (the “Pre-IPO Investment”). Pursuant to the Pre-IPO Investment Agreements, Standard Chartered Private Equity agreed to subscribe for, and Top Wheel agreed to issue and allot to Standard Chartered Private Equity, 5,000 Series A preferred shares of Top Wheel (the “Series A Preferred Shares”) for the subscription price of approximately US\$34.37 million, representing 20% of Top Wheel’s allotted and issued share

OUR HISTORY AND REORGANIZATION

capital as then enlarged on a fully-diluted and as-converted basis. The Pre-IPO Investment was made based on a post-investment valuation of our Company of RMB1,125 million. The said basis was set by the Founders with reference to the net profit after tax, earnings and growth prospect of our Group at the time of the Pre-IPO Investment and was agreed by Standard Chartered Private Equity after arm's-length negotiations. On April 21, 2011, the subscription of 5,000 Series A Preferred Shares by Standard Chartered Private Equity was completed with an initial payment of US\$30.937 million by Standard Chartered Private Equity. On December 13, 2011, the remaining US\$3.437 million was paid up by Standard Chartered Private Equity. Standard Chartered Private Equity has confirmed that there was no event which triggered the adjustment of subscription price and does not expect any adjustment of subscription price in the future. The Pre-IPO Investment of approximately US\$34.37 million by Standard Chartered Private Equity was irrevocably settled and received by Top Wheel on December 13, 2011.

Subsequent to such Pre-IPO Investment, Top Wheel was owned as to 56% by Golden Speed and 24% by Win Force (each holding ordinary shares) and 20% by Standard Chartered Private Equity (holding series A preferred shares).

As part of the above subscription, Top Wheel also agreed to issue to Standard Chartered Private Equity a warrant (the "Warrant") to subscribe for additional Series A preferred shares of Top Wheel for an aggregate subscription price of US\$20 million at a price per share to be further agreed in writing by our Company and Standard Chartered Private Equity at any time after the date of the Pre-IPO Investment Agreements but before the date of the occurrence of a Qualified IPO as defined in the paragraph headed "Principal Terms of the Pre-IPO Investment Agreements and the Deed" below.

On May 31, 2012, all parties to the Share Subscription Agreement, together with our Company and Standard Chartered Private Equity entered into a deed of amendment to the Share Subscription Agreement (the "Deed"), pursuant to which, amongst others, (i) the grant of the Warrant shall be cancelled in its entirety without any compensation with effect from the date of the Deed, provided that, if a Qualified IPO by our Company has not occurred on or before June 30, 2013 (the "Date of Qualified IPO"), the parties to the Deed (other than our Company) shall enter into an agreement under which Top Wheel shall grant to Standard Chartered Private Equity new warrants on terms substantially similar to the Warrant in the Share Subscription Agreement within ten business days after June 30, 2013, (ii) the pre-offering valuation of our Group was amended to not less than RMB2,500 million; and (iii) the net cash proceeds to our Group (before deduction of underwriters' commissions and expenses) were amended to not less than RMB670 million, both (ii) and (iii) for the purpose of the Qualified IPO.

A supplemental deed (the "Supplemental Deed") was entered into among all parties to the Deed on December 12, 2013 to defer the Date of Qualified IPO to September 30, 2014. A second supplemental deed (the "Second Supplemental Deed") was entered into among all parties to the Deed on February 24, 2014 to amend (i) the pre-offering valuation of our Group to not less than US\$180 million; and (ii) the net cash proceeds to our Group (before deduction of underwriters' commissions and expenses) of not less than US\$60 million for the purpose of the Qualified IPO. As advised by a Hong Kong law firm, neither the Supplemental Deed nor the Second Supplemental Deed constitutes a new agreement under the Interim Guidance on Pre-IPO Investments announced by the Listing Committee on October 13, 2010 (and updated on January 16, 2012) because (a) all terms in the Deed remained unchanged save for the change in the Date of Qualified IPO in the Supplemental Deed and the change in the criteria for the Qualified IPO in the Second Supplemental Deed; and (b) no consideration has been attributed to the Supplemental Deed.

OUR HISTORY AND REORGANIZATION

Pursuant to the Pre-IPO Investment Agreements, 90% of the proceeds of the issuance of the Series A Preferred Shares must be used by our Company to:

- expand the outlet network of our Group, by way of establishment of outlets and acquisition of outlets (other than the acquisition of outlets as part of the Restructuring Acquisitions); and
- support the operations of the existing outlets of our Group as of the date of the Pre-IPO Investment Agreements.

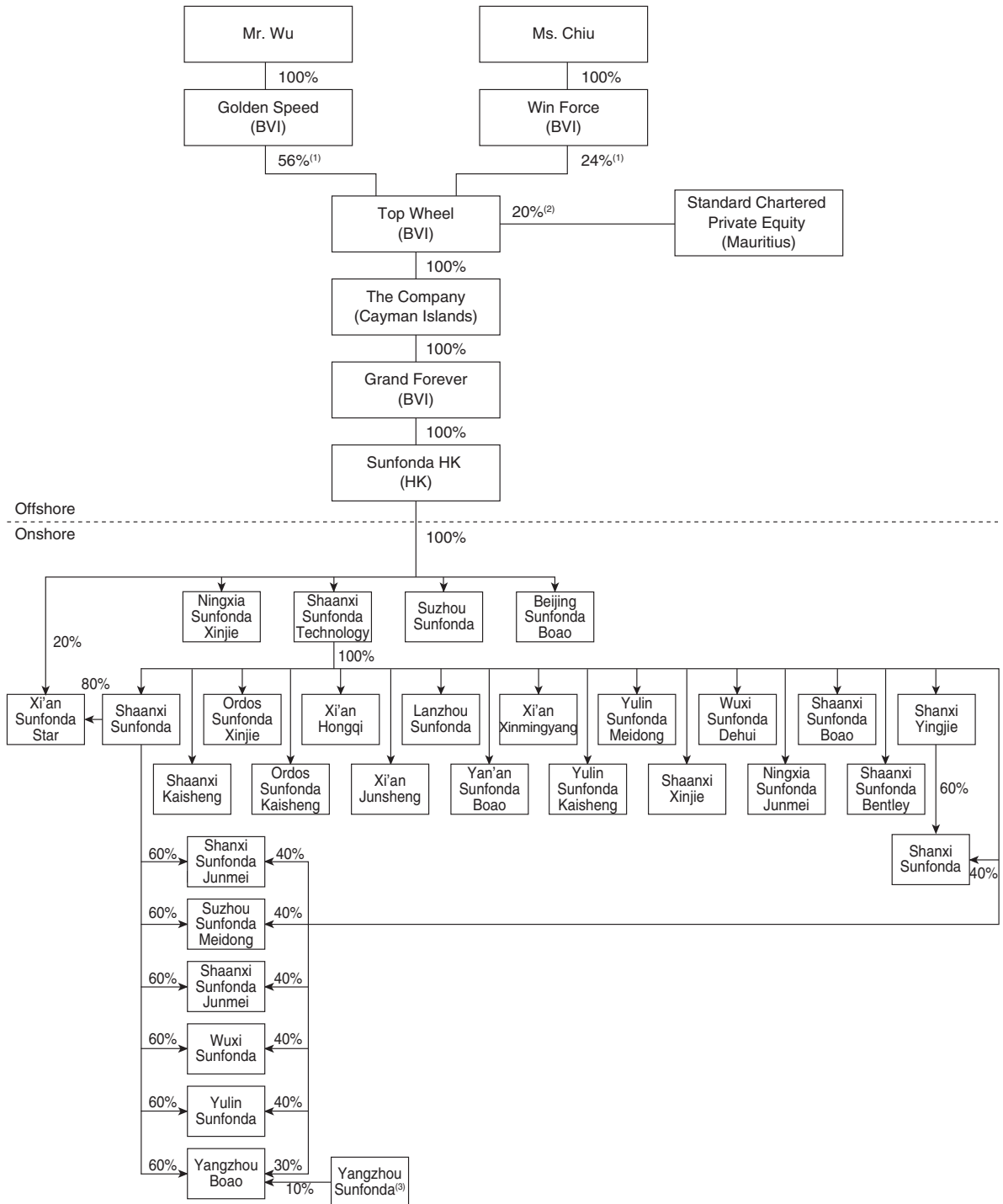
As at the Latest Practicable Date, the proceeds have been applied and utilized in line with the above manner. And the remaining 10% of the proceeds of the issuance of the Series A Preferred Shares shall be used for purposes as mutually agreed between our Company and Standard Chartered Private Equity. For further details and terms of our Pre-IPO Investment, please refer to the paragraph headed “Principal Terms of the Pre-IPO Investment Agreements and the Deed” below.

The Pre-IPO Investment by Standard Chartered Private Equity provided funds to the operation and development of our Group and supported our continuing expansion. As an internationally reputable institution, Standard Chartered Private Equity also expanded our shareholding base and brought advanced management experience and principles to our Group. We believe that the Pre-IPO Investment by Standard Chartered Private Equity will be beneficial to our Group in the long-term.

The following chart sets out the offshore shareholding structure and onshore subsidiaries structure of our Group immediately following the completion of the Pre-IPO Investment, the establishment of our 16 wholly owned subsidiaries and one non-wholly owned subsidiary in the PRC as disclosed in “Corporate Reorganization — On-shore Reorganization — Establishment of PRC subsidiaries” of this section and the reorganization of our onshore subsidiaries as

OUR HISTORY AND REORGANIZATION

disclosed in “Corporate Reorganization — On-shore Reorganization — Acquisition of PRC subsidiaries”.



Notes:

- (1) shares in Top Wheel held by Golden Speed and Win Force are ordinary shares.
- (2) shares in Top Wheel held by Standard Chartered Private Equity are preferred shares.
- (3) Yangzhou Sunfonda is wholly owned by Mr. Zhao, Ms. Chiu's brother and Mr. Wu's brother-in-law.

OUR HISTORY AND REORGANIZATION

Principal Terms of the Pre-IPO Investment Agreements, the Deed, the Supplemental Deed and the Second Supplemental Deed

According to the Pre-IPO Investment Agreements, the Deed, the Supplemental Deed and the Second Supplemental Deed, Standard Chartered Private Equity has, among others, the following rights and obligations under the Pre-IPO Investment.

Conversion Right: *Optional Conversion* — At any time before the occurrence of a Qualified IPO, Standard Chartered Private Equity shall have the right, at its option, to convert all or part of its Series A Preferred Shares into ordinary shares of Top Wheel.

Automatic Conversion of Series A Preferred Shares into Ordinary Shares of Top Wheel upon a Qualified IPO — Without any action being required by Standard Chartered Private Equity, the Series A Preferred Shares are automatically converted, without the payment of any additional consideration, into the ordinary shares of Top Wheel immediately preceding the occurrence of a Qualified IPO.

The conversion above will be based on the then applicable conversion price subject to adjustments upon the occurrence of certain events such as dividend payment by Top Wheel, issuance of further shares in the capital of Top Wheel, consolidation or sub-division of the ordinary shares of Top Wheel, and reclassification or alteration of the share capital of Top Wheel (the “Conversion Price Adjustment”). Such converted shares of Top Wheel will then be exchanged for our Shares immediately upon completion of the Global Offering, the details of which are set out in the paragraph headed “Pre-Listing Share Swap” below.

For the purpose of the Pre-IPO Investment Agreements, the Deed, the Supplemental Deed and the Second Supplemental Deed, a “Qualified IPO” is an initial public offering by our Company of its Shares on the Hong Kong Stock Exchange or any other internationally recognized stock exchange mutually acceptable to the parties to the Pre-IPO Investment Agreements which is underwritten by an internationally reputable investment bank, in any case with (i) a pre-offering valuation of our Group of not less than US\$180 million; and (ii) net cash proceeds to our Group (before deduction of underwriters’ commissions and expenses) of not less than US\$60 million, both (i) and (ii) calculated based on the lower end of the price range of the Shares offered pursuant to such initial public offering as set out in the final version of this prospectus prepared prior to the bulk printing of the prospectus for the Hong Kong public offering or otherwise an initial public offering (as applicable).

Standard Chartered Private Equity has confirmed that no event triggering the Conversion Price Adjustment under the Pre-IPO Investment Agreements had occurred as at the Latest Practicable Date and therefore no adjustments have been or otherwise are expected to be made.

OUR HISTORY AND REORGANIZATION

Based on an Offer Price of HK\$3.61, the Global Offering is expected to constitute a Qualified IPO for the purpose of the Pre-IPO Investment.

Veto Rights:

Pursuant to the Deed, Standard Chartered Private Equity shall have the option to waive its veto rights against an initial public offering which does not constitute a Qualified IPO. In case Standard Chartered Private Equity decides to waive its veto rights and gives written approval on an initial public offering which does not constitute a Qualified IPO, such initial public offering shall be deemed a Qualified IPO for the purpose of the Pre-IPO Investment Agreements, the Deed, the Supplemental Deed and the Second Supplemental Deed.

Transfer Restrictions:

Golden Speed and Win Force may not sell, assign, transfer, create any encumbrances with respect to or dispose of any shares of Top Wheel, or enter into agreement or undertake to do the same to any person which is not a party to the Shareholders Agreement unless such person has executed a deed of adherence confirming that it will be bound by the Shareholders Agreement as a shareholder.

The Founders, Golden Speed and Win Force may not, prior to a Qualified IPO, directly or indirectly transfer shares of Top Wheel held by him, her or it unless first complying with the right of first refusal and tag-along rights of Standard Chartered Private Equity or otherwise approved in writing by Standard Chartered Private Equity. Such restriction does not apply where the Founders, Golden Speed and Win Force transfer shares to their immediate family members and third parties under certain conditions.

Standard Chartered Private Equity may not transfer any shares of Top Wheel held by it prior to the earlier of (i) the third anniversary after completion of the Pre-IPO Investment, which is April 21, 2014; or (ii) the date of the Qualified IPO, unless agreed by the Founders, Golden Speed and Win Force, or Top Wheel fails to fulfill some of its obligation under the Share Subscription Agreement. Standard Chartered Private Equity has agreed that, without the prior written consent of our Company, the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares to be held by Standard Chartered Private Equity upon completion of the Global Offering (the "Relevant Shares"), nor shall it agree or contract to, or publicly announce any intention to enter into a transaction with a third party for disposal of the Relevant Shares.

OUR HISTORY AND REORGANIZATION

Right of First Refusal
and Tag-along Right:

Prior to a Qualified IPO, if any of the Founders, Golden Speed and Win Force proposes to make a permitted transfer of shares of Top Wheel to third parties, Standard Chartered Private Equity has the options to purchase such number of the transferred shares determined by multiplying (i) the total number of the transferred shares, by (ii) a fraction, the numerator of which is the number of shares of Top Wheel held by Standard Chartered Private Equity (on a fully-diluted and as-converted basis), and the denominator of which is the aggregate number of shares of Top Wheel held by all shareholders (on a fully-diluted and as-converted basis) at the same price and upon terms and conditions no less favorable than those agreed between the transferor and the third-party transferee.

If any transferor is permitted to transfer any share of Top Wheel to any person other than Standard Chartered Private Equity, Standard Chartered Private Equity has the option to participate in such sale of shares at the same price and upon terms and conditions which are no less favorable than those agreed between the transferor and the third-party transferee, up to the number of the shares determined by multiplying (i) the total number of the transferred shares, by (ii) a fraction, the numerator of which is the number of the shares of Top Wheel held by Standard Chartered Private Equity (on a fully-diluted and as-converted basis), and the denominator of which is the aggregate of the number of the shares of Top Wheel held by the transferring Founder and Standard Chartered Private Equity (on a fully-diluted and as-converted basis) immediately before the transfer, provided that if as a result of the proposed transfer, the Founders, Golden Speed and Win Force would hold less than 51 percent of the total issued share capital of Top Wheel, Standard Chartered Private Equity may elect to sell up to all of the shares then held by Standard Chartered Private Equity.

Dividends:

The holders of the Series A Preferred Shares shall be entitled to receive dividends out of the profits of Top Wheel available for distribution with the amount equal to the profits that would be available for declaration and payment on the ordinary shares of Top Wheel on an as-converted basis (based on the then applicable conversion price) as and when declared by the board of Top Wheel. Such dividends shall accrue from day to day as and when declared by the board of Top Wheel. Such dividends shall not include the amount that accrue prior to the completion date of the Pre-IPO Investment, which is April 21, 2011, and the dividends shall be declared and paid pro rata on an as-converted basis.

The right of the holders of the Series A Preferred Shares to receive such dividends shall rank senior, prior and in preference to the dividend rights of the holders of ordinary shares and any other class of shares in Top Wheel.

OUR HISTORY AND REORGANIZATION

Redemption Rights: In the event that (i) the Founders, Golden Speed, Win Force and Top Wheel are in material breach of the Pre-IPO Investment Agreements; (ii) any material dealership authorization agreements of our Group which individually or in the aggregate, contributes to twenty-five percent (25%) or more of the consolidated turnover of our Group as indicated in the audited consolidated financial statements of our Group for 2010 are terminated or expired, or (iii) a Qualified IPO does not occur on or before the third anniversary of the completion date of the Pre-IPO Investment, which is April 21, 2014, the holders of a majority of the Series A Preferred Shares shall have the right (but not the obligation) to require Top Wheel to redeem all or part of the Series A Preferred Shares then outstanding.

Standard Chartered Private Equity has confirmed that, no event triggering the redemption rights under the Pre-IPO Investment Agreements had occurred as at the Latest Practicable Date and therefore no redemption has been or otherwise is expected to be made.

Anti-dilution: Each of the Founders, Golden Speed, Win Force and Top Wheel jointly and severally undertakes to Standard Chartered Private Equity that if Top Wheel and/or the Founders, Golden Speed and Win Force intend to capitalize all or part of any outstanding loans or debts owed by Sunfonda HK to the Founders, Golden Speed and Win Force as permitted by Standard Chartered Private Equity, such capitalization shall not dilute the shareholding of Standard Chartered Private Equity in Top Wheel.

Consent Matters: The Founders, Golden Speed and Win Force have provided covenants not to take certain actions without the prior consent of Standard Chartered Private Equity prior to a Qualified IPO. These matters include, among others:

- any amendment of the memorandum and articles of association of Top Wheel or other constitutional document of any company within our Group at the time of entering into the Pre-IPO Investment Agreements (a "Group Company");
- any amendment or change of the rights, preferences, number, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred Shares (including any change in the number of ordinary shares of Top Wheel issuable upon the conversion of the Series A Preferred Shares);
- any increase or decrease of the issued share capital or registered capital of any Group Company or the issue of options or other securities convertible or exchangeable for the share capital or registered capital of any Group Company;

OUR HISTORY AND REORGANIZATION

- any declaration or payment of any dividends or other distributions by any Group Company;
- any approval or amendment to the annual budget, business plan and development strategy for our Group;
- any change in the composition (i.e. the total number of the members of and/or the number of directors that a shareholder of Top Wheel is entitled to appoint to the board of directors thereof) of the board of directors of any Group Company or any committee thereof;
- any material changes to the employment contracts of the managers of any Group Company, including, without limitation, the increase in compensation of any employees of a Group Company whose annual compensation exceeds RMB700,000 in the previous 12 months by more than twenty percent (20%) in any 12-month period.

Under the Pre-IPO Investment Agreements, Standard Chartered Private Equity has also been granted various rights such as pre-emption rights, board representation rights, and information rights. All of the rights granted to Standard Chartered Private Equity will expire immediately upon the occurrence of a Qualified IPO. Standard Chartered Private Equity is expected to hold 90,000,000 Shares upon completion of the Global Offering, representing 15% (assuming the Over-allotment Option is not exercised) and approximately 14.5% (assuming the Over-allotment Option is exercised in full) of the issued share capital of our Company immediately following completion of the Global Offering. Based on the investment of approximately US\$34.37 million and the 90,000,000 Shares expected to be held by Standard Chartered Private Equity upon completion of the Global Offering, the cost per Share paid by Standard Chartered Private Equity is approximately HK\$2.96, representing a discount of approximately 18.0% to the Offer Price of HK\$3.61 per Offer Share. The Shares to be held by Standard Chartered Private Equity upon a Qualified IPO will not be considered as part of the public float for the purposes of Rule 8.08 of the Listing Rules.

Description of Standard Chartered Private Equity

Standard Chartered Private Equity is a company incorporated with limited liability in Mauritius on September 6, 2005. It is an indirect wholly-owned subsidiary of Standard Chartered PLC, a bank listed on the stock exchanges of London, Hong Kong and Mumbai, which ranks among the top 20 companies by FTSE 100 Index in terms of market capitalization. Standard Chartered Private Equity is an investment entity in the Standard Chartered PLC group, and it provides professional shareholding partnerships to companies that require equity funding for expansion. Standard Chartered Private Equity currently has approximately US\$700 million in capital under management, investing from US\$10 million to over US\$50 million in a single transaction, ranging from varieties of industries in India, China, South Africa and Korea. Save for its investment in our Company and Top Wheel, neither Standard Chartered Private Equity nor any of its affiliated members is a connected person of our Group or otherwise connected to any of our Controlling Shareholders.

OUR HISTORY AND REORGANIZATION

Novation and capitalization of Top Wheel's loans

After completion of the Pre-IPO Investment disclosed above, Top Wheel provided non-interest bearing loans in the amount of US\$30.92 million to our Company in May 2011 (the "First Loan") and US\$3.3 million to Sunfonda HK in January 2012 (the "Second Loan"), respectively. On June 30, 2012, Top Wheel, our Company, Grand Forever and Sunfonda HK entered into a novation and loan capitalization agreement, pursuant to which (i) the liabilities and obligations of Sunfonda HK in respect of the Second Loan were novated to Grand Forever in consideration of Sunfonda HK issuing 1,000 new ordinary shares to Grand Forever; (ii) thereafter, the liabilities and obligations of Grand Forever in respect of the Second Loan were novated to our Company in consideration of Grand Forever issuing 1,000 new ordinary shares to our Company; and (iii) thereafter, the liabilities and obligations of our Company in respect of the First Loan and the Second Loan were discharged in full by way of capitalization of the same through the issuance of 43,900 shares by the Company to Top Wheel. The obligations of the relevant parties under the novation and loan capitalization agreement were completed on the same day.

MANAGEMENT TRUST AND PRE-IPO SHARE AWARD SCHEME

Establishment of the Management Trust

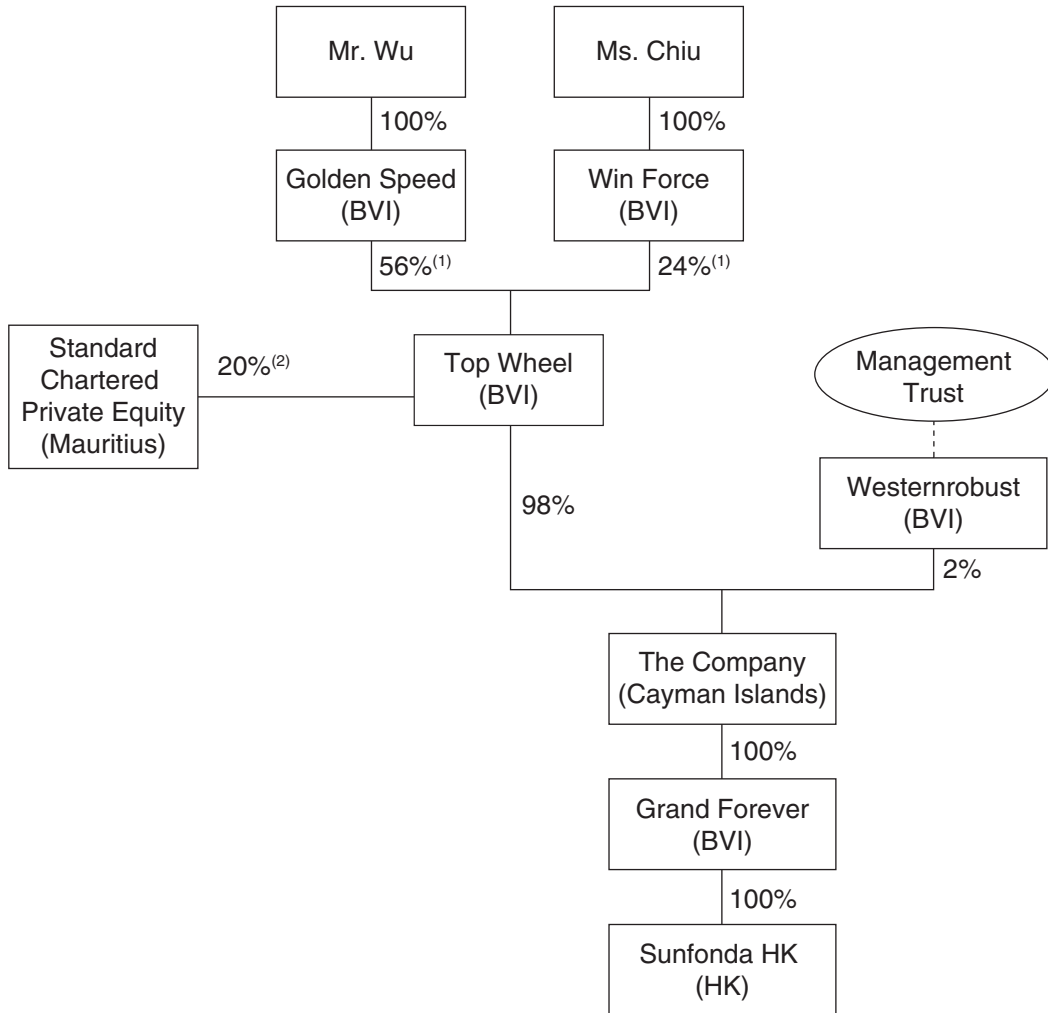
On January 8, 2014, Top Wheel, as the settlor, established the Management Trust, which is a revocable discretionary trust with Cantrust (Far East) Limited as the trustee, for the purposes of recognizing and rewarding the contributions of the selected employees of our Group and motivating their contribution to the future development of our Group.

On January 8, 2014, the Management Trust was established with Cantrust (Far East) Limited acting as the trustee thereof. On the same date, Top Wheel transferred, for nil consideration, 9,000,000 Shares in our Company, representing 2% of the issued share capital of our Company at the time of the transfer, to Westernrobust, a special purpose vehicle wholly owned by Cantrust (Far East) Limited for holding the relevant Shares under the Pre-IPO Share Award Scheme pursuant to the Management Trust. The beneficiaries of the Management Trust under the Pre-IPO Share Award Scheme might be one or more employees of our Group. No further Shares will be transferred by Top Wheel and no new Shares will be issued by our Company for the purpose of the Pre-IPO Share Award Scheme thereafter.

The Management Trust is governed by the laws of the BVI and the provisions of the Management Trust are subject to, and enforceable under, the laws of the BVI.

OUR HISTORY AND REORGANIZATION

Our offshore shareholding structure immediately after the establishment of the Management Trust is set out below:



Notes:

- (1) shares in Top Wheel held by Golden Speed and Win Force are ordinary shares.
- (2) shares in Top Wheel held by Standard Chartered Private Equity are preferred shares.

OUR HISTORY AND REORGANIZATION

Pre-IPO Share Award Scheme

In recognition of the contributions of certain employees of our Group and to incentivize them for their future contribution, we adopted a Pre-IPO Share Award Scheme on January 8, 2014. 0.5% out of the 2% of the Shares immediately before completion of the Global Offering under the Management Trust will be awarded to selected employees of our Group pursuant to the terms of the Pre-IPO Share Award Scheme prior to the Listing while the remaining 1.5% of the Shares immediately before completion of the Global Offering will be awarded to employees of our Group after the Listing.

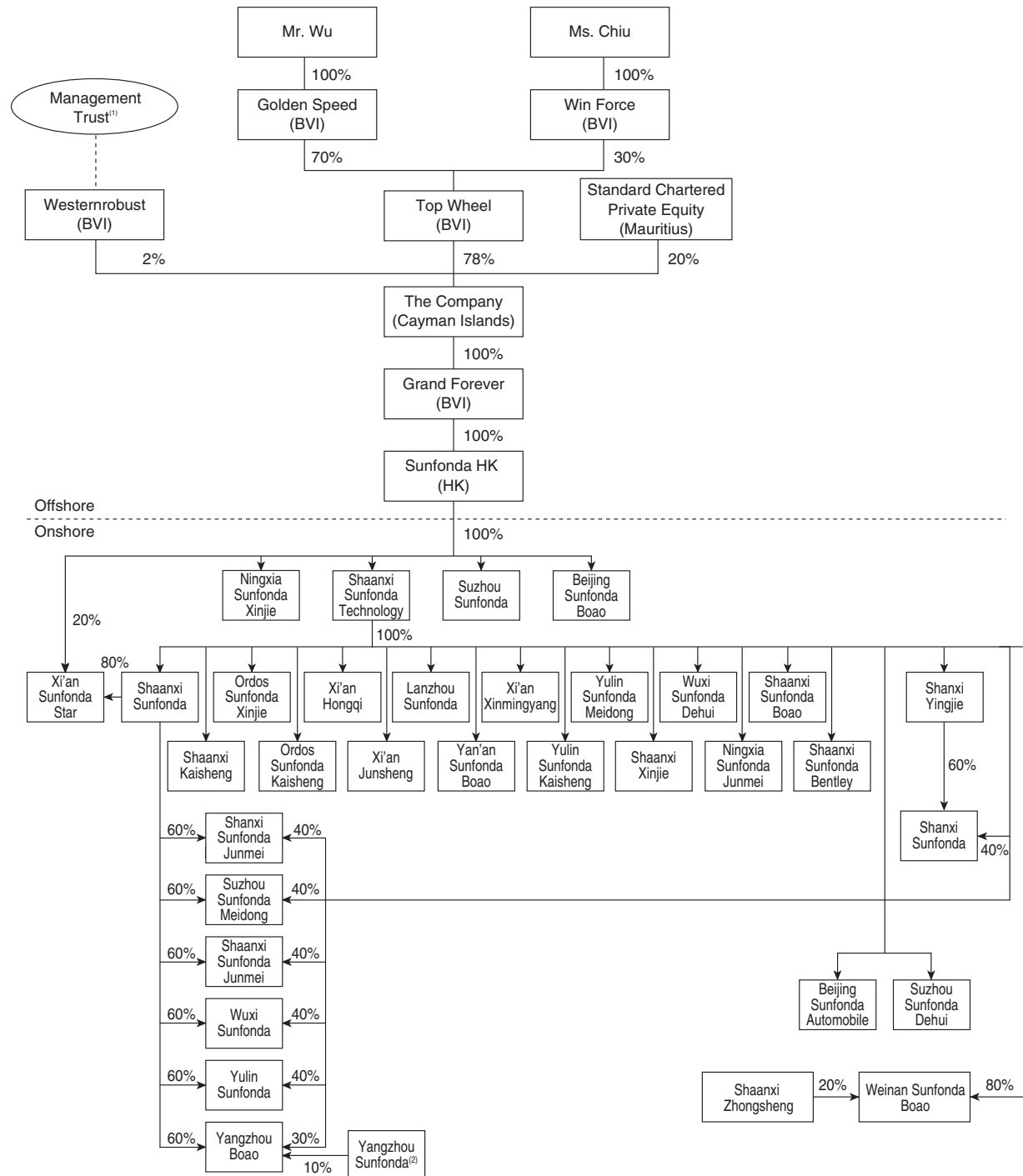
Our PRC legal advisors, King & Wood Mallesons, has advised us that we and our PRC resident employees participating in our Pre-IPO Share Award Scheme might be subject to the stock option related PRC laws, regulations and rules, and failure to comply with such rules might subject us or our PRC resident employees participating in our Pre-IPO Share Award Scheme to fines and other legal or administrative sanctions and impose restrictions on the execution of our Pre-IPO Share Award Scheme.

PRE-LISTING SHARE SWAP

In anticipation of and for the purpose of the Listing, Top Wheel will, immediately prior to the completion of our Global Offering, repurchase all of its shares converted from the Series A Preferred Shares held by Standard Chartered Private Equity, and as consideration for such repurchase, transfer 90,000,000 Shares it holds in our Company 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 completion of

OUR HISTORY AND REORGANIZATION

the Global Offering. Set forth below is our corporate structure immediately after the completion of the pre-listing share swap as described above and prior to the Global Offering:



Notes:

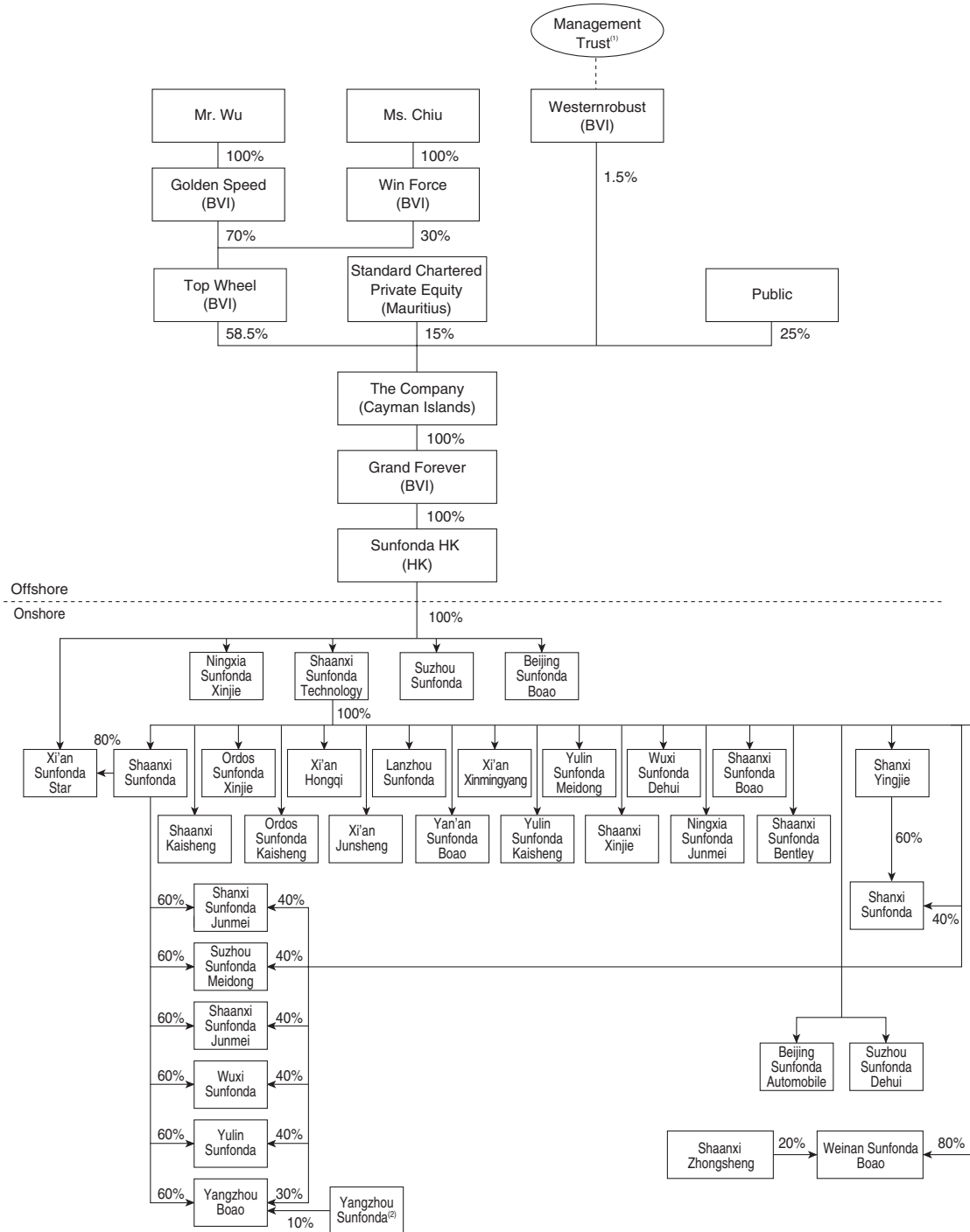
(1) The Management Trust is a revocable discretionary trust established by Top Wheel as the settlor, with Cantrust (Far East) Limited as the trustee, for the purposes of recognizing and rewarding the contributions of selected employees of our Group. See “Management Trust and Pre-IPO Share Award Scheme” above.

(2) Yangzhou Sunfonda is wholly owned by Mr. Zhao, Ms. Chiu’s brother and Mr. Wu’s brother-in-law.

OUR HISTORY AND REORGANIZATION

OUR STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

Set forth below is our corporate structure upon completion of the Global Offering, assuming the Over-allotment Option has not been exercised.



Notes:

- (1) The Management Trust is a revocable discretionary trust established by Top Wheel as the settlor, with Cantrust (Far East) Limited as the trustee, for the purposes of recognizing and rewarding the contributions of selected employees of our Group. See "Management Trust and Pre-IPO Share Award Scheme" above.
- (2) Yangzhou Sunfonda is wholly owned by Mr. Zhao, Ms. Chiu's brother and Mr. Wu's brother-in-law.