
OUR HISTORY AND REORGANIZATION

OUR HISTORY

Our Company

Our Company was incorporated in the Cayman Islands on 23 June 2008 as a tax-exempted company with limited liability. As at the Latest Practicable Date, our Company had an authorized share capital of HK\$100,000,000 divided into 1,000,000,000,000 Shares of par value HK\$0.0001 each. As a result of the corporate reorganization effected in anticipation of the listing of our Shares on the Hong Kong Stock Exchange, our Company became the ultimate holding company of our various subsidiaries. Further details of our corporate structure and reorganization are set out in the paragraphs entitled “Corporate Reorganization” and “Pre-Listing Reorganization” below.

History and Development

Our Group was founded by our co-founders, Mr. Huang Yi and Mr. Li Guoqiang. Prior to founding our Group, both Mr. Huang and Mr. Li had gained extensive relevant experience in the PRC automobile industry.

Mr. Huang held several management positions in business administration, product procurement, and sales operations at China Resources Machinery Co., Ltd, a company engaged in importing and exporting automobiles, during his tenure there between 1984 and 1994. Mr. Huang joined China Automobile Company Limited in 1994 as a director, and was responsible for its procurement and sales divisions. In 1996, Mr. Huang invested in China Automobile Company Limited, which is currently known as Hokuryo Holdings Company Limited, and is an indirect wholly-owned subsidiary of our Group.

In 1995, Mr. Li founded Dalian Aotong Automobile Repair & Assembly Factory, which provided automobile repair and maintenance services, and served as its factory director and legal representative and was responsible for its overall management and operations. Between 1996 and 1998 Mr. Li served as general manager of Dalian Toyota Automobile Services Co., Ltd and Dalian Bonded Zone Toyota Automobile Sales Co., Ltd, handling procurement and sales, and managing national distribution networks. In 1998, Mr. Li founded Dalian Aotong Industry Co., Ltd, a company engaged in automobile distribution, which is now known as Zhongsheng (Dalian) Holdings Co., Ltd., and is an indirectly wholly-owned subsidiary of our Group.

With a wealth of experience in the PRC automobile industry, Mr. Huang and Mr. Li became close business partners and, in 1998, they established our Group. In order to consolidate further their business partnership in automobile-related businesses and to reflect their common business philosophies and beliefs, Mr. Huang, Mr. Li and Ms. Huang Ping (Mr. Huang’s sister) entered into an agreement (“**Tripartite Agreement**”) dated 14 February 1998 which provided that Mr. Huang and Mr. Li had been acting in concert in respect of the automobile-related business before entering into the agreement and would continue to do so in the future. Mr. Huang and Mr. Li are acting in concert.

It was also agreed that in order to facilitate our Group’s business operations which are based in the PRC, Mr. Li (a PRC national) or Ms. Huang Ping (a PRC national) could act on behalf of Mr. Huang (a Hong Kong permanent resident) if necessary. Ms. Huang Ping would not otherwise participate in the

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management or decision-making process of our Group, and all economic interests in automobile-related businesses owned by Mr. Huang, Mr. Li and Ms. Huang Ping would be owned by Mr. Huang and Mr. Li in equal shares.

Our Group's business has expanded rapidly since 1998. The following sets forth the milestones of our automobile dealership business:

Year	Event
1998	<ul style="list-style-type: none"> ● Our first 3S dealership in Dalian City ● Our first Toyota dealership⁽¹⁾ ● Our first Nissan dealership⁽¹⁾
1999	<ul style="list-style-type: none"> ● Our first Audi dealership⁽¹⁾
2000	<ul style="list-style-type: none"> ● Our first 3S dealership in Yunnan Province
2001	<ul style="list-style-type: none"> ● Our first 3S dealership in Fujian Province
2002	<ul style="list-style-type: none"> ● Our first 3S dealership in Shanghai
2003	<ul style="list-style-type: none"> ● Our first 3S dealership in Nanjing City
2005	<ul style="list-style-type: none"> ● Our first 4S dealership in Shenzhen ● Our first 4S dealership in Guangzhou City ● Our first Lexus dealership⁽¹⁾ ● Our first Honda dealership⁽¹⁾
2007	<ul style="list-style-type: none"> ● Our first 4S dealership in Sichuan Province ● Acquisition of Xinshengrong group of 4S dealerships
2008	<ul style="list-style-type: none"> ● Acquisition of one Nissan dealership⁽¹⁾ in Kunming City, Yunnan Province ● Acquisition of our first Toyota dealership⁽¹⁾ in Shandong Province
2009	<ul style="list-style-type: none"> ● Acquisition of 15 4S dealerships in Shandong Province, Zhejiang Province, Liaoning Province, Jilin Province and Heilongjiang Province ● Our first GM dealership⁽¹⁾ ● Our first Mercedes-Benz dealership⁽¹⁾ in Dalian City

Note:

(1) The term refers to a 3S/4S dealership and specifies the brand of automobiles it operated.

As of 31 December 2009, our business operations had grown to include 47 4S dealerships across 11 provinces and municipalities and 20 cities in China. Our distribution network is located in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as selected inland areas. We began diversifying our business operations and usage of sales platforms by retailing automobile accessories in 2005, establishing our first quick service shop providing automobile maintenance, repair and detailing services in 2008, and commencing our used automobile business in 2008.

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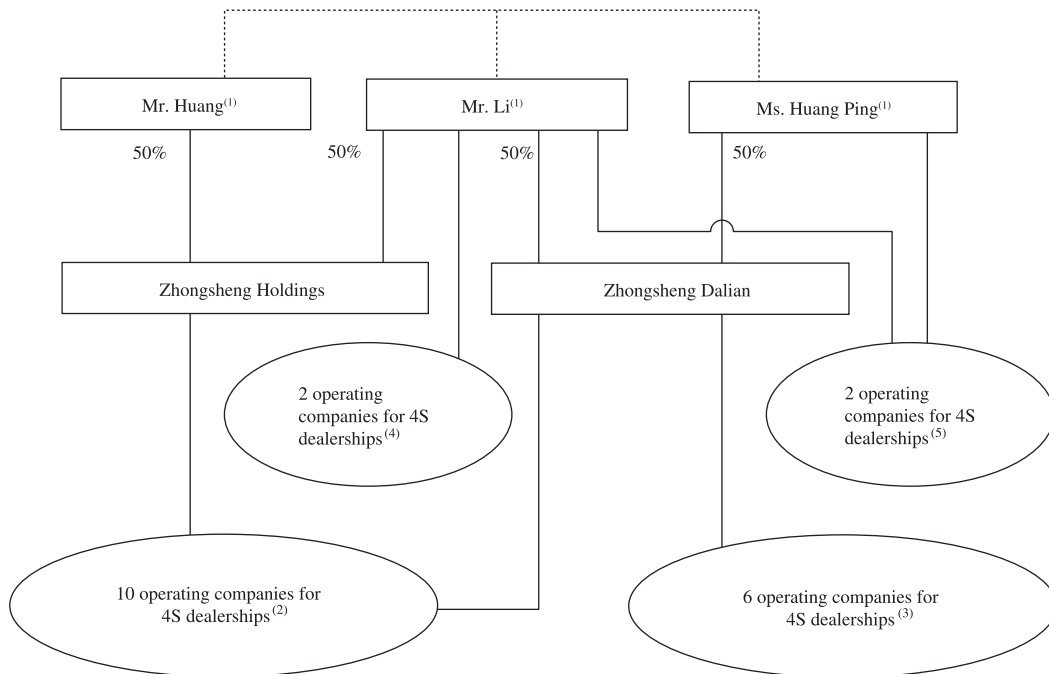
CORPORATE REORGANIZATION

In 2007, we initiated a corporate reorganization (“**Reorganization**”) for our Group. As at 1 January 2007, we operated 21 4S dealerships, and prior to the Reorganization:

- the ownership of ten operating companies were held through Zhongsheng Holdings, an offshore holding company equally owned by Mr. Huang and Mr. Li; and
- the ownership of six operating companies were held through Zhongsheng Dalian, an onshore holding company equally owned by Mr. Li and Ms. Huang Ping. Ms. Huang Ping was holding the equity interest in Zhongsheng Dalian on behalf of Mr. Huang under a trust arrangement, which our PRC legal advisers, King & Wood, have confirmed is legal, valid and enforceable between Ms. Huang Ping and Mr. Huang Yi, under existing applicable PRC laws, rules and regulations;
- the ownership in two operating companies which operate 4S dealerships held through Mr. Li; and
- the ownership in two operating companies which operate 4S dealerships held through Mr. Li and Ms. Huang Ping.

In all cases, all economic interests were owned by Mr. Huang and Mr. Li in equal shares pursuant to the Tripartite Agreement.

The following chart shows our ownership structure as at 1 January 2007:



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Notes:

- (1) All economic interests in operating companies shown in the chart were owned by Mr. Huang and Mr. Li in equal shares pursuant to the Tripartite Agreement.
- (2) Majority interests in the following operating companies: Dalian Zhongsheng Toyota Automobile Sales and Services Co., Ltd., Dalian Yingbin Zhongsheng Toyota Automobile Sales and Services Co., Ltd., Dalian Zhongsheng Nissan Automobile Sales and Services Co., Ltd., Dalian Zhongsheng Lexus Automobile Sales and Services Co., Ltd., Guangzhou Zhongsheng Toyota Automobile Sales and Services Co., Ltd., Guangzhou Zhongsheng Lexus Automobile Sales and Services Co., Ltd., Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd., Nanjing Zhongsheng Toyota Automobile Services Co., Ltd., Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. and Dalian Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd. Dalian Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd. are held indirectly by Zhongsheng Holdings through its non-wholly-owned subsidiary, Hokuryo (Hong Kong). The 30% minority interests in Hokuryo (Hong Kong) were acquired by our Group from Independent Third Parties on 28 December 2007.
- (3) Majority interests in the following operating companies: Dalian Zhongsheng Huidi Sales & Services Co., Ltd., Dalian Zhongsheng Automobile Sales and Services Co., Ltd., Yunnan Zhongsheng Lexus Sales & Services Co., Ltd., Kunming Zhongsheng Automobile Sales and Services Co., Ltd., Panjin Aotong Automobile Sales & Services Co., Ltd. and Yingkou Zhongsheng Aotong Automobile Sales and Services Co., Ltd.
- (4) Majority interest in Shanghai Guoxin Automobile Sales Co., Ltd. and a 50% interest in Xiamen Zhongsheng Toyota Automobile Sales and Services Co., Ltd.
- (5) Majority interests in the following operating companies: Kunming Zhongsheng Toyota Sales & Services Co., Ltd. and Yuxi Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd.

Onshore Reorganization

In order to optimize our Group's onshore shareholding structure, we restructured our various operating entities in the PRC. In this onshore restructuring process, Zhongsheng Dalian and Dalian Xinshengrong acted as onshore holding companies to acquire the majority equity interests of various onshore subsidiaries comprising our Group from their respective shareholders at the time, on the date and for the consideration set forth in the following table.

<u>Onshore Acquiror</u>	<u>Onshore Subsidiaries</u>	<u>Name of Shareholder(s)</u>	<u>Interest Acquired</u>	<u>Consideration</u>	<u>Acquisition Date</u>
Zhongsheng Dalian . . .	Shanghai Guoxin Automobile Sales Co., Ltd.	Li Guoqiang	80%	RMB9,600,000	18 December 2007
Zhongsheng Dalian . . .	Fuzhou Zhongsheng Automobile Services Co., Ltd.	Fujian Zhongsheng Automobile Services Co., Ltd.	25%	US\$315,000	15 December 2007
Zhongsheng Dalian . . .	Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd.	Fuzhou Zhongsheng Automobile Sales & Services Co., Ltd. (90%) and Li Guoqiang (10%)	100%	RMB5,000,000	12 December 2007

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<u>Onshore Acquiror . . .</u>	<u>Onshore Subsidiaries</u>	<u>Name of Shareholder(s)</u>	<u>Interest Acquired</u>	<u>Consideration</u>	<u>Acquisition Date</u>
Zhongsheng Dalian . . .	Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd.	Li Guoqiang	50%	RMB3,000,000	29 December 2007
Zhongsheng Dalian . . .	Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd.	Li Guoqiang (45%) and Huang Ping (45%)	90%	RMB4,500,000	7 January 2008
Zhongsheng Dalian . . .	Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.	Yunnan Zhongsheng Automobile Sales Co., Ltd.	63%	RMB6,300,000	18 December 2007
Dalian Aotong: 40%	Yunnan Zhongsheng Guangfu Automobile Sales and Services Co., Ltd.	Lv Zhiyong	100%	RMB24,000,000	18 July 2008
Dalian Botong: 60% (Note 1)					

Note:

- (1) Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd. (“**Dalian Aotong**”) and Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. (“**Dalian Botong**”) are both wholly-owned subsidiaries of Zhongsheng Dalian. Mr. Lv Zhiyong, acting as the nominee of our Group, purchased 100% equity interests in Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. from Independent Third Parties at a consideration of RMB 24,000,000 on 18 March 2008. Our Group engaged Mr. Lv to acquire Yunnan Zhongsheng Guangfu and to act as the nominee shareholder in order to take part in the preliminary negotiation, maintain our Group’s reputation of sound business and operational standards at the initial stage of development of Yunnan Zhongsheng Guangfu. Our PRC legal advisers, King & Wood, have advised that the subsequent transfer of equity interests in Yunnan Guangfu from Mr. Lv to Dalian Aotong and Dalian Botong was legal, valid and enforceable pursuant to the laws and regulations in the PRC.

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Offshore Reorganization

We restructured our various entities outside of the PRC to consolidate the shareholding structure of our Group. The offshore restructuring process was undertaken in the several stages as set out below.

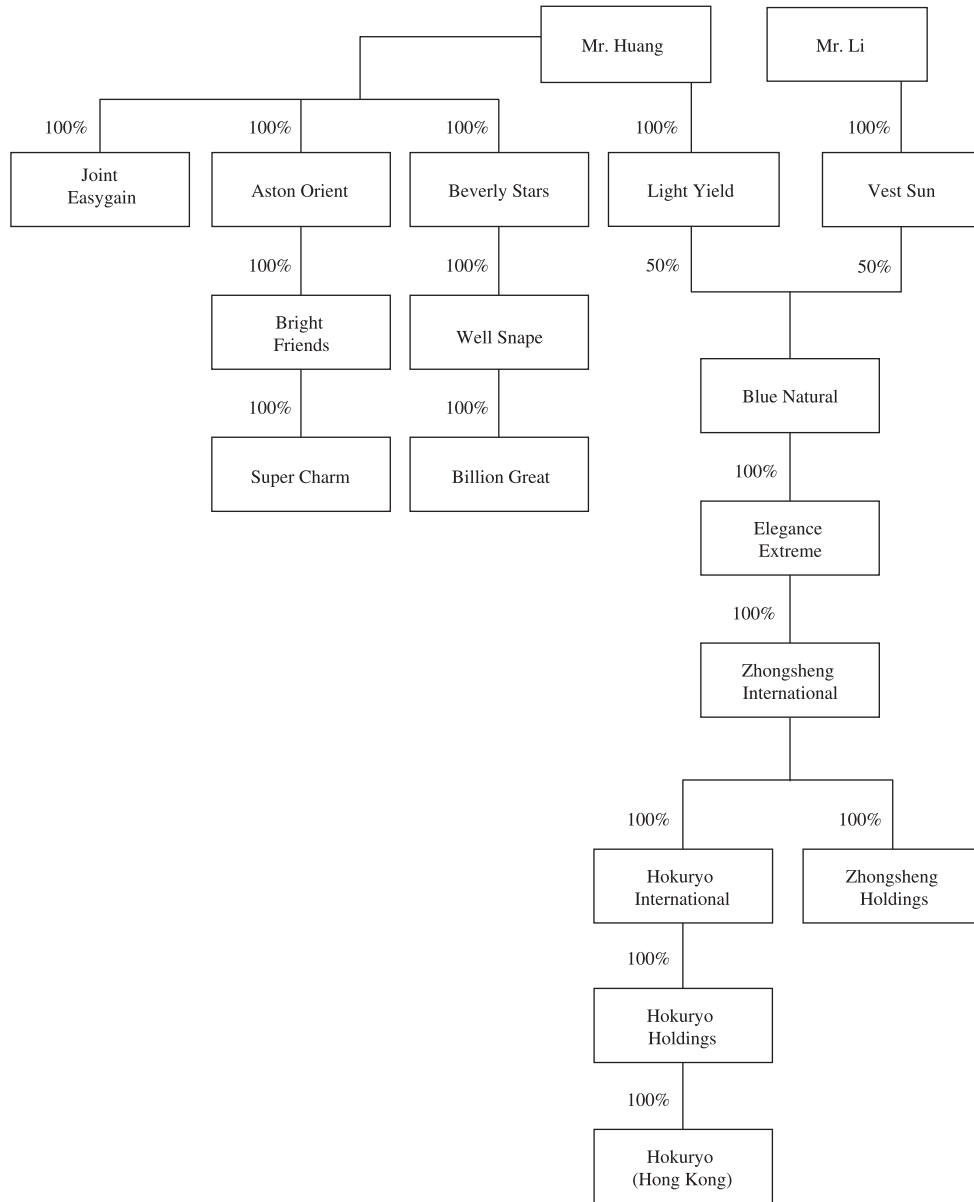
Incorporation of New Offshore Entities

Mr. Huang and/or Mr. Li incorporated a number of new entities in the BVI and Hong Kong in 2007 and consolidated them with their existing offshore entities. The following chart sets forth the entities that were incorporated in 2007:

<u>Date</u>	<u>Entity</u>	<u>Place of Incorporation</u>
22 March 2007	Bright Friends	BVI
17 August 2007	Joint Easygain	BVI
18 September 2007	Vest Sun	BVI
24 September 2007	Beverly Stars	BVI
27 September 2007	Hokuryo International	BVI
16 October 2007	Blue Natural	BVI
17 October 2007	Light Yield	BVI
1 November 2007	Well Snape	BVI
12 November 2007	Aston Orient	BVI
21 November 2007	Billion Great	Hong Kong
21 November 2007	Super Charm	Hong Kong
6 December 2007	Elegance Extreme	BVI

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The following chart sets out the shareholding structure of our Group's various offshore entities immediately following the incorporation of the entities described above:



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Acquisition of Domestic Companies

The principal step of the offshore reorganization involved the acquisition by Billion Great and Super Charm of Zhongsheng Dalian and Dalian Xinshengrong, respectively, in the PRC and acquisition of Charming Elements by Joint Easygain offshore.

On 8 January 2008, Super Charm agreed to acquire 100% of the equity interests in Dalian Xinshengrong from our nominee shareholders, Mr. Wang Xiangtong and Mr. Li Hanwei, pursuant to an equity transfer agreement. On 25 February 2008, Billion Great agreed to acquire 100% of the equity interests in Zhongsheng Dalian from Mr. Li Guoqiang and Ms. Huang Ping pursuant to an equity transfer agreement for the consideration of RMB200 million. In addition, we completed the offshore acquisition of Dalian Yuzeng on 30 July 2009. Such acquisitions (“**Three Acquisitions**”, each an “**Acquisition**”) were financed by the investment by General Atlantic described below. Our PRC legal advisers, King & Wood, have advised that all of the Three Acquisitions have received proper approvals from MOFCOM or its local counterparts. In addition, all of the nine operating companies currently held by Zhongsheng Holdings and Hokuryo (Hong Kong) have received proper approvals from MOFCOM or its local counterparts.

The Xinshengrong Acquisition

On 12 April 2007, Mr. Lv Zhiyong and Mr. Lin, who are employees of our Group, established Dalian Xinshengrong under our direction and with funds at RMB20 million provided by us, pursuant to an entrustment agreement entered into between us, Mr. Lv Zhiyong and Mr. Lin. In order to maintain our Group’s reputation for sound business and operational standards, Mr. Lv Zhiyong and Mr. Lin were appointed to act as nominees of our Group and shareholders of Dalian Xinshengrong for the initial stages of development of the business and operations of Dalian Xinshengrong. The financial results of Dalian Xinshengrong have been combined into the financial results of our Group since its establishment on 12 April 2007.

As part of our Group’s continuing strategy to expand our automobile-related businesses, our Group sought and obtained from independent channels information that Hainan Renyu Investment Co., Ltd, Xu Zhixin, Li Hanwei, Cai Rong, and Dalian Taosheng Automobile Co., Ltd (“**Xinshengrong Vendors**”), each an Independent Third Party, intended to sell their collective interests in Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd, Dalian Xinshengrong Automobile Sales & Services Co., Ltd, and Dalian Xinshengrong Trading Co., Ltd (“**Xinshengrong Subsidiaries**”).

In July 2007, the Xinshengrong Vendors agreed to sell the Xinshengrong Subsidiaries to our wholly-owned subsidiary, Zhongsheng Dalian (or its designated transferee) for an aggregate consideration of RMB174 million in cash which was sourced from our internal funding. The consideration was agreed between the parties after taking into account a number of factors, including the goodwill attached to the brands, customer bases, potential earning capacity and net asset value of the Xinshengrong Subsidiaries. Pursuant to the agreement, Zhongsheng Dalian obtained control of the management and operations of the Xinshengrong Subsidiaries, and had voting rights, rights to nominate directors, information rights in respect of financial and accounting records, power to govern financial and operating policies, and was also entitled to receive benefits including dividends from the Xinshengrong Subsidiaries. As such, our Group obtained actual control over Xinshengrong Subsidiaries and their financial results have been combined into our Group’s financial results as of 1 August 2007.

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On 4 December 2007, we exercised our right to transfer Xinshengrong Subsidiaries to Dalian Xinshengrong, which was nominally held by Mr. Lv Zhiyong and Mr. Lin and beneficially owned by our Group. As the consideration of RMB174 million for the acquisition of Xinshengrong Subsidiaries has already been paid by Zhongsheng Dalian to Xinshengrong Vendors in July 2007, no further consideration was paid by Dalian Xinshengrong to Xinshengrong Vendors in respect of the transfer of Xinshengrong Subsidiaries, and Dalian Xinshengrong recorded an inter-group payable of RMB174 million to Zhongsheng Dalian for the consideration paid to Xinshengrong Vendors by Zhongsheng Dalian. Subsequently on 25 December 2007, we introduced Mr. Wang Xiangtong and Mr. Li Hanwei (both of whom had been the management of Xinshengrong Subsidiaries and were retained as members of the management team of Dalian Xinshengrong after the Xinshengrong acquisition) as the nominee shareholders of Dalian Xinshengrong in place of Mr. Lv Zhiyong and Mr. Lin, as both Mr. Wang Xiangtong and Mr. Li Hanwei possessed several years of relevant experience in the PRC automobile industry, and could further improve the businesses and operations of the Xinshengrong Subsidiaries. Our PRC legal advisers, King & Wood, have confirmed that such nominee arrangements were legal, valid and enforceable in the PRC.

On 8 January 2008, as part of our offshore reorganization, Super Charm agreed to acquire 100% of the equity interests in Dalian Xinshengrong from Mr. Wang Xiangtong and Mr. Li Hanwei pursuant to an equity transfer agreement for a consideration of RMB20 million which was fully financed by General Atlantic, whilst Mr. Wang Xiangtong and Mr. Li Hanwei continued to manage the business and operations of Xinshengrong Subsidiaries. Dalian Xinshengrong was then injected by its controlling shareholder into our Group as part of our offshore reorganization.

The consideration for the acquisition of Dalian Xinshengrong, which held 100% interest in Xinshengrong Subsidiaries, was agreed between the parties after arm's length negotiation by reference to the net asset value of Dalian Xinshengrong assessed by an independent valuer as at 30 September 2007. By the time of the acquisition of Dalian Xinshengrong by Super Charm in January 2008, Dalian Xinshengrong has already repaid RMB20 million to Zhongsheng Dalian and therefore, the outstanding loan became RMB154 million. The net asset value of Dalian Xinshengrong of RMB20 million was calculated by deducting the outstanding loan of RMB154 million from the fair value of Xinshengrong Subsidiaries of RMB174 million.

In relation to the entire Xinshengrong Acquisition as set out above, King & Wood have advised that only the acquisition of Dalian Xinshengrong by Super Charm on 8 January 2008 was subject to the provisions under the M&A Rules, which are generally applicable to acquisitions of PRC domestic enterprises by foreign investors, and we have obtained the relevant approval from MOFCOM. In particular, Super Charm has obtained the relevant approval from MOFCOM regarding Mr. Huang's interest in this acquisition.

Regarding the provisions under the M&A Rules governing "round-trip investment" ("返程投資") by PRC residents through offshore special purpose vehicles, King & Wood have advised that such provisions were not applicable to the acquisition of Dalian Xinshengrong by Super Charm as the latter was wholly owned and controlled by Mr. Huang and such acquisition was regarded as solely initiated and executed by Mr. Huang, a Hong Kong resident at the relevant time.

In light of the above, King & Wood have advised that Xinshengrong Acquisition was in compliance with the M&A Rules.

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In relation to the applicability of the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles (“**Notice**”) to Xinshengrong Acquisition, King & Wood have advised that the establishment of Dalian Xinshengrong and the acquisition of Xinshengrong Subsidiaries from Xinshengrong Vendors by Zhongsheng Dalian were not subject to the Notice as they were conducted by domestic entities. In respect of the acquisition of Dalian Xinshengrong by Super Charm in January 2008, the foreign invested entity involved, namely Super Charm, was wholly owned and controlled by Mr. Huang. Accordingly, Mr. Li’s offshore interests did not change as a result of the acquisition by Super Charm and on this basis, King & Wood have advised that the Xinshengrong Acquisition was not subject to the Notice.

King & Wood have further advised that neither the M&A Rules nor the Notice were applicable to Mr. Huang as he was a Hong Kong resident at the time of making the Xinshengrong Acquisition.

Dalian Yuzeng Acquisition

Dalian Yuzeng was an independent automobile dealership group operating four 4S dealerships (including one which was under construction) in China. As part of our Group’s strategy to expand our automobile-related business, our Group approached the original shareholders of Dalian Yuzeng, which are Independent Third Parties (“**Yuzeng Vendors**”), to propose an acquisition to further strengthen our Group’s operation in China.

Pursuant to a share purchase agreement entered into between our Group and the Yuzeng Vendors on 8 December 2008, we obtained control over Dalian Yuzeng on 1 January 2009. On 30 July 2009, the Yuzeng Vendors completed the transfer of 100% equity interests in Charming Elements, the shareholding company which held 100% equity interests in Olympia Well, which in turn held 100% equity interests in Dalian Yuzeng, to Joint Easygain. The consideration paid to the Yuzeng Vendors was RMB125 million, which were financed by General Atlantic pursuant to the Loan Agreement and the Investment Agreement. Such amount was agreed between the parties after taking into account a number of factors, including the goodwill attached to the brands, customer base, potential profitability and net asset value of Dalian Yuzeng.

Disposal of two subsidiaries

In July 2007, our Group disposed of its entire equity interests in two subsidiaries which were operating in Liaoning Province, Panjin Aotong Automobile Sales and Services Co., Ltd and Yingkou Zhongsheng Aotong Automobile Sales & Services Co., Ltd., which were engaged in new automobile sales and providing repair and maintenance services in Panjin City and Yingkou City respectively, to Dalian Yinghe Industry Co., Ltd., an Independent Third Party, for a consideration of RMB6 million each. The consideration was determined on an arm-length’s basis, taking into account various factors, including each party’s evaluation of the business, operations and profit-earning potential of the two companies. We disposed of these subsidiaries to focus our resources on our subsidiaries located in geographical areas with higher profitability and strategic benefits.

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Investment by General Atlantic

In order to finance the Three Acquisitions and to raise funds for our Group's long-term growth, and to benefit from General Atlantic's expertise in the areas of corporate governance and capital markets, on 2 February 2008, Elegance Extreme, Mr. Huang, Mr. Li, Light Yield, Vest Sun, Blue Natural, Joint Easygain, Aston Orient, Beverly Stars, General Atlantic and General Atlantic Partners (Bermuda), L.P. (acting as primary obligor to guarantee the payment obligations by General Atlantic under the Investment Agreement and the Loan Agreement) entered into an investment agreement (as amended on 12 June 2008, 8 September 2008 and 27 July 2009, the "**Investment Agreement**") and a loan agreement (as amended on 12 June 2008 and 27 July 2009, the "**Loan Agreement**").

Pursuant to the Investment Agreement and the Loan Agreement:

- (a) General Atlantic lent an aggregate amount of RMB437,532,131 to Beverly Stars, Aston Orient and Joint Easygain, all of which are wholly-owned by Mr. Huang, subject to certain terms and conditions;
- (b) upon the drawdown of three tranches of loans to Beverly Stars, Aston Orient and Joint Easygain, each of Beverly Stars, Aston Orient and Joint Easygain contributed its entire ownership in Well Snape, Bright Friends and Charming Elements, respectively, for common shares and preferred shares in Elegance Extreme and immediately transferred such preferred shares to General Atlantic as repayment for the relevant loan. At the same time, each of Beverly Stars, Aston Orient and Joint Easygain contributed the common shares they each held in Elegance Extreme to Blue Natural for common shares in Blue Natural, and immediately transferred all such common shares in Blue Natural to Light Yield. Each of three tranches of transactions above were completed on 30 June 2008, 28 August 2008 and 30 July 2009, respectively.
- (c) The proceeds of the loan of RMB387,532,131 to Beverly Stars were applied to acquire Zhongsheng Dalian for RMB200 million through Billion Great and the remaining amount of RMB187.5 million was made as cash payment to Mr. Huang in consideration for his ownership in our Group. The purchase price to acquire Zhongsheng Dalian is based on the asset appraisal value determined by the independent appraiser, and the consideration was determined on arm's length terms and was comparable to the market rates. The proceeds of the loan of RMB20 million to Aston Orient were applied to pay the cash consideration for acquiring Dalian Xinshengrong. The proceeds of the loan of RMB30 million to Joint Easygain were applied to pay part of the purchase price to the Yuzeng Vendors. The remaining purchase prices for acquiring Dalian Yuzeng were also financed by General Atlantic. All of these purchase prices were made in cash and wired transferred to the designated bank accounts of the selling shareholders.
- (d) on 30 June 2008, simultaneously with the completion of the first transfer of preferred shares as repayment for the first tranche of the loans to Beverly Stars, General Atlantic subscribed for, and Elegance Extreme issued to General Atlantic 147,793,135 preferred shares in consideration for RMB750,114,928 upon the terms and subject to the conditions set forth in the Investment Agreement.

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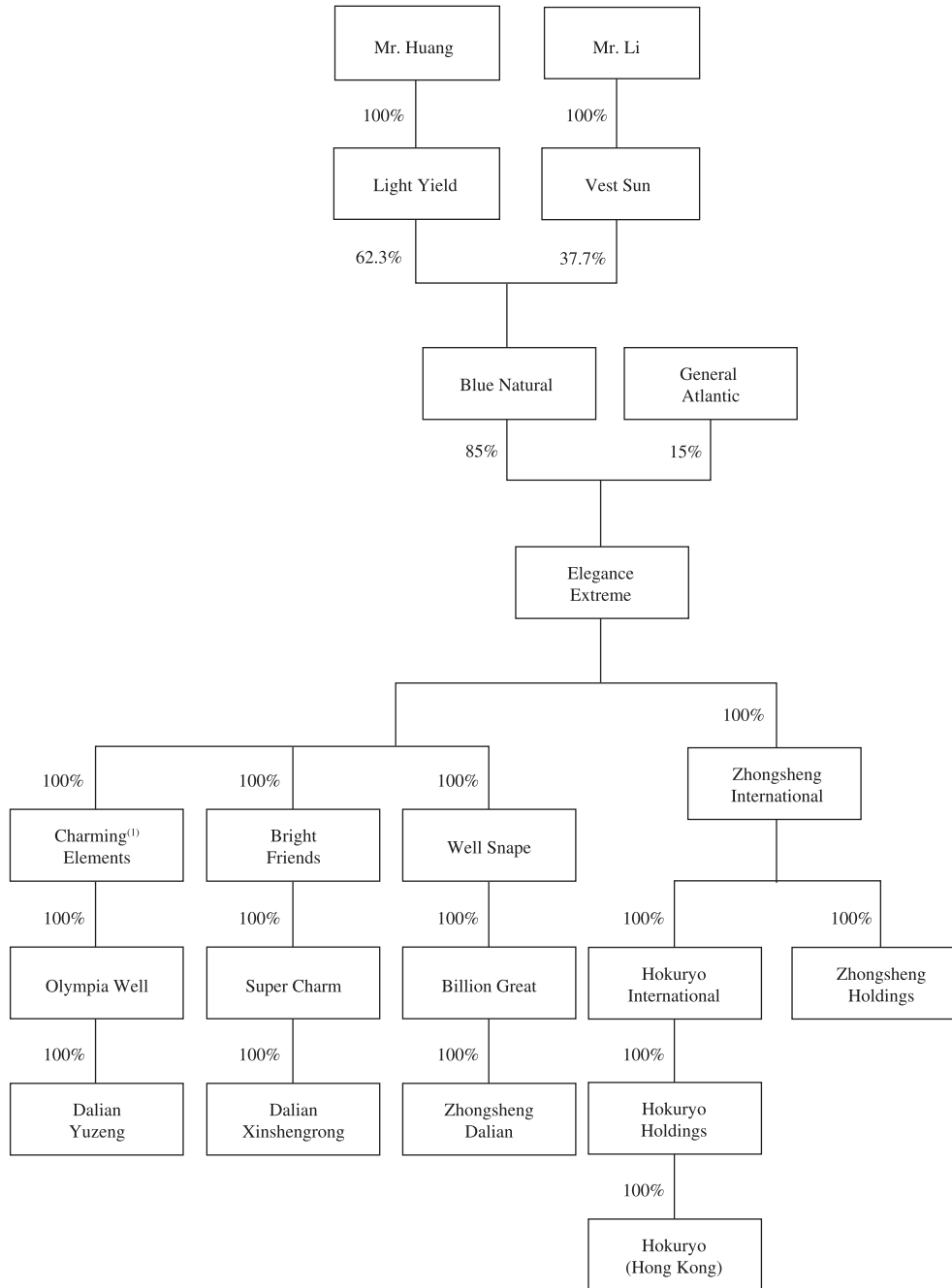
- (e) upon completion of repayment of three tranches of loans in the total amount of RMB437,532,131 pursuant to the Loan Agreement and completion of subscription of additional preferred shares in Elegance Extreme in the amount of RMB750,114,928 pursuant to the Investment Agreement as mentioned above, General Atlantic has received a total of 233,998,919 preferred shares in Elegance Extreme, of which 86,205,784 preferred shares were received as repayment of General Atlantic's loan and 147,793,135 preferred shares were received as General Atlantic's subscription, representing in aggregate 15% of the total issued shares of Elegance Extreme. No more preferred shares will be issued to General Atlantic.

Please see the sub-section entitled "General Atlantic and Terms of Its Investment" in this section of the prospectus for more information.

Upon completion of the Three Acquisitions, which were solely initiated and executed by Mr. Huang, Mr. Huang injected his interests in Billion Great, Super Charm and Olympia Well to our Group on the basis of respective net asset value of RMB387,532,131, RMB20,000,000 and RMB30,000,000 at the relevant time of injections. As a result of Mr. Huang's injection of his interests in Billion Great, Super Charm and Olympia Well to our Group, Mr. Huang's interests in Blue Natural was increased from 50% to 62.3%; whereas Mr. Li's interests in Blue Natural was correspondingly reduced from 50% to 37.7%. The following chart sets out the shareholding structure of various offshore entities immediately

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following completion of the Three Acquisitions and the subscription by General Atlantic of preferred shares in Elegance Extreme:



Note:

- (1) Charming Elements, the shareholding company which held 100% equity interests in Olympia Well, which in turn held 100% equity interests in Dalian Yuzeng, was originally owned by the Yuzeng Vendors. Following the completion of Dalian Yuzeng acquisition on 30 July 2009, the Yuzeng Vendors transferred 100% of their equity interest in Charming Elements to Joint Easygain, and Joint Easygain subsequently transferred the 100% of equity interest in Charming Elements to our Group (held through Elegance Extreme) as part of our offshore reorganization.

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Incorporation of Noble Villa and Share Exchange between Elegance Extreme and Our Company

Noble Villa was incorporated in the BVI on 23 July 2008 as a wholly-owned subsidiary of our Company. On 9 February 2010, Elegance Extreme, Noble Villa, Blue Natural, General Atlantic and our Company entered into a pre-IPO reorganization agreement (“**Pre-IPO Reorganization Agreement**”) pursuant to which Elegance Extreme transferred all of its shares in Bright Friends, Well Snape, Charming Elements and Zhongsheng International to Noble Villa in exchange for an issue of Shares in our Company.

The Blue Natural Agreement

Mr. Huang and Mr. Li wished to continue to exercise equal control over our Group through their interests in Blue Natural, a company owned by Light Yield and Vest Sun. Each of Light Yield and Vest Sun is a BVI intermediate holding company wholly-owned by Mr. Huang and Mr. Li, respectively. Notwithstanding the dilution of Mr. Li’s interest in our Group as a result of the Reorganization, as well as the dilution resulting from the investment by General Atlantic, Mr. Huang and Mr. Li entered into a shareholders agreement on 31 December 2007 (“**Blue Natural Agreement**”).

The Blue Natural Agreement has effectively replaced the Tripartite Agreement, which is not required to be endorsed by Ms. Huang Ping as Ms. Huang only held the equity interests on behalf of Mr. Huang. Pursuant to the Blue Natural Agreement, Mr. Huang and Mr. Li agreed that in order to consolidate their equal control in a manner of acting in concert over Blue Natural and our Group, (a) they would continue to exercise all operating and investment decisions in concert; (b) they would only exercise their respective voting rights in shareholders’ meetings of Blue Natural with the mutual agreement of both Mr. Huang and Mr. Li; and (c) they would make all operating and strategic decisions in respect of our Company with the mutual agreement of both Mr. Huang and Mr. Li. Mr. Huang and Mr. Li further agreed in the Blue Natural Agreement that (a) all shareholders’ resolutions of Blue Natural require the unanimous consent of both Mr. Huang and Mr. Li; (b) Blue Natural shall only have two directors and Mr. Li shall not be removed as a director of Blue Natural without his consent; and (c) all corporate actions of Blue Natural shall be made by the unanimous consent of all members of the board of directors of Blue Natural, i.e. Mr. Huang and Mr. Li, who are acting in concert. Pursuant to the Blue Natural Agreement, Mr. Huang and Mr. Li continue to act in concert in operating the automobile-related business.

To date, Mr. Huang and Mr. Li have not experienced any deadlock in decision-making. It is unlikely that deadlock will occur between Mr. Huang and Mr. Li, or that our Group will be in limbo.

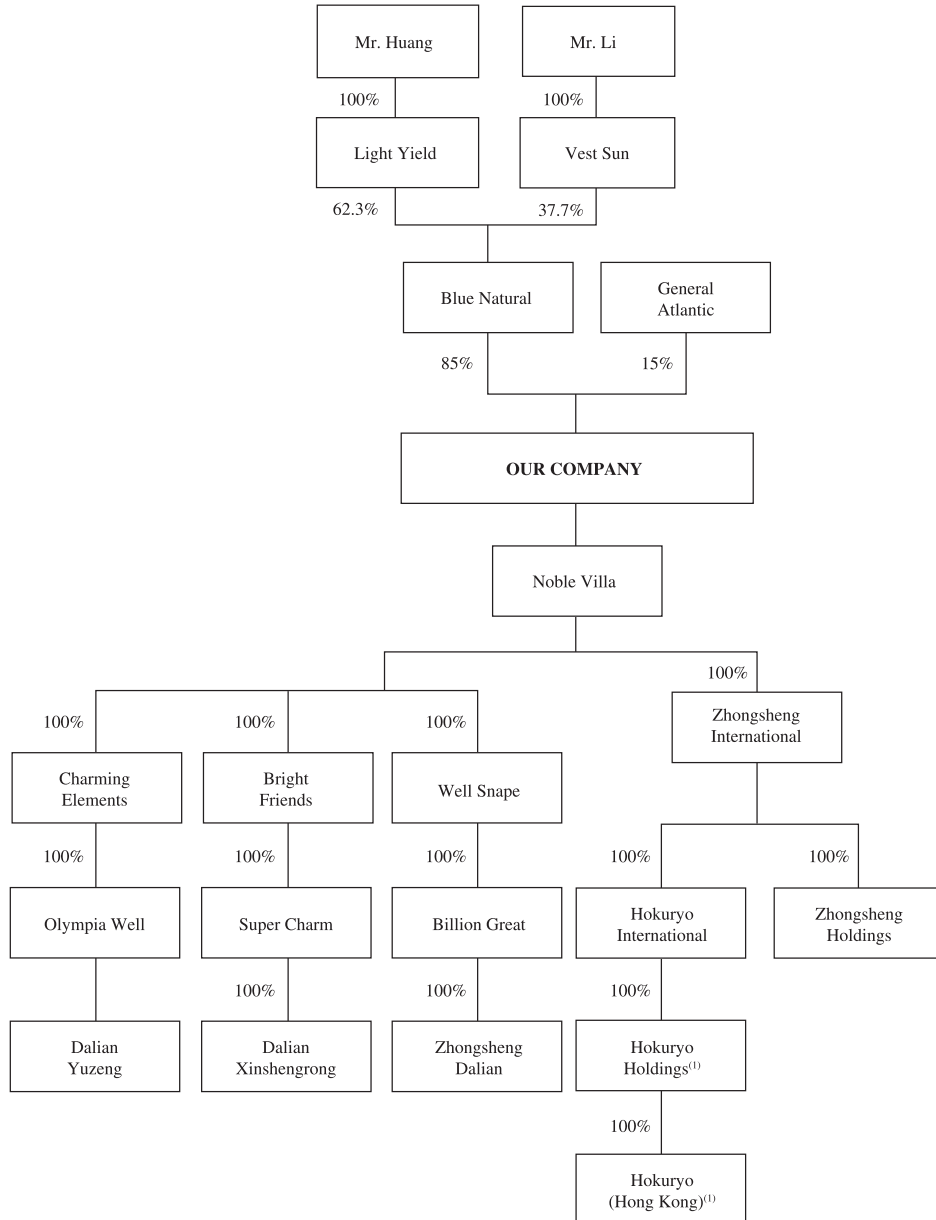
PRE-LISTING REORGANIZATION

In anticipation of and for the purpose of the listing of our Shares on the Hong Kong Stock Exchange, our Group underwent a pre-listing reorganization. On 9 February 2010, Elegance Extreme, Noble Villa, Blue Natural, General Atlantic and our Company entered into the Pre-IPO Reorganization Agreement, pursuant to which, Elegance Extreme first transferred all of its shares in Bright Friends, Well Snape, Charming Elements and Zhongsheng International to Noble Villa in exchange for an issue of 1,559,892,795 Shares in our Company (“**Share Swap I**”). After the completion of Share Swap I, Elegance Extreme held a total of 1,559,992,795 Shares in our Company. The Share Swap I was completed on 22 February 2010. General Atlantic will then convert all the preferred shares it held in Elegance Extreme to the common shares in Elegance Extreme, Elegance Extreme will then repurchase

OUR HISTORY AND REORGANIZATION

all of its issued common shares from Blue Natural (with the exception of 85 common shares) and General Atlantic (with the exception of 15 common shares), respectively, and as consideration, Elegance Extreme will transfer 85% and 15% of our Shares held by it to Blue Natural and General Atlantic, respectively (“**Share Swap II**”). The Share Swap II will be completed immediately prior to the completion of the Global Offering.

The following chart sets out the offshore shareholding structure of our Group immediately following completion of the share exchange as described above and immediately prior to the completion of the Global Offering:



Note:

(1) Hokuryo International, Hokuryo Holdings, Hokuryo (Hong Kong) and Zhongsheng Holdings are holding companies.

OUR HISTORY AND REORGANIZATION

GENERAL ATLANTIC AND TERMS OF ITS INVESTMENT

General Atlantic is an investment entity in the General Atlantic private equity group, a leading global growth equity firm providing capital and strategic support for growth companies. Founded in the U.S. in 1980, the General Atlantic private equity group currently has approximately US\$14 billion in capital under management, investing between US\$50 million and US\$500 million as minority or majority investors in private and public companies. It operates through eight offices in the Americas, Europe, Greater China and India with portfolio companies spanning six continents and over 12 countries. Since its first investment in Asia in 1999, the General Atlantic private equity group has invested over US\$500 million in China in various industries. Its investments include Lenovo Group Limited (HKEx Stock Code: 992) and Wuxi PharmaTech (Cayman) Inc. (NYSE Stock Code: WX). Our Group's primary rationale for accepting loans from General Atlantic and the placement of preferred shares in Elegance Extreme to General Atlantic were to finance the Three Acquisitions, raise funds for our Group's long-term growth, and benefit from General Atlantic's expertise in the areas of corporate governance and capital markets.

The major terms and conditions of General Atlantic's investment include:

- *Loans.* General Atlantic agreed to lend an aggregate amount of RMB437,532,131 to Beverly Stars, Aston Orient and Joint Easygain to fund the Three Acquisitions, subject to certain terms and conditions, among which, RMB387,532,131 was drawn by Beverly Stars on 30 June 2008, RMB20 million was drawn by Aston Orient on 28 August 2008, and RMB30 million was drawn by Joint Easygain on 30 July 2009, respectively;

Upon drawdown of the three loans, (i) Beverly Stars contributed its entire ownership in Well Snape to Elegance Extreme; (ii) Aston Orient contributed its entire ownership in Bright Friends to Elegance Extreme; and (iii) Joint Easygain contributed its entire ownership in Charming Elements to Elegance Extreme. In consideration, Beverly Stars, Aston Orient and Joint Easygain received an aggregate of 325,993,876 common shares and 86,205,784 preferred shares in Elegance Extreme and immediately transferred all preferred shares to General Atlantic as repayment for the relevant loan. As at the date of this prospectus, all the relevant loans have been settled by transferring the preferred shares to General Atlantic. At the same time that the preferred shares were transferred to General Atlantic, each of Beverly Stars, Aston Orient and Joint Easygain contributed the common shares they each held in Elegance Extreme to Blue Natural for common shares in Blue Natural, and immediately transferred all such common shares in Blue Natural to Light Yield.

The number of preferred shares transferred to General Atlantic was calculated based on an estimated price per share of RMB5.0754, which is the effective investment cost based on arms-length negotiation between General Atlantic and our Group, after taking in account a number of factors, including the net asset value, goodwill, our Group's competitiveness and potential profitability. Upon Listing, if the price per Share of General Atlantic's investment is greater than the Offer Price, General Atlantic is entitled to receive from Blue Natural, for no consideration, such number of Shares on or prior to the Listing Date to the effect that the price per Share for the investment in our Group held by General Atlantic is equal to the Offer Price. Such share transfer will not occur given that the lower end the Offer Price range is above RMB5.0754 per Share.

OUR HISTORY AND REORGANIZATION

- *Subscription for preferred shares in Elegance Extreme.* On 30 June 2008, simultaneously with the completion of the first transfer of preferred shares in Elegance Extreme to General Atlantic as repayment for the first tranche of the loans, Elegance Extreme issued to General Atlantic 147,793,135 preferred shares for a consideration of RMB750,114,928.

The number of preferred shares issued to General Atlantic was based on an estimated price per share of RMB5.0754.

In addition to the Investment Agreement and the Loan Agreement, the following agreements were also entered into:

- *Share charges*, namely a series of share charges entered into by Mr. Huang and/or his wholly-owned offshore companies in favour of General Atlantic on 30 June 2008 and 30 July 2009 to secure the borrowers' obligations under the Loan Agreement. The charged shares include all issued and outstanding ordinary shares of Joint Easygain, Aston Orient, Beverly Stars, Light Yield, Bright Friends, Well Snape, Super Charm, Billion Great, Charming Elements and Olympia Well, and 50% of the issued and outstanding ordinary shares of Blue Natural. All share charges were terminated upon full repayment of the loans in accordance with the Loan Agreement.
- *Guaranty deeds*, namely the guaranty deeds dated 30 June 2008 and 30 July 2009 pursuant to which each of the share charges described above guaranteed the borrowers' obligations under the Loan Agreement. All guaranty deeds were terminated upon full repayment of the loans in accordance with the Loan Agreement.
- *Shareholders agreement* by and among Mr. Huang Yi, Mr. Li Guoqiang, General Atlantic and Elegance Extreme on 30 June 2008, effective on 30 June 2008, and as amended ("**Shareholders Agreement**"). General Atlantic is entitled to the following rights pursuant to the Shareholders Agreement:

- *Right to Board Representation*

For so long as General Atlantic or its affiliates hold not less than 3% of the total issued share capital of our Company on a fully diluted basis, our Board shall include one individual designated by General Atlantic, who shall have the right to serve on each committee of our Board.

- *Veto Rights*

For so long as General Atlantic or its affiliates hold not less than 3% of the total issued share capital of our Company on a fully diluted basis, neither our Company nor any of our subsidiaries may take certain actions without the unanimous prior consent of our Board, including:

- issue or redeem any share capital or other equity securities, or make any other change to the share capital;

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- make any significant investment or capital expenditure, sell or dispose of any asset or business outside the annual budget of the applicable year;
- pass any resolution for the winding up or dissolution of our Company or any other company of our Group or undertake any merger, reconstruction or liquidation exercise concerning our Company or any other company of our Group;
- incur significant indebtedness or enter into new business;
- make amendments to constitutional documents of our Company or any other company of our Group;
- make any distribution exceeding 30% of the net profits of the relevant company of our Group. Our Company has agreed not to make any distribution of profits prior to 1 January 2010 so long as General Atlantic holds not less than 3% of the total issued share capital of our Company;
- appoint or change auditors of our Company; and
- settle material litigation, or commence any other dispute resolution procedures.

- *Information Rights*

General Atlantic is entitled to receive periodic financial statements of our Company.

- *Anti-dilution rights in the Global Offering*

We undertook under the Shareholders Agreement that, to the extent permitted by the applicable law and the Listing Rules, General Atlantic has the right to purchase, at their option, at the Offer Price per Share, up to the number of Shares that will enable General Atlantic to maintain, in the aggregate, their percentage ownership interest in our Company immediately prior to the completion of the Global Offering, i.e, 15% interest in our Company (“**Anti-Dilution Right**”).

Rule 10.04 of the Listing Rules provides that an existing shareholder may only subscribe for or purchase securities if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. In addition, paragraph 5(2) of Appendix 6 to the Listing Rules provides, *inter alia*, that no allocations will be permitted to existing shareholders of the Company unless the conditions in Rules 10.03 and 10.04 of the Listing Rules are met and unless prior written consent of the Hong Kong Stock Exchange has been obtained. An application has been made to the Hong Kong Stock Exchange to grant, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 10.04 of the Listing Rules and paragraph 5(2) of Appendix 6 to the Listing Rules in connection with the exercise by General Atlantic of its Anti-Dilution Right.

OUR HISTORY AND REORGANIZATION

General Atlantic has confirmed to the Company that it intends to partially exercise the Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares of our Company at the final Offer Price rounded down to the nearest board lot. General Atlantic has undertaken to each of the Joint Bookrunners that it shall not and shall procure that the relevant registered holder(s) of the Shares (i) in respect of which are currently owned by General Atlantic, (ii) in respect of which General Atlantic is otherwise shown by this prospectus to be the beneficial owner, (iii) which may be subscribed by General Atlantic under the Global Offering, if any, and (iv) in respect of which General Atlantic will subscribe pursuant to its partial exercise of the Anti-Dilution Right (collectively, “GA Shares”) shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the requirements of the Listing Rules, at any time during the First Six-month Period, *inter alia*, dispose of the GA Shares. Please refer to the section entitled “Underwriting” in this prospectus for details of the non-disposal undertaking by General Atlantic. The completion date for the new Shares to be subscribed by General Atlantic pursuant to its partial exercise of the Anti-Dilution Right will be the same date as the completion of the Global Offering. The Shares to be issued to General Atlantic will rank *pari passu* in all respects with all other Shares in issue or to be issued as mentioned in this prospectus.

Based on the Offer Price of HK\$9.54 (being the lower end of the estimated Offer Price range) and 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, General Atlantic’s shareholding in our Company following completion of the Global Offering will be approximately 13.63% (before any exercise of the Over-allotment Option) and 13.32% (assuming full exercise of the Over-allotment Option). Based on the Offer Price of HK\$12.83 (being the higher end of the estimated Offer Price range) and 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, General Atlantic’s shareholding in our Company following the completion of the Global Offering will be approximately 13.38% (before any exercise of the Over-allotment Option) and 13.08% (assuming full exercise of the Over-allotment Option).

We will disclose in the announcement of the Offer Price (expected to be published on Thursday, 25 March 2010) the number of Shares to be issued to General Atlantic pursuant to its partial exercise of the Anti-Dilution Right and the shareholding structure of the Company (in tabular form), showing the effect of the partial exercise of the Anti-Dilution Right (before and after full exercise of the Over-allotment Option).

The Shareholders Agreement, including the rights of General Atlantic set out above, will terminate upon Listing (if not terminated earlier) except for the following provisions:

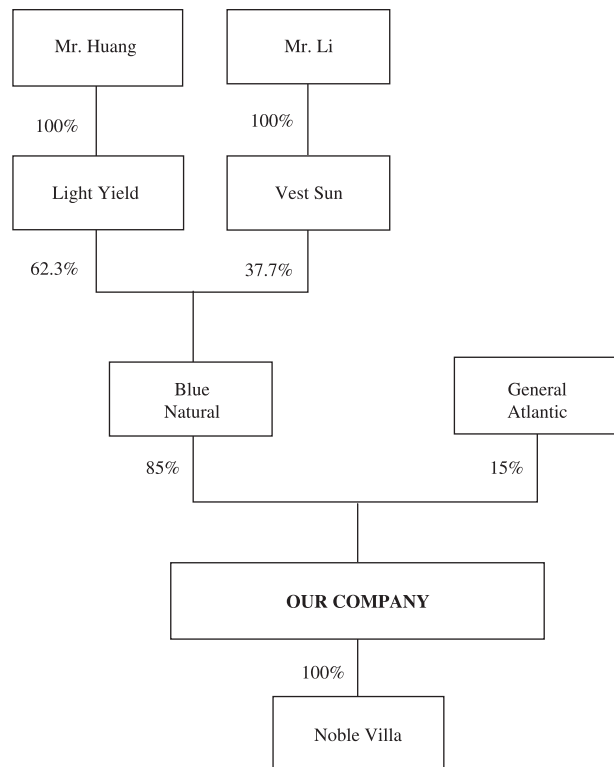
- *Non-competition undertaking*
 - Mr. Huang, Mr. Li, Light Yield, Vest Sun and Blue Natural agree not to, among other things, directly or indirectly (i) engage in any business that competes with the business of our Group in the PRC; (ii) be employed by or render any services to, any person engaged in any business that competes with the business of our Group in any geographical area in which our Group does business; (iii) acquire a financial interest in any person engaged in any business that competes with the business of our Group in any geographical area in which our Group operates; or (iv) solicit the business of our Group or a customer or a client of our Group.
 - Mr. Huang, Mr. Li, Light Yield, Vest Sun and Blue Natural agree that our Company will be the exclusive vehicle to hold their automobile-related businesses.

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- Each of Mr. Huang, Mr. Li, Light Yield, Vest Sun, Blue Natural and General Atlantic covenants not to transfer or dispose of any Shares in our Company or any securities convertible into Shares of our Company for a period of 180 days beginning from the Listing Date.
- The non-competition undertaking will survive for two years after the termination of the Shareholders Agreement, which will occur upon the earliest of (a) the Listing Date, (b) the consummation of a sale transaction (as defined in the Shareholders Agreement, which means in a single transaction or series of related transactions, any business combination or a voluntary sale of voting securities by Mr. Li and/or Mr. Huang, upon completion of which, Mr. Li and Mr. Huang, collectively, do not, directly or indirectly, own a majority of the voting securities in our Company, or a sale of all or substantially all of the assets of our Company), and (c) the tenth anniversary of the date of the Shareholders Agreement.
- An amended and restated memorandum and articles of association of Elegance Extreme adopted by the shareholders of Elegance Extreme on 30 June 2008 and became effective from 2 July 2008 (as amended) to reflect, among other things, (i) the agreements reached in the Shareholders Agreement; and (ii) the terms of preferred shares in Elegance Extreme issued/transferred to General Atlantic.

GROUP STRUCTURE

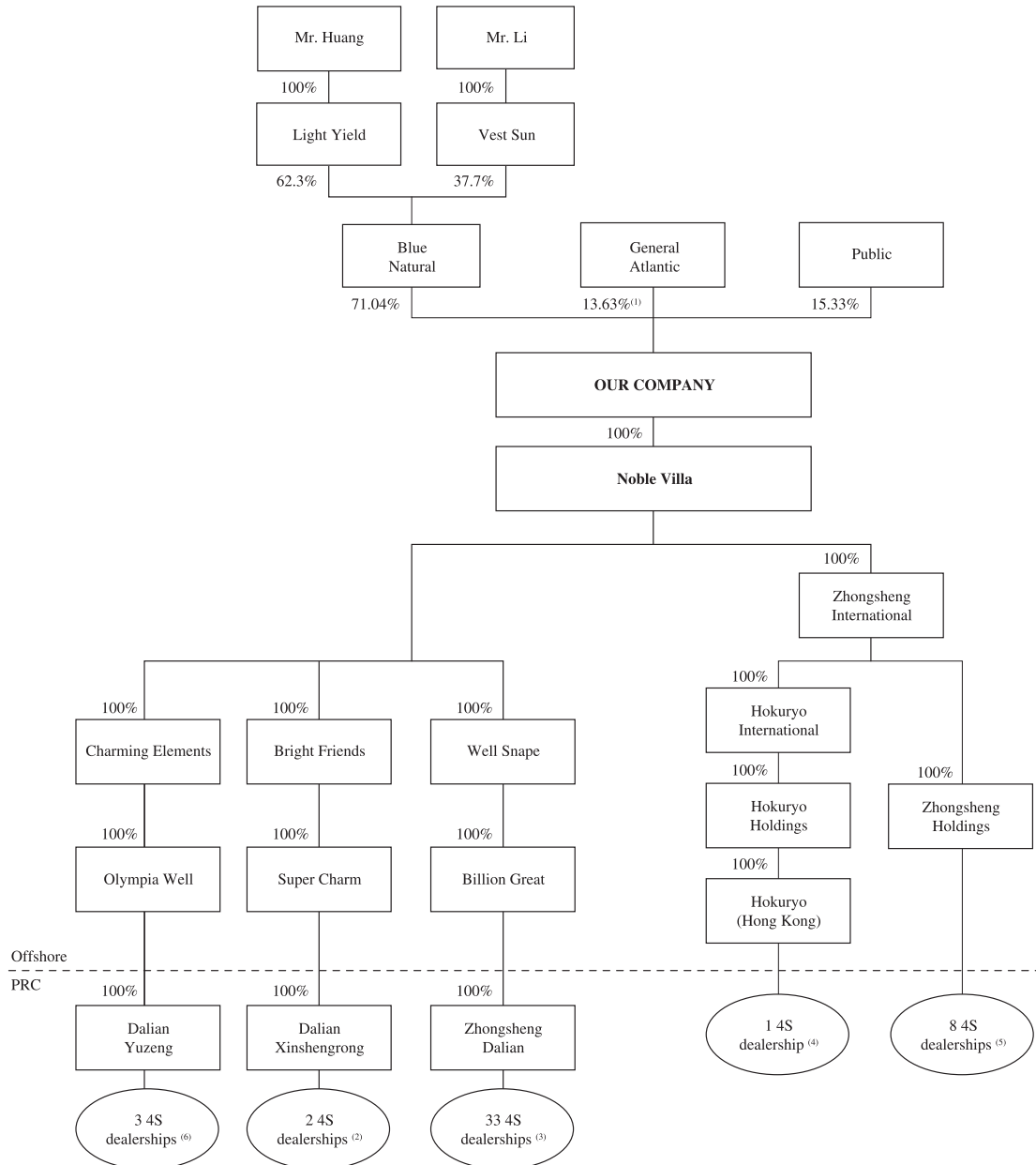
Set forth below is our shareholding structure after completion of the pre-listing reorganization and immediately prior to the completion of the Global Offering:



OUR HISTORY AND REORGANIZATION

THE GLOBAL OFFERING

Set forth below is our shareholding structure immediately after 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 while assuming the final Offer Price of HK\$9.54 (being the lower end of the estimated Offer Price range) and assuming the Over-allotment Option is not exercised):



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Notes:

- (1) Assuming the final Offer Price of HK\$12.83 (being the higher end of the estimated Offer Price range), the shareholdings in our Company to be held by Blue Natural, General Atlantic and the public shareholders will be 71.25%, 13.38% and 15.37%, respectively, assuming the Over-allotment Option is not exercised. Please see page 111 of this prospectus for further details regarding the Anti-Dilution Right.
- (2) Majority interests in the following companies operating two 4S dealerships: (1) Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd.; and (2) Dalian Xinshengrong Automobile Sales & Services Co., Ltd.
- (3) Majority interests in the following companies operating 32 4S dealerships: (1) Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd.; (2) Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (3) Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. and minority interest in Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. is held by Zhongsheng Holdings Company Limited. Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. and Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. jointly operate a 4S dealership; (4) Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. and minority interest in Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd.. The majority interest in Dalian Zhongsheng Nissan Automobile Sales & Services Co. is held by Zhongsheng Holdings Company Limited. Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. and Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. jointly operate a 4S dealership; (5) Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (6) Kunming Zhongsheng Automobile Sales & Services Co., Ltd.; (7) Dalian Zhongsheng Star Automobile Sales & Services Co., Ltd.; (8) Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; (9) Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.; (10) Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; (11) Dalian Zhongsheng Automobile Sales & Services Co., Ltd.; (12) Dalian Autong Dongfeng Honda Automobile Sales & Services Co., Ltd.; (13) Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (14) Chengdu Zhongdaocheng Toyota Automobile Sales & Services Co., Ltd.; (15) Nanjing Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd.; (16) Dalian Zhongsheng Hongda Automobile Sales & Services Co., Ltd. (formerly known as Dalian Xinshengrong Trading Co., Ltd.); (17) Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd.; (18) Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd.; (19) Yantai Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (20) Changchun Chengbang Commerce & Trade Co., Ltd.; (21) Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd.; (22) Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd.; (23) Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd.; (24) Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd.; (25) Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.; (26) Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd.; (27) Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd.; (28) Shaoxing Huixin Automobile Sales & Services Co., Ltd.; (29) Shaoxing Zhongxin Automobile Sales Co., Ltd.; (30) Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd.; (31) Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd.; and (32) Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; as well as a 50% interest in Xiamen Zhongsheng Toyota Automobile Sales and Services Co., Ltd. which operates a 4S dealership.
- (4) Majority interest in Dalian Zhongsheng Dongfeng Honda Automobile Sales and Services Co., Ltd, which operates a 4S dealership.
- (5) Majority interests in the following companies operating eight 4S dealerships: (1) Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (2) Guangzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; (3) Nanjing Zhongsheng Toyota Automobile Services Co., Ltd.; (4) Guangzhou Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (5) Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd.; (6) Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd.; (7) Dongguan Zhongsheng Lexus Automobile Sales & Services Co., Ltd.; and (8) Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd.
- (6) Majority interests in the following companies operating three 4S dealerships: (1) Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd.; (2) Dalian Yude Toyota Automobile Sales & Services Co., Ltd.; and (3) Yingkou Huasheng Automobile Sales & Services Co., Ltd.
- (7) English names are for reference only.

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Additionally, set forth below are the shareholding structures of the companies comprising our Group that operate 4S dealerships as of 31 December 2009:

Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
1. Dalian Xinshengrong Toyota Automobile Sales & Services Co., Ltd. (大連新盛榮豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A
2. Dalian Xinshengrong Automobile Sales & Services Co., Ltd. (大連新盛榮汽車銷售服務有限公司)	Dalian	Audi	Automobile sales and services	100%	N/A
3. Dalian Zhongsheng Huidi Automobile Sales & Services Co., Ltd. (大連中升匯迪汽車銷售服務有限公司)	Dalian	Audi	Automobile sales and services	100%	N/A
4. Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (昆明中升豐田汽車銷售服務有限公司)	Kunming	FAW-Toyota	Automobile sales and services	100% ⁽²⁾	N/A
5. Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. (福州中升豐田汽車銷售有限公司)	Fuzhou	FAW-Toyota	Automobile sales	100%	N/A
6. Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. (福州中升豐田汽車服務有限公司)	Fuzhou	FAW-Toyota	Automobile services	100%	N/A
7. Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (大連中升奧通汽車銷售有限公司)	Dalian	Nissan	Automobile sales	100%	N/A
8. Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. (大連中升日產汽車銷售服務有限公司)	Dalian	Nissan	Automobile services	100%	N/A

OUR HISTORY AND REORGANIZATION

Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
9. Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (上海中升豐田汽車銷售服務有限公司)	Shanghai	FAW-Toyota	Automobile sales and services	100% ⁽³⁾	N/A
10. Kunming Zhongsheng Automobile Sales & Services Co., Ltd. (昆明中升汽車銷售服務有限公司)	Kunming	GZ-Toyota	Automobile sales and services	100% ⁽⁴⁾	N/A
11. Dalian Zhongsheng Star Automobile Sales & Services Co., Ltd. (大連中升之星汽車銷售服務有限公司)	Dalian	Mercedes-Benz	Automobile sales and services	100%	N/A
12. Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (雲南中升雷克薩斯汽車銷售服務有限公司)	Kunming	Lexus	Automobile sales and services	100% ⁽⁵⁾	N/A
13. Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. (玉溪中升東本汽車銷售服務有限公司)	Yuxi	DF-Honda	Automobile sales and services	70% ⁽⁶⁾	Mr. He Mingzhong (何明忠), a PRC natural person and a connected person of our Company, owns 30% of the equity interest of Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd.
14. Fuzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (福州中升雷克薩斯汽車銷售服務有限公司)	Fuzhou	Lexus	Automobile sales and services	100%	N/A
15. Dalian Zhongsheng Automobile Sales & Services Co., Ltd. (大連中升汽車銷售服務有限公司)	Dalian	GZ-Toyota	Automobile sales and services	100%	N/A
16. Dalian Aotong Dongfeng Honda Automobile Sales & Services Co., Ltd. (大連奧通東本汽車銷售服務有限公司)	Dalian	DF-Honda	Automobile sales and services	100%	N/A

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Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
17. Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (曲靖中升豐田汽車銷售服務有限公司)	Qujing	FAW-Toyota	Automobile sales and services	100% ⁽⁷⁾	N/A
18. Chengdu Zhongdao Cheng Toyota Automobile Sales & Services Co., Ltd. (成都中道成豐田汽車銷售服務有限公司)	Chengdu	FAW-Toyota	Automobile sales and services	90%	Mr. Tu Bin (塗彬), a PRC natural person and a connected person of our Company, owns 10% of the equity interest of Chengdu Zhongdao Cheng Toyota Automobile Sales & Services Co., Ltd.
19. Nanjing Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd. (南京中升迎賓豐田汽車銷售服務有限公司)	Nanjing	FAW-Toyota	Automobile sales and services	100%	N/A
20. Dalian Zhongsheng Hongda Automobile Sales & Services Co., Ltd. (大連中升宏達汽車銷售服務有限公司)	Dalian	GZ-Honda	Automobile sales and services	100%	N/A
21. Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. (大連中升搏通汽車銷售服務有限公司)	Dalian	Nissan	Automobile sales and services	100%	N/A
22. Yunnan Zhongsheng Guangfu Automobile Sales & Services Co., Ltd. (雲南中升廣福汽車銷售服務有限公司)	Kunming	Nissan	Automobile sales and services	100%	N/A
23. Yantai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (煙台中升豐田汽車銷售服務有限公司)	Yantai	FAW-Toyota	Automobile sales and services	100%	N/A
24. Changchun Chengbang Commerce & Trade Co., Ltd. (長春市成邦商貿有限公司)	Changchun	FAW-Toyota	Automobile sales and services	100%	N/A

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Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
25. Qingdao Zhongsheng Zhitong Automobile Sales & Services Co., Ltd. (青島中升智通汽車銷售服務有限公司)	Qingdao	Nissan	Automobile sales and services	100%	N/A
26. Qingdao Zhongsheng Botong Automobile Sales & Services Co., Ltd. (青島中升博通汽車銷售服務有限公司)	Qingdao	Nissan	Automobile sales and services	100%	N/A
27. Qingdao Zhongsheng Qingtong Automobile Sales & Services Co., Ltd. (青島中升慶通汽車銷售服務有限公司)	Qingdao	Nissan	Automobile sales and services	100%	N/A
28. Yantai Zhongsheng Huidi Automobile Sales & Services Co., Ltd. (煙台中升匯迪汽車銷售服務有限公司)	Yantai	Audi	Automobile sales and services	100%	N/A
29. Yantai Zhongsheng Shangtong Automobile Sales & Services Co., Ltd. (煙台中升上通汽車銷售服務有限公司)	Yantai	GM	Automobile sales and services	100%	N/A
30. Yantai Zhongsheng Huamei Automobile Sales & Services Co., Ltd. (煙台中昇華美汽車銷售服務有限公司)	Yantai	GM	Automobile sales and services	100%	N/A
31. Longkou Zhongsheng Shangtong Automobile Sales & Services Co., Ltd. (龍口中升上通汽車銷售服務有限公司)	Longkou	GM	Automobile sales and services	100%	N/A
32. Shaoxing Huixin Automobile Sales & Services Co., Ltd. (紹興市匯鑫汽車銷售服務有限公司)	Shaoxing	GZ-Honda	Automobile sales and services	100%	N/A
33. Shaoxing Zhongxin Automobile Sales Co., Ltd. (紹興市中鑫汽車銷售有限公司)	Shaoxing	DF-Honda	Automobile sales and services	100%	N/A

OUR HISTORY AND REORGANIZATION

Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
34. Liaoning Zhongsheng Jietong Automobile Sales & Services Co., Ltd. (遼寧中升捷通汽車銷售服務有限公司)	Shenyang	Nissan	Automobile sales and services	100%	N/A
35. Harbin Tiansi Toyota Automobile Sales & Services Co., Ltd. (哈爾濱天已豐田汽車銷售服務有限公司)	Harbin	FAW-Toyota	Automobile sales and services	100%	N/A
36. Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (大連中升凌志汽車銷售服務有限公司)	Dalian	Lexus	Automobile sales and services	100%	N/A
37. Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廈門中升豐田汽車銷售服務有限公司)	Xiamen	FAW-Toyota	Automobile sales and services	50%	Xiamen International Trade Group Motors Co., Ltd. (廈門國貿汽車股份有限公司), a PRC company mainly engaged in new automobile trade and sales, used automobile sales and automobile accessories sales, owns 50% of the equity interest of Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. Xiamen International Trade Group Motors Co., Ltd. is an Independent Third Party of our Company.
38. Dalian Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. (大連中升東本汽車銷售服務有限公司)	Dalian	DF-Honda	Automobile sales and services	100%	N/A
39. Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (大連中升豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A

OUR HISTORY AND REORGANIZATION

Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
40. Guangzhou Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (廣州中升凌志汽車銷售服務有限公司)	Guangzhou	Lexus	Automobile sales and services	100%	N/A
41. Nanjing Zhongsheng Toyota Automobile Services Co., Ltd. (南京中升豐田汽車服務有限公司)	Nanjing	FAW-Toyota	Automobile sales and services	60%	Jiangsu Kenry Automobile Trading Co., Ltd. (江蘇肯瑞汽車貿易有限公司), a PRC company mainly engaged in automobile sales and services as well as a connected person of our Company, owns 40% of the equity interest of Nanjing Zhongsheng Toyota Automobile Services Co., Ltd.
42. Guangzhou Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廣州中升豐田汽車銷售服務有限公司)	Guangzhou	FAW-Toyota	Automobile sales and services	100%	N/A
43. Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. (深圳中升豐田汽車服務有限公司)	Shenzhen	FAW-Toyota	Automobile sales and services	60%	Shenzhen Chengfengda Industry Development Co., Ltd. (深圳誠峰達實業發展有限公司), a PRC company mainly engaged in domestic commerce, imports and exports business, and automobile sales (excluding sedans), owns 25% of the equity interest of Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. Mr. Zhang Honglei (張鴻雷), a PRC natural person, owns 15% of the equity interest of Shenzhen Zhongsheng Toyota Automobile Services Co., Ltd. Both of Shenzhen Chengfengda Industry Development Co., Ltd. and Mr. Zhang Honglei are connected persons of our Company.

OUR HISTORY AND REORGANIZATION

Names of Companies that operate 4S Dealerships ⁽¹⁾	Places of business and operation	Automobile brands of 4S dealerships	Principal business and operations	Equity interests owned by our Group in the companies	Identities and background information of the minority shareholder(s) (if applicable)
44. Dalian Yingbin Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (大連迎賓中升豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A
45. Dongguan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. (東莞中升雷克薩斯汽車銷售服務有限公司)	Dongguan	Lexus	Automobile sales and services	100%	N/A
46. Shenzhen Zhongsheng Yingbin Toyota Automobile Sales & Services Co., Ltd. (深圳中升迎賓豐田汽車銷售服務有限公司)	Shenzhen	FAW-Toyota	Automobile sales and services	100%	N/A
47. Zhuji Yufeng Toyota Automobile Sales & Services Co., Ltd. (諸暨裕豐豐田汽車銷售服務有限公司)	Zhuji	FAW-Toyota	Automobile sales and services	100%	N/A
48. Dalian Yude Toyota Automobile Sales & Services Co., Ltd. (大連裕德豐田汽車銷售服務有限公司)	Dalian	FAW-Toyota	Automobile sales and services	100%	N/A
49. Yingkou Huasheng Automobile Sales & Services Co., Ltd. (營口華盛汽車銷售服務有限公司)	Yingkou	Audi	Automobile sales and services	100%	N/A

Notes:

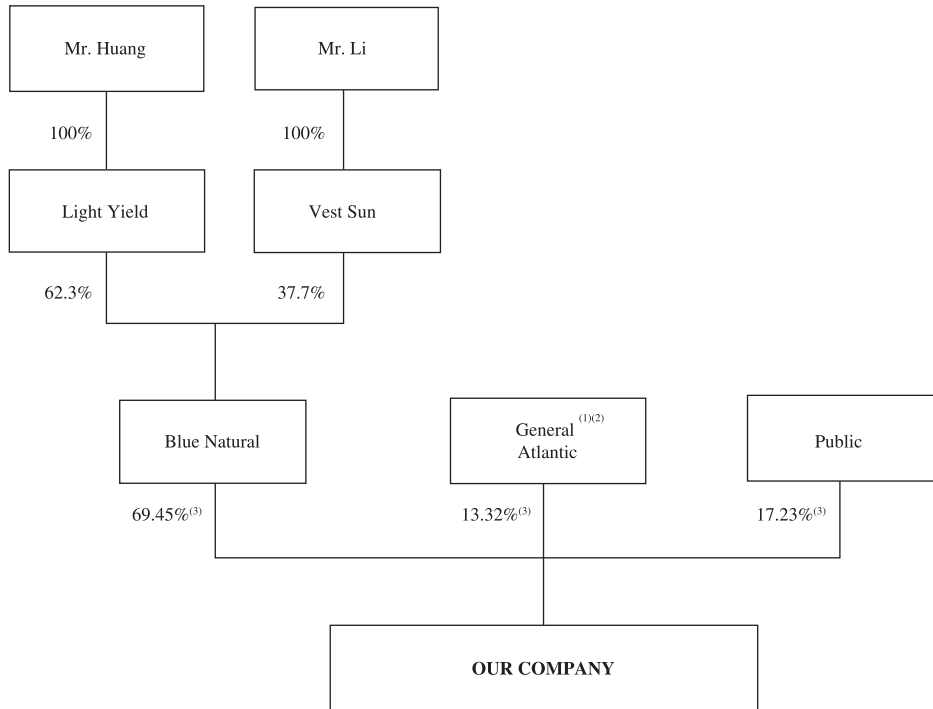
- (1) Each 4S dealership is operated by one company, except for the 4S dealership operated by Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd. (福州中升豐田汽車銷售有限公司) and Fuzhou Zhongsheng Toyota Automobile Services Co., Ltd. (福州中升豐田汽車服務有限公司) as well as the 4S dealership operated by Dalian Zhongsheng Aotong Automobile Sales Co., Ltd. (大連中升奧通汽車銷售有限公司) and Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. (大連中升日產汽車銷售服務有限公司), which are jointly operated.
- (2) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Kunming Zhongsheng Toyota Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

OUR HISTORY AND REORGANIZATION

- (3) 100% of the equity interest of Shanghai Zhongsheng Toyota Automobile Sales & Services Co., Ltd. is directly held by Shanghai Guoxin Automobile Sales Co., Ltd. (上海國信汽車銷售有限公司) Mr. Yu Guangming (俞光明), a PRC natural person and our executive Director, has entered into an equity transfer agreement to transfer 20% of the equity interest of Shanghai Guoxin Automobile Sales Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.
- (4) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Kunming Zhongsheng Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.
- (5) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Yunnan Zhongsheng Lexus Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.
- (6) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 7% of the equity interest of Yuxi Zhongsheng Dongfeng Honda Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.
- (7) Ms. Wang Hongbo (王紅波), a PRC natural person, has entered into an equity transfer agreement to transfer 10% of the equity interest of Qujing Zhongsheng Toyota Automobile Sales & Services Co., Ltd. to our Group, the application for the modification of registration with the competent administration for industry and commerce of which was still being processed as at the Latest Practicable Date.

OUR HISTORY AND REORGANIZATION

Set forth below is our shareholding structure immediately after 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 while assuming the final Offer Price of HK\$9.54 (being the lower end of the estimated Offer Price range) and the Over-allotment Option is exercised in full):



Notes:

- (1) According to the Shareholders Agreement, General Atlantic covenanted not to transfer or dispose of any Shares in our Company or any securities convertible into Shares of our Company for a period of 180 days beginning from the Listing Date.
- (2) As General Atlantic owns more than 10% of the share capital of the Company, it will be regarded as a connected person of our Company pursuant to the Listing Rules and accordingly, for so long as General Atlantic remains as our connected person, the Shares held by it will not be public shares.
- (3) Assuming the final Offer Price of HK\$12.83 (being the higher end of the estimated Offer Price range), the shareholdings in our Company to be held by Blue Natural, General Atlantic and the public shareholders immediately after completion of the Global Offering will be 69.64%, 13.08% and 17.28%, respectively, assuming full exercise of the Over-allotment Option. Please see page 111 of this prospectus for further details regarding the Anti-Dilution Right.