
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Our Business — Our Strategies” for a detailed description of our future plans.

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 organic growth, 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. As part of our expansion plan and in order to further strengthen our strong market presence, we plan to open 11 new outlets by the end of 2014, including four outlets for luxury and ultra-luxury brands such as Ferrari/Maserati, Volkswagen Imported, Audi 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. We also plan to open a Shanghai Volkswagen 4S dealership store in Xi’an in Shaanxi Province. We estimate that the capital expenditure for these outlets will range between RMB30 million and RMB80 million per outlet, depending on factors such as location and brands of the outlets. 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 have already been incurred. The estimated capital expenditures are in line with the historical capital expenditures we have incurred;
- 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.

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

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above they will be placed in short term demand deposits and/or money market instruments.