You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Offer Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

The success of our business significantly depends on the automakers

As the new automobile sales business accounts for a substantial portion of our revenue, we significantly depend on the automakers in several aspects. Automakers may act in a manner or be subject to events that in turn could cause us to incur costs, expenses or experience delivery delays. As a result, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. We depend on the automakers for, among other things:

Supply of high-quality and popular new automobiles and spare parts

Our new automobile sales are influenced by the automakers' abilities to anticipate changes in consumer tastes, preferences and requirements, including those driven by cultural or environmental changes, and to manufacture and deliver to us in sufficient quantities and on a timely basis, a desirable, high-quality and price competitive mix of new automobiles and spare parts to sell to our customers.

The automakers may be affected by a variety of factors, including economic downturns or recessions, increases in interest rates, and/or poor product mix or unappealing design, resulting in a change in demand for their automobiles or spare parts. The automakers may also alter their annual output due to reasons mentioned above, thus altering the supply of automobiles to all their 4S dealerships, including us. The automakers may also fail to supply us with the automobiles we expect to receive under our allocated sales quota. If the automakers are materially affected and their abilities to design, market or manufacture new automobiles or spare parts are impacted, or if the automakers decide unilaterally to alter the supply of automobiles to us, our business operation will be disrupted and our results of operations, financial condition and growth prospects may be materially and adversely affected.

Product defects and automobile recalls

The automakers may be adversely affected by product defects and automobile recalls. During the Track Record Period, the automakers conducted automobile recalls for a number of their automobile models that we sold. Several automakers have experienced large scale recalls of certain types of automobiles in the global market, including 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. As at the Latest Practicable Date, the automobiles we offered are not involved in recent recalls other than one automobile model of Toyota brand. Such recalls have not caused any material adverse impact on our business, our operational and financial performance as at the Latest Practicable Date. However, we cannot assure you that such recalls will not materially and adversely affect our revenue and results of operations in the future. Please refer to the section entitled "Our Business — After-sales businesses — Automobile recalls" in this prospectus for details of the automobile recalls conducted by the automakers during the Track Record Period.

We cannot assure you that there will not be future automobile recalls affecting the automakers or the models we sell, nor that the automakers will conduct future automobile recalls in the same manner as in the past, in particular, a number of recalls of Toyota and Lexus automobiles have been conducted recently. Our customers' confidence in the quality and safety of the automobiles may be impaired due to the recalls, and any product defects or automobile recalls may have an adverse effect on the automakers and our Group's reputation. As a result, the recalls may lead to cancellation of orders placed by our customers and drop in demand for our automobiles, which in turn may materially and adversely affect our results of operations and financial condition. 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, we cannot assure you that the recalls by the automakers will not materially and adversely affect our results of operations, financial condition and growth prospects going forward.

Advertising, marketing and promotional activities of the automakers

Our new automobile sales business is strongly influenced by the promotional and marketing activities of the automakers designed to spur consumer demand for automobiles. The automakers periodically offer discounts, complimentary products or services, and/or extended product warranties.

The automakers assist us with our advertising, marketing and promotional activities and the production of flyers, brochures and other promotional and point-of-sale materials, as well as other items for our 4S dealerships. In addition, we rely on the automakers for the training of our sales personnel and automotive engineers and technicians to a certain extent. The repair and maintenance services we provide our customers under automobile warranties are part of the automakers' marketing plans and the costs for such services are billed to the relevant automaker instead of the customer.

As a result, changes in these promotional and marketing activities by the automakers may materially and adversely affect our results of operations, financial condition and growth prospects.

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

We rely on the automakers for the rights to operate our 4S dealerships and for the supply of new automobiles and spare parts. Sales of new automobiles account for a substantial portion of our revenue. For the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, revenue from our new automobile sales business accounted for 95.9%, 94.7%, 91.9% and 90.4% of our Group's revenue, respectively. Our rights to operate our 4S dealerships and the supply of new automobiles and spare parts are governed by the dealership agreements we entered into with the automakers.

All of our dealership agreements are non-exclusive, must generally be renewed periodically and typically have a term of one year. The automakers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and changes in ownership or management structure that affect our ability to meet our contractual obligations without their prior consent. Please see the section entitled "Business — Our 4S Dealerships" in this prospectus for more information on our dealership agreements.

There can be no assurance that we will be able to renew our dealership agreements on a timely basis, on commercially acceptable terms, or at all, or that our dealership agreements will not be terminated by the automakers for various reasons, including changing their business strategies or taking direct control of the distribution of their automobiles in the PRC.

There can be no assurance that the automakers will not make any decision to restrict, limit or reduce the number of 4S dealerships available to us as part of any change in their future strategies. Should the automakers decide to restrict, limit or reduce the number of 4S dealerships they allow us to operate, or fail to renew or terminate our dealership agreements, our results of operations, financial condition and growth prospects may be materially and adversely affected.

Our business operations are subject to restrictions imposed by, and significant influence from the automakers

The automakers may subject our business operations to various restrictions including:

— setting geographical limitation on our business, restricting our ability to establish or acquire new 4S dealerships;

— precluding us from obtaining additional dealership rights for failing to meet the relevant automaker's performance criteria including criteria relating to sales results, customer satisfaction ratings and store presentation at our 4S dealerships;

— setting price guidelines for the retail sale of their new automobiles or certain spare parts;

— restricting our ability to provide guarantees or other forms of security, thus adversely impacting our ability to obtain financing for our business; and

— influencing the management of our 4S dealerships.

The restrictions imposed by, and significant influence from, the automakers on our business could materially and adversely affect our results of operations, financial condition and growth prospects.

We rely on dealership arrangements with our major suppliers of new automobiles to generate a significant portion of our revenue and profit

During the Track Record Period, Toyota and Lexus (the luxury automobile division of Toyota Motor Corporation), were the two largest automobile brands in our new automobile portfolio based on revenue and volume, and in the case of Toyota, accounting for 44.3%, 47.1%, 53.0% and 51.2%, and in the case of Lexus, accounting for 30.5%, 34.1%, 24.7% and 16.7%, 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 Toyota and Lexus automobiles are supplied by members or affiliates of the same corporate group, Toyota Motor Corporation. Should Toyota Motor Corporation and/or certain of its subsidiaries or divisions terminate or not renew their arrangements with our Group, our results of operations, financial condition and growth prospects may be materially and adversely affected.

There can be no assurance that we will continue to receive rebates from the automakers

Our purchase arrangements with the automakers often include volume-based rebates, which are decided with reference to the units of new automobiles purchased, and are adjusted based on our satisfaction of certain targets set by the relevant automakers, including sales targets, customer satisfaction indices, and dealership presentation standards. For the three years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009, we recorded rebates of approximately RMB47.0 million, RMB173.5 million, RMB171.2 million and RMB218.7 million, respectively. There can be no assurance that the automakers will continue to grant us rebates, or that they will pay any rebate under existing purchase arrangements. Should some or all of the automakers cease to offer such rebates, or alter the conditions by which such rebates are granted, our financial condition and results of operations may be materially and adversely affected.

We are dependent on third parties for the supplies of automobile accessories

We are dependent on independent suppliers for the automobile accessories we sell. The success of our after-sales businesses is dependent on these suppliers' abilities to anticipate changes in consumer tastes, preferences and requirements and deliver to us in sufficient quantities and on a timely basis a desirable, high-quality and price competitive mix of automobile accessories to sell to our customers. If our suppliers' products fail to meet our customers' expectations or if we are unable to stock a sufficient range of products, or if our suppliers increase their prices due to increasing demand for their products from other dealerships, our profit margins of these products may be affected, which in turn could materially and adversely affect our results of operations and financial condition.

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

We aim to stock a reasonable level of inventory of new automobiles, spare parts and automobile accessories, to respond to customer demand effectively and maintain a diverse range of products at our 4S dealerships and at our automobile accessories exhibition centers. We aim to actively control our inventory turnover efficiency, as slow-moving inventories may be more difficult to sell, be returned to suppliers and/or result in higher levels of write-offs, thereby increasing our overall cost of sales and reducing our profit margins. If we overstock inventory, our required working capital may increase and we may incur additional financing costs. If we understock inventory, our ability to meet our customers' demands may be affected, which may in turn affect our reputation, cause us to forgo revenue, and materially and adversely affect our results of operations and financial condition.

Our sales may be affected by seasonality

All of our revenue is derived from our operations in the PRC. We believe that there is a seasonal pattern in the spending behavior of PRC consumers. Periods prior to major holidays in the PRC, such as the Chinese New Year and the National Day holiday in October, have typically coincided with higher revenue recorded for our new automobile sales business. As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between the same periods in different financial years, may not be meaningful and should not be relied upon as indicators of our performance.

We are dependent on our management team, and our business may be severely disrupted if we lose their services

We believe that our success is largely dependent upon the continued service of the members of our management team, who are critical to establishing our corporate strategies and focus, and ensuring our continued growth. In particular, our founders, Mr. Huang Yi and Mr. Li Guoqiang, both have over 20 years' experience and expertise in the PRC automobile industry, are crucial to our success.

Our continued success will depend on our ability to attract and retain a qualified and competent management team in order to manage our existing operations and support our expansion plans. We do not maintain keyman insurance for members of our management team. Although we have entered into employment agreements and non-competition agreements with certain members of our management team, the loss of the services of any member of our management team and/or the failure to recruit suitable or comparable replacements on a timely basis could have a significant impact on our ability to manage our business effectively and may reduce our competitiveness, and in turn materially and adversely affect our results of operations, financial condition and growth prospects. We cannot assure you that we will be able to retain our management team or attract and integrate suitable or comparable replacements on a timely basis or at all to meet our needs.

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 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 for the performance and continued success of our business. Due to the strong growth of the PRC economy and the PRC automobile industry, the competition for such personnel is intense. There can be no assurance that we will be able to attract, train, motivate and retain the necessary personnel to grow and develop our business, continue to deliver high-quality sales or customer service, or open new 4S dealerships, quick service shops or automobile accessories exhibition centers. Our financial condition, management and results of operations may be materially and adversely affected if we fail to attract and retain the experienced personnel we need.

We may not be able to obtain adequate financing on acceptable terms

Our businesses require significant capital expenditure. In addition to purchasing automobiles, spare parts, automobile accessories, and other automobile-related products, we also require capital to establish and acquire new 4S dealerships, refurbish and maintain existing 4S dealerships, quick service shops and automobile accessories exhibition centers and upgrade our information technology and billing systems.

Our capital expenditures for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 were RMB178.0 million, RMB152.3 million, RMB204.9 million and RMB219.5 million, respectively.

Our business also requires adequate financing for our increasing level of inventory and prepayments for new automobiles that we purchase from the automakers. We expect our financing costs to increase as our inventory level and prepayments for new automobiles increase due to the continuing expansion of our businesses.

We have experienced a decline in average selling price of our new automobiles during the Track Record Period and a slowdown in the growth of new automobile sales volume in 2008 as a result of the global economic downturn. Therefore, there can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans. We have generally relied on cash generated from our operations as well as bank loans to fund our operations and expansion. Our ability to obtain adequate external financing will depend on a number of factors, including our financial performance and results of operations, as well as other factors beyond our control including the global and PRC economies, interest rates, applicable laws, rules and regulations, and the conditions of the PRC automobile market, the PRC automobile dealership industry and the geographical regions we operate in. If we are unable to obtain financing in a timely manner, at a reasonable cost or on reasonable terms, the implementation of our expansion plans may be delayed and our competitive position and growth prospects may be adversely affected.

In addition, we may sell additional equity or debt securities or obtain credit facilities in the future to meet our requirements for capital. The sale of additional equity securities or securities convertible to our equity securities would dilute our Shareholders' interests. The additional debt would also result in increased debt servicing obligations and may also result in covenants limiting our shareholding structure, business and/or operations.

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

The global financial crisis which commenced in 2008 caused substantial volatility in the capital markets and a downturn in the global and PRC automobile industries. Demand for our automobiles and other products may decrease if the level of consumption in the PRC is affected by these changing market conditions, which would adversely impact cash flow generated from our operations. In addition, some of the automakers may also be adversely impacted with declines in profits and production output. Furthermore, the availability of credit to entities, such as ourselves, operating within emerging markets, is significantly influenced by levels of investor confidence in such markets as a whole and any factors that may impact market confidence could affect the costs or availability of funding for entities within any of these markets. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and a tightening of credit terms. If this economic downturn continues or there are prolonged disruptions to the credit markets, this could limit our ability to borrow funds from our current or other funding sources or cause the continued access to funds to become more expensive, and our business may be exposed to a downturn in sales that might be caused by such tightening of credit conditions, and our results of operations, financial condition and prospects may be materially and adversely affected.

We rely on computer equipment and software systems to manage our operations

We are dependent on an integrated information management system to manage, supervise and improve ordering, inventory and logistics management and financial and cash management, minimize the costs of maintaining inventory and to improve our overall sales performance. We intend to keep upgrading our existing information technology systems across our distribution network to operate a uniform platform which complements the expansion of our business. In late 2008, we completed the roll-out of our enterprise resource planning system, or ERP, which maintains in a single database the data needed for a variety of business functions such as quota, inventory, financial, human resources and customer relationship management. As our ERP system is newly installed, we cannot assure you that, the transition to our new ERP system, or any future upgrades to our ERP system will not cause disruptions to our business and operations. If our computer equipment or software systems fail, our businesses and operations may be disrupted. Although we believe that our disaster recovery plan and data back-up systems are designed to handle system failures, there can be no assurance that we will be able to implement our disaster recovery plan on a timely basis or at all, or that our data back-up systems will not also be subject to failures. Any failure in our computer equipment and/or software systems could have a material adverse effect on our business, financial condition and results of operations. Our growth may also be restricted by the capacity of our computer equipment and/or software systems to meet the increased needs of larger scale operations.

Several of our operating subsidiaries do not have requisite approvals and licenses for operating repair, maintenance and leasing businesses

Pursuant to existing applicable PRC laws, rules and regulations, a foreign investment enterprise engaging in road transport services, including automobile repair and maintenance services and leasing, must obtain a project initiation approval ("**Project Initiation Approval**") from the Ministry of Transport and a road transport license ("**Road Transport License**") from the relevant local branch of the Ministry of Transport.

Under the Road Transport Regulations (中華人民共和國道路運輸條例) promulgated by the State Council on 30 April 2004 which became effective on 1 July 2004, prior to commencing an automobile maintenance and repair business or automobile leasing business, an operator must file an application with the local department of the Ministry of Transport and obtain a permission certificate to provide automobile maintenance and repair services or automobile leasing business.

Under the Foreign-invested Road Transport Services Regulations, a foreign-invested operator must obtain the approval of MOFCOM for its articles of association, and must submit its Certificate of Approval for Foreign-invested Enterprises and apply to the local counterpart of the Ministry of Transport for a Project Initiation Approval for its automobile maintenance and repair business, prior to commencing business. Under existing applicable PRC laws, rules and regulations, all the application documents received by the local transport bureaus should be forwarded to the Ministry of Transport, which is the ultimate authority for granting the Project Initiation Approvals, and a Project Initiation Approval should be granted by the Ministry of Transport prior to the issuance of a Road Transport License by the relevant local transport bureau.

As at the Latest Practicable Date, all of our operating subsidiaries engaging in automobile maintenance and repair services or leasing business held valid Road Transport Licenses or in the process of renewing Road Transport Licenses. One of our operating subsidiaries, namely Fuzhou Zhongsheng

Toyota Services had not obtained proper Project Initiation Approval. Fuzhou Zhongsheng Toyota Services has submitted its formal application in September 2009. The Company expects that such Project Initiation Approval will be obtained by the end of March 2010. Our PRC legal advisers, King & Wood, have advised that there is no substantial legal impediment for Fuzhou Zhongsheng Toyota Services to obtain the Project Initiation Approval as the local transport bureau has initially approved Fuzhou Zhongsheng Toyota Services' application and has transferred the relevant materials to the Ministry of Transport. Accordingly, the Group is unlikely to be exposed to any consequence of not obtaining the Project Initiation Approval. King & Wood have further advised that the current Road Transport License of Fuzhou Zhongsheng Toyota Services was granted by the local transport bureau, and the local transport bureau has not challenged its validity when processing Fuzhou Zhongsheng Toyota Services' application for Project Initiation Approval. On this basis, King & Wood have advised that the Road Transport License of Fuzhou Zhongsheng Toyota Services is unlikely to be revoked by the relevant transport authorities following the expected granting of the Project Initiation Approval and Fuzhou Zhongsheng Toyota Service's Road Transport License is and will continue to be valid despite the Road Transport License was obtained prior to the granting of the Project Initiation Approval. Please see the section entitled "Regulations — Automobile maintenance and repair services" in this prospectus for further details.

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

Any dispute or claim in relation to the title to the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may result in us having to relocate our business operations and may materially and adversely affect our operations, financial condition, reputation and future growth. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or to impose stricter requirements to obtain or maintain the title certificates required for the properties occupied by our Group.

Properties occupied by our Group primarily comprise 4S dealerships, garages and ancillary buildings. As at the Latest Practicable Date, certain properties we owned or leased did not have valid titles or rights. Please see the section entitled "Business — Our Properties" in this prospectus for further details.

Properties we own

As at the Latest Practicable Date, out of the 34 properties owned by us, two properties with an aggregate GFA of approximately 13,756.30 square meters, accounting for 6.26% of the aggregate GFA of our owned properties, have not been converted into state-owned construction land from collectively-owned land, which is required for the land use rights of those properties to be transferred to us under PRC laws, rules and regulations. As at the Latest Practicable Date, we operated two 4S dealerships on these two properties. The revenue generated from these two 4S dealerships for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 is set out as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2006	**2007**	**2008**	**2009**
Revenue (RMB'000)	5	465,898	435,948	287,839
Percentage to the total revenue (%)	0.0	5.1	4.1	3.1

We have submitted applications to convert these two properties into state-owned construction land to the relevant PRC land authorities. By accepting our applications, the relevant PRC land authorities have further confirmed that we could operate our 4S dealerships on these two properties, that they will not inflict punishment on our Company for using these two properties, and that they will assist us in relocating our 4S dealerships should we be unable to continue operations on these two properties. We have been advised by our PRC legal advisers, King & Wood, that our rights to use these two properties will not be adversely affected. We do not exercise any control over the administrative process of converting these two properties into state-owned construction land from collectively-owned land and there can be no assurance that the Title Certificates for such properties will be obtained on a timely basis or at all. Our failure to obtain the Title Certificates to the abovementioned properties may require us to seek alternative premises for our business operations, which may lead to disruptions in our business operations.

Properties we lease

As at the Latest Practicable Date, we leased 30 properties from Independent Third Parties with an aggregate GFA of approximately 136,281.68 square meters, among which:

- We leased one property as our administrative office with a GFA of approximately 2,978.98 square meters, accounting for 2.19% of the aggregate GFA of our leased properties, for which our landlord did not possess the Title Certificates as at the Latest Practicable Date.

- For one property with a GFA of approximately 5,800 square meters, accounting for 4.26% of the aggregate GFA of our leased properties, our landlord has entered into a land use rights transfer agreement with the relevant local land authority and is in the process of applying for the Title Certificates. As at the Latest Practicable Date, we operated one 4S dealership on this property. Our landlord has agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from this property.

- For three properties with an aggregate GFA of approximately 19,254.28 square meters, accounting for 14.13% of the aggregate GFA of our leased properties. We have requested that our landlords apply to the relevant PRC Government authorities for the outstanding Title Certificates or approvals for lease of their properties that we occupy. We do not exercise any control over our landlords' applications and there can be no assurance that the Title Certificates or approvals for lease of such leased properties will be obtained on a timely basis or at all. As at the Latest Practicable Date, we operated three 4S dealerships on these three properties. Our landlords have agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from their respective properties with defective Title Certificates.

- Four properties with an aggregate GFA of approximately 30,594 square meters, accounting for 22.45% of the aggregate GFA of our leased properties, are collectively-owned land and are not permitted to be leased to others for non-agricultural or commercial purposes under applicable PRC laws, rules and regulations. As at the Latest Practicable Date, we operated four 4S dealerships on these four properties. The land authorities have confirmed that we could operate our 4S dealerships on these four properties, they will not inflict punishment on our Company for using these four properties, as well as that they will assist us in relocating our 4S dealerships should we be unable to continue operation on these four properties. We have been advised by our PRC legal advisers, King & Wood, that our rights to use these four properties will not be adversely affected.

The revenue generated from the eight 4S dealerships located on our leased properties with defective Title Certificates for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 is set out as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2006	2007	2008	2009
Revenue (RMB'000)	7,189	204,111	652,800	838,998
Percentage to the total revenue (%)	0.1	2.2	6.2	9.1

If any of our leases were terminated as a result of being challenged by third parties or failure of our landlords to renew upon expiration, we may need to seek alternative premises and incur additional costs relating to such relocations. Although some of our landlords have agreed to indemnify us against any costs, expenses and operating or business losses (including but without limitation to penalties and fines imposed by the relevant PRC authorities) arising from the relocation of the business or assets from their respective properties with defective Title Certificates and our Directors believe that any relocation costs would not be significant, any such relocation could disrupt our operations and adversely affect our results of operations and financial position.

We cannot assure you that we will continue to receive the preferential tax treatment currently enjoyed by our Group

Certain subsidiaries of our Company enjoyed preferential corporate income tax rates which were lower than the standard tax rate during the Track Record Period as approved by the relevant tax authorities or operated in areas with preferential corporate income tax policies in the PRC. In addition, certain subsidiaries, being newly incorporated trading enterprises in the PRC, have obtained approvals from the relevant tax authorities in the PRC for their entitlement to exemption from corporate income tax for the first year after their respective incorporation date.

On 16 March 2007, China's new Enterprise Income Tax Law ("**New EIT Law**") was announced, followed by the announcement of the related detailed implementation regulations on 6 December 2007, with both taking effect on 1 January 2008. Under the New EIT Law, foreign-invested enterprises and domestic companies are subject to a uniform tax rate of 25%, which is lower than the previous uniform tax rate of 33%. Changes to the PRC taxation laws, rules and regulations mean that comparisons between our past post-tax financial results may not be meaningful and should not be relied upon as indicators of our future performance. Furthermore, there can be no assurance that there will be no further changes to the PRC tax laws that could adversely affect our Group. In addition, any increase in our EIT rate in the future due to the introduction of the New EIT Law could have an adverse effect on our financial condition and results of operations.

There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities

Under the New EIT Law, the profits of a foreign invested enterprise arising in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0%. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5.0% if a Hong Kong resident enterprise owns over 25% of a PRC company. Further, according to the Circular of State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties (關於印發《非居民享受稅收協定待遇管理辦法(試行)》的通知), which became effective on 1 October 2009, the 5% tax rate does not automatically apply. Approvals from competent local tax authorities are required before an enterprise can enjoy the relevant tax treatments relating to dividends under relevant taxation treaties. However, according to a tax circular issued by the State Administration of Taxation in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate enjoyed by the relevant offshore entity. We cannot assure you that the PRC tax authorities will not levy a higher withholding tax rate to dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries.

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

Under the New EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise", meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the New EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. As no official interpretation or application of this new "resident enterprise" classification is currently available, it is unclear how the PRC tax authorities will determine whether an entity will be classified as a "resident enterprise".

If the PRC tax authorities determine that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest on offering proceeds and other income sourced from outside the PRC would be subject to PRC enterprise income tax at a rate of 25%, in comparison to no taxation in the Cayman Islands.

In addition to the uncertainty as to the application of the new "resident enterprise" classification, there can be no assurance that the PRC Government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the New EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the New EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as indicators of our future performance. If such changes occur and/or if such changes are applied retroactively, such changes could materially and adversely affect our results of operations and financial condition.

Implementing our growth strategy may expose us to certain risks

Our Group's operations have grown rapidly from 15 4S dealerships at the beginning of 2006 to 47 4S dealerships as of 31 December 2009, and our revenue and profit have grown accordingly. Our growth strategy is to consolidate and retain our position as a leading national automobile dealership group in the PRC by strategically expanding our 4S dealership network, growing each of our after-sales businesses and entering into other automobile-related businesses, including used automobile sales.

There are significant risks involved in our expansion plan, including whether we will be able to: (a) access adequate financial resources; (b) timely determine the magnitude of our expansion; (c) hire, train and maintain sufficient qualified staff; (d) negotiate the terms of new leases, concessions or land use rights successfully for properties in desired locations; (e) obtain appropriate licenses, permits and approvals from relevant PRC governmental authorities on a timely basis; and (f) enter into dealership agreements after a memorandum of cooperation is entered into between our operating entity and the automakers for a specific 4S dealership.

In addition, various factors beyond our control may significantly influence the results of our growth strategy, including general economic conditions in China, particularly in the automobile market and the automobile dealership industry and the specific geographical areas we operate in. Business or operational strategies and policies adopted by the automakers, other suppliers and competitors may also significantly influence the results of our growth strategy.

Our growth strategy includes establishing new 4S dealerships. There can be no assurance that we will be able to identify and secure suitable locations, or that we will be able to enter into new 4S dealership arrangements with the automakers on a timely basis or at all for such new 4S dealerships. The new 4S dealerships may result in additional indebtedness, costs and contingent liabilities and may fail to generate sufficient revenue for us to recover such debt, costs or liabilities. We also intend to grow by, among other strategies, acquiring existing 4S dealerships from third parties and improving their performance. There can be no assurance that we will be able to identify and secure suitable acquisition opportunities, or that we will be able to improve the performance of such acquired 4S dealerships on a timely basis.

The development of our used automobile sales business is also dependent on our ability to procure used automobiles, secure appropriate locations, properly evaluate the potential resale value of used automobiles, detect possible defects in used automobiles.

There can be no assurance that we will be able to sustain our revenue growth or profit margins at historical levels or that we will be able to manage our growth successfully. Should any or all of the risks in relation to our expansion plan eventuate, our results of operations, financial position, and growth prospects could be materially or adversely affected.

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

We had a net current liabilities position of approximately RMB14.9 million and RMB20.2 million, as at 31 December 2006 and 2007, respectively, due to the capital expenditure needed for the implementation of some of our growth strategies. We had a net current assets position of RMB673.8 million and RMB354.4 million as at 31 December 2008 and 30 September 2009. There can be no assurance that we will not experience a net current liabilities position in the future. If we have net current liabilities in the future, our working capital for our operations may be constrained.

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

Our business operations are located in the PRC, where market practice allows the automakers to grant non-exclusive dealership rights in the same geographical area. As a result, our results of operations may be affected not only by competition between the automakers in terms of quality, delivery time and price, but also by competition from other dealerships in the same region selling the same brands and models of automobiles as our Group.

An increased number of the automakers and dealers in the PRC automobile industry could impact our market share and result in a decrease in revenue and profit in new automobiles sales, repair maintenance and detailing services and automobile accessories sales, and our growth prospects may be adversely affected.

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

The implementation and enforcement of strict or stricter fuel economy standards and emission standards for automobiles are likely to raise manufacturing and distribution costs for all the automakers. The automakers may raise their pricing guidelines for their automobiles, and consumer demand for automobiles (particularly more expensive automobiles such as the mid-to-high end and luxury brand automobiles retailed by our Group), spare parts, and automobile accessories may decline as a result.

The PRC Government currently subsidises the retail price of petrol. The PRC Government may adjust the domestic oil supply price by considering several factors, including change in global crude oil price. The PRC Government has adjusted the retail petrol price several times in 2009. The fluctuation of petrol prices have led to noticeable changes in the level of demand for fuel in the PRC and disparities in the cost and availability of petrol between different parts of China and made the cost of petrol in the PRC less predictable. If the demand for fuel increases in the PRC, fuel shortages or price increases may occur. Consumers may avoid increased or unpredictable costs or shortages and utilize alternative means of transport such as bicycles, public buses and subways, or purchase more fuel-efficient automobiles.

The PRC Government adopted an automobile consumption tax on 1 April 2006. The increase of applicable tax rates on automobiles with large cylinder capacities took effect on 1 September 2008 pursuant to the "Notice on Adjusting the Policy of the Consumption Tax on Passenger Vehicles" (關於調整乘用車消費稅政策的通知) as released by the PRC Ministry of Finance and the State Administration of Taxation. Certain of the automobiles we sell have large cylinder capacities and are subject to relatively higher automobile consumption tax rates.

In addition, the reduced automobile consumption tax rate applicable to automobile with an engine capacity of 1.6 liters or less has been increased from 5% to 7.5% with effect from 1 January 2010. We confirm that we have not yet experienced any material impact of the aforementioned policy on our general operations as at the Latest Practicable Date, and we consider that the increase of the reduced automobile consumption tax rate should not have any significant impact on our Group's operation and business performance given the contribution of revenue by automobile with capacity of 1.6 liters or less during the Track Record Period was not significant.

There can be no assurance that the PRC Government will not implement stricter fuel economy standards, emission standards, further increase fuel prices or automobile consumption tax rates, or impose additional restrictions or taxes, or reduce or abort automobile consumption tax cuts on the PRC automobile industry. We may not be able to pass on increased costs to consumers, or may face a decline in sales as a result of higher prices, and there may be a material and adverse effect on our revenue, profits, and growth prospects.

Any failure to comply with applicable laws, rules and regulations governing the automobile dealership industry may adversely affect our business

We operate in a highly regulated industry. We are required to maintain various approvals, licenses and permits for our operations that are specific to the automobile dealership industry. There can be no assurance that the PRC Government will not amend or revise existing laws, rules or regulations to require additional approvals, licenses or permits, or to impose stricter requirements to obtain or maintain the approvals, licenses or permits required for our business operations. Any loss of or failure to obtain or renew our approvals, licenses, or permits could disrupt our operations and any fines or other penalties imposed by the PRC Government could materially and adversely affect our results of operations, financial position and reputation. Please see the section entitled "Regulations" in this prospectus for more details.

We are dependent on the automakers and our other suppliers to adhere to all relevant laws and regulations and to avoid material disputes

We do not exercise any control over the operations of the automakers and other suppliers and we can provide no assurance of their compliance with all applicable laws, rules and regulations, or that they will not be subject to labor disputes or strikes. Any violation of applicable laws, rules and regulations by the automakers and suppliers may have negative consequences, including automobile and other product recall activities and negative publicity.

There is uncertainty on the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups in the PRC

Automobile distribution in China is a highly regulated industry. Prior to 2001, an automobile dealership group with 30 or more 4S dealerships in the PRC was not permitted to have foreign investment in excess of 49.0% ("**30 Dealerships Limitation**").

During China's accession to the World Trade Organization in 2001, China made a commitment to abolish the 30 Dealerships Limitation within five years of its accession[1]. Accordingly, each of the 2004 Edition of the Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄2004年修訂) ("**Catalogue**") promulgated by the NDRC and MOFCOM on 30 October 2004 which became effective on 1 January 2005, the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法) jointly promulgated by MOFCOM, NDRC and the State Administration for Industry and Commerce ("**SAIC**") on 21 February 2005 which became effective on 1 April 2005, and the Measures for the Administration on Foreign Investment in Commercial Sector《外商投資商業領域管理辦法》promulgated by the MOFCOM on 16 April 2004 which became effective on 1 June 2004, provides that the 30 Dealerships Limitation would terminate on 11 December 2006. However, the 2007 Edition of the Catalogue promulgated by the NDRC and MOFCOM on 30 November 2007 which became effective on 1 December 2007, included the 30 Dealerships Limitation. As such, there is uncertainty as to the interpretation of the current PRC legal position in relation to foreign investment in automobile dealership groups with 30 or more 4S dealerships in the PRC.

Our PRC legal advisers, King & Wood, have advised that the Accession to WTO Agreement is an international treaty which was approved at the 17th meeting of the Standing Committee of the 9th National People's Congress, and the approval of China's accession to the WTO was endorsed by the President of the PRC; whereas the 2007 Edition of the Catalogue was a domestic regulation approved by

Note:

(1) China has entered into the Accession to WTO Agreement (中國加入世貿組織議定書) on 11 December 2001, which states that the 30 Dealerships Limitation as stipulated under Annex 9 "Schedule of Specific Commitments on Services" shall be eliminated after five years from the date of accession (i.e. 11 December 2006) when foreign chain store operators shall have the freedom of choice of any partners, legally established in China in accordance with PRC laws and regulations.

the relevant domestic ministries and might be revised or interpreted by the relevant authorities. King & Wood have advised that the Accession to WTO Agreement, which is an international treaty, should take precedence over domestic laws and regulations promulgated by the State Council or the relevant ministries or departments (including the 2007 Edition of the Catalogue). King & Wood have further advised that decisions of the approving authorities should not conflict with China's commitment to the WTO regarding the 30 Dealerships Limitation when handling any individual case. Such view has been confirmed by verbal consultations with the competent officials of the relevant approving authority conducted by our Company and King & Wood and supported by the fact that none of our 4S dealerships has encountered any restriction in obtaining approvals from the relevant PRC approving authorities for the incorporation, acquisition and/or operation of additional 4S dealerships of our Group, notwithstanding the number of our 4S dealerships has already exceeded the 30 Dealerships Limitation. Accordingly, King & Wood have advised that it is unlikely that MOFCOM will interpret the 30 Dealerships Limitation differently in the future, which would in turn impact on the approval of new establishment and acquisition of 4S dealerships by our Group.

We plan to establish and acquire additional 4S dealerships in the future and will seek approval from MOFCOM as required under PRC law. We currently operate more than 30 4S dealerships and we confirm that all the newly established or acquired 4S dealerships of our Group have obtained the requisite approvals from the MOFCOM or its local counterparts. King & Wood have advised that for the 47 4S dealerships operated by us as of 31 December 2009 in which our Group has a majority ownership, such ownership rights are legal and valid under PRC law. Our Group has not encountered any restriction in connection with the 30 Dealerships Limitation as at the Latest Practicable Date, and King & Wood have further advised that regardless of the future interpretation of the 30 Dealerships Limitation, the 30 Dealerships Limitation will not apply retrospectively to the existing dealerships operated by our Group and that the approvals granted to the dealerships of our Group would remain legal, valid and effective for the following reasons: (i) the application for the establishment or acquisition of the dealerships of our Group have been reviewed and approved by MOFCOM or its local counterparts where required; (ii) our Group has applied to appropriate authorities for the approvals in accordance with the relevant laws and regulations; (iii) our Group has provided all information required by the relevant laws and regulations to the relevant authorities; (iv) MOFCOM or its local counterparts have granted such approvals within their jurisdiction; and (v) the competent officials of the relevant approving authority have confirmed, in response to the verbal consultations conducted by our Company and King & Wood, that the 30 Dealerships Limitation was no longer enforced since 11 December 2006 and they approve the establishment and/or acquisition of foreign invested automobile dealerships in accordance with the Measures for the Administration on Foreign Investment in Commercial Sector and the Measures for the Implementation of the Administration of Branded Automobile Sales (both of which provide that the 30 Dealerships Limitation would have been terminated on 11 December 2006) as well as confirmed that our Group will not be penalized for exceeding the 30 Dealerships Limitation.

As such, King & Wood have further advised that the business and 4S dealership network of our Group which have already obtained the approvals from MOFCOM or its local counterparts will not be adversely affected, and that our Group will not be subject to any penalty for exceeding the 30 Dealerships Limitation.

However, we cannot assure you that the relevant PRC authorities will not interpret PRC laws, rules and regulations relevant to our corporate structure differently in the future. If MOFCOM or its local counterparts do not approve our establishment and/or acquisitions in the future, we will not be able to implement our growth strategy by further expanding our 4S dealership network through establishing and/or acquiring additional dealerships. We would only be able to operate our existing dealership which have already obtained the approval from MOFCOM or its local counterparts and further develop our business by increasing the productivity and profitability of our existing dealerships via re-investing our retained earnings in the network.

There can also be no assurance that the PRC Government will not amend or revise existing laws, rules or regulations, or promulgate new laws, rules or regulations, which may be applicable to us, and may materially and adversely affect our corporate structure and expansion strategy. Please also refer to the sections entitled "Regulations — Foreign Investment in Restricted Industries" and "Our Business — Legal Proceedings and Regulatory Compliance" in this prospectus.

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

All of our revenue during the Track Record Period was derived from our operations in the PRC. We anticipate that the PRC will remain our primary market in the foreseeable future. One of our strategies is to expand our operations in the PRC. Should there be any adverse change in the GDP and/ or consumer spending growth in the PRC, our results of operations, financial condition and growth prospects may be materially and adversely affected.

In the past twenty years, the PRC has been one of the world's fastest growing economies measured in terms of GDP. However, historically, the PRC Government has taken measures to attempt to slow economic growth to a more manageable level, especially with respect to the rate of growth in industrial production, bank credit, fixed investment and monetary supply. Furthermore, a slowdown in the economies of the United States, the European Union and certain Asian countries may significantly and adversely affect economic growth in the PRC.

Since early 2008, concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the markets in the future. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged recession on a global basis. These events have led the Chinese economy to experience a slowdown. We cannot predict the extent to which the changing global economic conditions will affect GDP and consumer spending in the PRC. In addition, consumer spending can be affected by factors such as changes or developments in economic and financial condition, and social and political stability in the PRC, and other factors which are beyond our control. Any changes in any of these conditions, or any changes in PRC laws, rules and regulations or other policies in reaction to the changing economic conditions could materially and adversely affect our Group.

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

The PRC economy differs from the economies of most developed countries in a number of respects, including the degree of government involvement, control of capital investment, and the overall level of development. Before its adoption of reform and open door policies in 1978, China was primarily a planned economy. In recent years the PRC Government has been reforming the PRC economic system and the government structure. These reforms have resulted in significant economic growth and social progress. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not continue to benefit from all, or any, of these measures. In addition, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition and results of operations.

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

Currently, the Renminbi still cannot be freely converted into any other foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. we cannot assure you that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange ("**SAFE**"), but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange requirements. If we fail to obtain the approval from SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business results and financial condition, may be materially and adversely affected.

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

Any capital contributions or loans which our Company, as an offshore entity, makes to PRC members of our Group that are foreign-invested enterprises, including the proceeds of the Global Offering, are subject to PRC regulations. Foreign investors must apply to SAFE or local SAFE departments for foreign loan registration certificates and foreign exchange settlements in order to provide shareholder loans to foreign-invested enterprises in the PRC. The aggregate amount of such foreign loans must not exceed the level prescribed by SAFE, or the funds may have to be returned by the foreign-invested enterprises. The recipient of a foreign loan must submit the foreign loan registration certificate to open and maintain a special foreign exchange account with the PBOC or another SAFE-approved bank, and may then repay the foreign loan with its own foreign exchange funds or by purchasing foreign exchange with RMB upon receiving SAFE approval. There can be no assurance that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals in a timely manner or at all, our ability to capitalize on the relevant PRC members of our Group or fund our operations or utilize the proceeds of the Global Offering in the manner described in the section entitled "Future Plans and Use of Proceeds" may be negatively affected, which could materially and adversely affect the liquidity of the relevant PRC member of our Group, our ability to grow, financial condition and results of operations.

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 business and operations in China are governed by the legal system of China. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC Government has promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commence, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistencies. Some of the laws and regulations are still at a developing stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national law. As a result, there is substantial uncertainty as to the legal protection available to us and investors in our Shares. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

As an investor holding our Shares, you hold an indirect interest in our operations in China through our Company. Our operations in China are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company law and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions.

Our ability to pay dividends and utilize cash resources in our subsidiaries is dependent upon our PRC subsidiaries' earnings and distributions

Our Company is a holding company. Our revenue is generated from our business operations conducted through our subsidiaries. Our Company's ability to make dividend payments and other distributions in cash, pay expenses, service any debts incurred, and finance the needs of other subsidiaries, depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws, rules and regulations, and restrictions on making payments to our Company contained in financing or other agreements. If any of our subsidiaries incurs debt in its own name, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that our Company receives from our subsidiaries, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. Our Company's future declaration of dividends may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year to their respective reserve funds in accordance with the requirements of relevant laws and provisions in their respective articles of associations, As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net income to us either in the form of dividends, loans or advances. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

Distributions by our PRC subsidiaries to our Company in forms other than dividends may be subject to government approval and taxes. Any transfer of funds from our Company to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration with, or approval of, the relevant PRC Government authorities. In addition, our PRC subsidiaries are not permitted to lend funds directly to each other under Chinese law. These limitations on the flow of funds between and amongst us and our PRC subsidiaries could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiaries in a timely manner, or at all.

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

The Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents ("**SAFE Circular**") promulgated by SAFE on 21 October 2005 which became effective on 1 November 2005, and the implementing regulations in Notice 106 promulgated by SAFE on 29 May 2007 which became effective on the same day require PRC residents with direct or indirect offshore investments, including overseas special purpose vehicles, to file a Registration Form of Overseas Investments Contributed by Domestic Individual Residents and register with SAFE, and to update SAFE's records within 30 days of any major change in capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. Failure to register may result in the prohibition of distributions or contributions from capital reductions, share transfers or liquidations, from PRC entities to the relevant offshore entity in which the PRC resident has a direct or indirect investment.

Due to the uncertainty concerning the reconciliation of the notices with other approval requirements, it remains unclear how the SAFE Circular and Notice 106, and any future legislation concerning offshore or cross-border transactions will be interpreted, amended and implemented by the relevant PRC Government authorities. To the best of our knowledge, as at the Latest Practicable Date, our PRC Shareholders with offshore investments in our Group have registered with SAFE. Any failure by such relevant PRC Shareholders to register with SAFE may result in the prohibition of distributions or contributions from capital reductions, share transfers, or liquidations of our PRC subsidiaries, and may affect our ownership structure, acquisition strategy, business operations, and ability to make dividend payments to our Shareholders.

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

Almost all of our assets and our subsidiaries are located in China. In addition, most of our Directors and senior management reside within China, and the assets of our Directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of our Directors and senior management, including matters arising under applicable securities laws. Moreover, a judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of courts in some jurisdictions is uncertain.

The outbreak of any severe contagious diseases in the PRC, if uncontrolled, could adversely affect our business and results of operations

The outbreak of any severe contagious disease in China, if uncontrolled, could adversely affect the overall business sentiments and environment in China, which in turn may lead to slower overall economic growth in China. As our sales are currently derived from our China operations, any contraction or slowdown in the economic growth of China will adversely affect our financial condition, results of operations and future growth.

In addition, if any of our employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt our operations, as we may be required to close some or all of our 4S dealerships or other businesses to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect our customers and suppliers, which could in turn adversely affect our operating results and financial condition.

The state of the PRC's political relationships with other nations may affect the performance of our operations

We retail automobiles, spare parts, automobile accessories and other automobile-related products supplied by a number of automakers and suppliers. A significant number of the automakers and suppliers are foreign entities with headquarters in Japan or members of the European Union, or are joint ventures incorporated in the PRC by such foreign entities.

China's political relationships with other nations, particularly those connected or associated with the automakers or other suppliers may affect both supply and demand for the relevant automaker or supplier's products. There can be no assurance that PRC consumers will not alter their brand preferences based on the state of political relations between China and the automaker or supplier's real or perceived country of origin. Any relevant political dispute and adverse response to it by PRC automobile consumers may cause a decline in our revenue and profits and materially and adversely affect our financial condition, results of operations and prospects for growth.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our Shares may not develop, and their trading prices may fluctuate significantly

Prior to the completion of the Global Offering, there has been no public market for our Shares. The initial offer price range of the Offer Shares, and the Offer Price, will be the result of negotiations between us and the Joint Bookrunners (on behalf of the Underwriters). The Offer Price may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that (i) an active trading market for our Shares will develop; or (ii) if it does develop, that it will be sustained following completion of the Global Offering; or (iii) that the market price of our Shares will not decline below the Offer Price.

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

On the assumption that the Over-allotment Option is not exercised, and that no options are issued under the Share Option Scheme, 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 but without taking into account any changes in our net tangible assets after completion of the Global Offering other than to give effect to the sale of our Shares pursuant to the Global Offering and the partial exercise of the Anti-Dilution Right by General Atlantic, assuming an Offer Price of HK$9.54 (being the lower end of the estimated Offer Price range), and after deduction of estimated underwriting fees and listing related expenses, our pro forma net tangible assets per Share would be approximately HK$2.37, or a pro forma net tangible assets per Share of HK$2.86, assuming an offer price of HK$12.83 (being the higher end of the estimated Offer Price range). Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution representing the difference between the Offer Price and the pro forma net tangible assets per Share. If the Over-allotment Option is exercised or if we issue additional Shares in the future, purchasers of our Shares may experience further dilution.

Any potential sale of Shares by our existing Shareholders could have an adverse effect on our share price

Future sales of a substantial number of our Shares by our existing Shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders and General Atlantic are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholders and

General Atlantic to dispose of significant amounts of their Shares after the completion of the lock-up periods, we are not in a position to give any assurance that they will not dispose of any Shares they may own now or in the future.

Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our independent Shareholders

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 new Shares in our Company, and assuming (i) the Over-allotment Option is not exercised; (ii) no Shares are issued under the Share Option Scheme; and (iii) the Offer Price of HK$9.54, being the lower end of the estimated Offer Price range, our Controlling Shareholders will own approximately 71.04% of our Shares in issue. Our Controlling Shareholders will be in a position to exert significant influence over the affairs of our Company, and will be able to influence the outcome of any shareholders' ordinary resolutions, irrespective of how other Shareholders vote. The interests of our Controlling Shareholders may not necessarily be aligned with our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company.

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

Certain facts and statistics in this prospectus relating to the PRC, the PRC economy, the PRC automobile market and the PRC automobile dealership industry have been derived from various official government publications which we generally believe to be reliable. However, we cannot guarantee the quality or reliability of such materials. While our Directors have taken reasonable care in extracting and reproducing such information, they have not been prepared or independently verified by us, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between government-published information and other market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled by the government on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics from government official publications with respect to China, the PRC economy and the PRC automobile dealership and related industries contained in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are "forward-looking" and uses forward looking terminology such as "anticipate," "believe," "expect," "may," "plan," "consider," "ought to," "should," "would" and "will." Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Purchasers and subscribers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company's plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward looking statements in addition to our on-going disclosure obligations pursuant to the Hong Kong Listing Rules or other requirements of the Hong Kong Stock Exchange. Investors should not place undue reliance on such forward looking information.

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

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. Prior to the date of this prospectus, there has been press and media coverage regarding us and the Global Offering, which included certain financial information, financial projections, valuations, capital expenditure and other information about us that do not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on any such information.