
SUMMARY

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

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

BUSINESS OVERVIEW

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

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

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

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

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

Notes:

- (1) In this prospectus, the term “4S dealership” refers to a dealership authorized to sell the products of a single brand of automobiles. Such dealership integrates four standard automobile-related businesses: sales, spare parts, service and survey, among which survey refers to the function of collecting market information for the automakers.
- (2) In this prospectus, the term “revenue generated from the sales of automobiles” refers to the sales revenue generated from the sales of automobiles before deducting the applicable sales tax, unless indicated otherwise.

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

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

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

OUR COMPETITIVE STRENGTHS

We believe the following are our key competitive strengths:

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

Note:

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

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- We have an experienced senior management team, a deep bench of high-caliber store managers, and access to reliable source of skilled technical personnel
- We have efficient information technology systems to support our business

OUR STRATEGIES

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

- Increasing the size of our 4S dealership network through both organic growth and acquisitions
- Further increasing productivity and profitability as well as promoting customer service quality of each of our 4S dealerships
- Utilizing our existing resources and customer base in new automobile sales to promote our after-sales businesses, including retailing spare parts, providing repair, maintenance and detailing services, and retailing automobile accessories
- Expanding our business operations by developing used automobile sales business to complement our existing businesses
- Enlarging our employee talent pool to support our continued growth

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SUMMARY FINANCIAL INFORMATION

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

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

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

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

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

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

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PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2009

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

Notes:

- (1) The bases on which the above profit estimate for the year ended 31 December 2009 have been prepared are summarized in Appendix III to this prospectus.
- (2) The estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 prepared by our Directors is based on the audited combined results of our Group for the nine months ended 30 September 2009 and our Group's unaudited combined results for the two months ended 30 November 2009 and an estimate of the combined results of our Group for the remaining one month ended 31 December 2009 on the basis that the current group structure had been in existence throughout the whole financial year ended 31 December 2009. The estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by our Group as set out in the Accountants' Report in Appendix I to this prospectus.
- (3) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 by a total of 1,866,492,795 Shares in issue taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares in our Company, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK\$9.54 per Share, being the lower end of the estimated Offer Price range (without taking into account the Over-allotment Option and options which may be granted under the Share Option Scheme).
- (4) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to equity holders of the parent for the year ended 31 December 2009 by a total of 1,861,277,295 Shares in issue taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares in our Company, assuming that the Global Offering has been completed on 1 January 2009 and an Offer Price of HK\$12.83 per Share, being the higher end of the estimated Offer Price range (without taking into account the Over-allotment Option and options which may be granted under the Share Option Scheme).

DIVIDEND POLICY

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

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

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

USE OF PROCEEDS

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

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

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intend to utilise the net proceeds as well as our working capital to cover such estimated expenditures. Each 4S dealership has a staffing requirement of approximately 120 to 140 employees.

- Approximately 4% (or approximately HK\$102 million, HK\$120 million and HK\$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the continued upgrading, maintenance and refurbishment of 4S dealerships, 4% (or approximately HK\$102 million, HK\$120 million and HK\$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the establishment of additional quick service shops, 4% (or approximately HK\$102 million, HK\$120 million and HK\$138 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the establishment of additional automobile accessories exhibition centers, and 8% (or approximately HK\$204 million, HK\$241 million and HK\$277 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for the development of our used automobile sales business.
- Approximately 10% (or approximately HK\$255 million, HK\$301 million and HK\$346 million, based on the lower end, mid-point and higher end of the estimated Offer Price range) for funding our general corporate purposes.

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

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

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

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

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RISK FACTORS

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

Risks relating to our business

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

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- We do not have valid titles or rights to use certain properties and the required permits for construction and development on certain properties occupied by us
- We cannot assure you that we will continue to receive the preferential tax treatment currently enjoyed by our Group
- There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities
- Under the New EIT Law, we may be classified as a “resident enterprise” of China. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders
- Implementing our growth strategy may expose us to certain risks
- We recorded net current liabilities as at 31 December 2006 and 2007 and we cannot assure you that we will not experience the same again in the future

Risks relating to the PRC automobile industry

- Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile industry
- Strict or stricter fuel economy standards and emission standards, high fuel prices and taxes on automobile consumption may restrict the supply of and/or reduce the demand for automobiles, spare parts and automobile accessories in the PRC
- Any failure to comply with applicable laws, rules and regulations governing the automobile dealership industry may adversely affect our business
- We are dependent on the automakers and our other suppliers to adhere to all relevant laws and regulations and to avoid material disputes
- There is uncertainty on the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups in the PRC

Risks relating to conducting business in the PRC

- The business operation and future growth of our Group rely on the GDP and consumption growth in the PRC market and may be adversely affected by changes in the economic, political and social conditions, globally and in the PRC
- Political and economic policies of the PRC Government may affect our business and results of operations and may result in our inability to sustain our growth and expansion plans
- Government control of currency conversion and future movements in foreign exchange rates may adversely affect our financial condition and results of operations, and our ability to remit dividends

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- PRC regulations regarding investment and loans by offshore holding companies to PRC entities may delay or prevent our Company from using the proceeds of the Global Offering to make additional capital contributions or loans to members of our Group
- The legal system of the PRC is not fully developed, and there are inherent uncertainties which may affect the protection afforded to our business and our Shareholders
- Our ability to pay dividends and utilize cash resources in our subsidiaries is dependent upon our PRC subsidiaries' earnings and distributions
- Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident shareholders to liability under PRC law
- It may be difficult to effect service of process upon, or to enforce against, us or our Directors or members of our senior management who reside in the PRC, in connection with judgments obtained in non-PRC courts
- The outbreak of any severe contagious diseases in the PRC, if uncontrolled, could adversely affect our business and results of operations
- The state of the PRC's political relationships with other nations may affect the performance of our operations

Risks relating to the Global Offering

- An active trading market for our Shares may not develop, and their trading prices may fluctuate significantly
- As the Offer Price of our Offer Shares is higher than our net tangible assets per Share, you will experience immediate dilution to your attributable net tangible assets per Share
- Any potential sale of Shares by our existing Shareholders could have an adverse effect on our share price
- Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our independent Shareholders
- Certain facts and statistics in this prospectus relating to the PRC, the PRC economy, the PRC automobile market and the PRC automobile dealership industry may not be reliable
- Forward-looking statements contained in this prospectus are subject to risks and uncertainties
- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

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AUTOMOBILE RECALLS

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

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

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

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

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

GLOBAL OFFERING STATISTICS⁽¹⁾

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

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Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme.
- (2) The calculation of market capitalization is based on 1,866,492,795 Shares (assuming an Offer Price of HK\$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares (assuming an Offer Price of HK\$12.83, being the higher end of the estimated Offer Price range) expected to be in issue and outstanding following the Global Offering taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares in our Company.
- (3) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the estimated earnings per Share on a pro forma fully diluted basis at the estimated Offer Prices of HK\$9.54 and HK\$12.83 per Share taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares in our Company.
- (4) The unaudited pro forma adjusted combined net tangible asset value per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus and on the basis of a total of 1,866,492,795 Shares (assuming an Offer Price of HK\$9.54, being the lower end of the estimated Offer Price range) and 1,861,277,295 Shares (assuming an Offer Price of HK\$12.83, being the higher end of the estimated Offer price range) in issue following completion of the Global Offering taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares in our Company.