An investment in our Shares involves various risks. Before investing in our Company, you should carefully consider all of the information set forth in this prospectus and in particular the specific risks set out below. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations and financial condition or the trading price of our Shares and cause you to lose your investment. You should pay particular attention to the fact that we conduct our operations in the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other countries.

RISKS RELATING TO OUR BUSINESS

Our business and operations depend on, and are subject to restrictions imposed by, our dealership authorization agreements with our automobile manufacturer partners. If one or more of these agreements is terminated or not renewed, or if our business dealings with any automobile manufacturer are otherwise reduced, our business, results of operations and prospects could be adversely affected.

Our right to operate authorized 4S dealership stores, our supply of automobiles and spare parts and other important aspects of our business and operations are governed by our dealership authorization agreements with automobile manufacturers. Our dealership authorization agreements generally have terms of one to three years with the option of renewal. The automobile manufacturers also have the right to terminate our dealership authorization agreements with written notice for specified reasons, including failure to abide by the agreements, unapproved business relationships with other automobile manufacturers and unapproved changes to our ownership or management structure that would affect our ability to meet contractual obligations. There can be no assurance that our dealership authorization agreements will be renewed on a timely basis, on commercially acceptable terms, or at all. Our discussions with automobile manufacturers to renew a dealership agreement usually start around a month before its expiration date, and we have not commenced discussions with the relevant automobile manufacturers for the renewal of the 13 dealership authorization agreements expiring by the end of 2011. Moreover, an automobile manufacturer may decide to limit the number of new dealership stores they allow us to open in the future for reasons unrelated to us, such as a change in their business strategy, or otherwise. If any of the foregoing events occur, our business, results of operations and growth prospects may be materially and adversely affected.

The operations of our dealership stores are subject to various restrictions under our dealership authorization agreements including, among other things:

- specifying the location of the relevant dealership store;
- selling only their brands of automobile at the relevant store;
- requiring us to make full payment for our automobile inventory prior to shipment and take ownership and assume risk for the automobiles either upon shipment or upon delivery;
- providing designated services such as vehicle maintenance and provision of spare parts;

- requiring us to adhere to the automobile manufacturers' design guidelines for the dealership stores; and

- requiring us to observe the automobile manufacturers' sales policies.

The restrictions imposed by, and significant influence of, automobile manufacturers on our business could limit our ability to timely respond to changes in the market or our business, which could in turn adversely affect our business and results of operations.

Our business and operations are subject to restrictions imposed by automobile manufacturers, and we depend on their cooperation in many different aspects of our operations. If our relationship with any automobile manufacturer were to deteriorate, our business, results of operations and growth could be negatively affected.

Our dealership authorization agreements subject our business and operations to various restrictions, including geographical limitations on where we can conduct sales and pricing guidelines set by automobile manufacturers for their products and related services provided by us. Any increase in the level of regulation or restrictions by our automobile manufacturer partners on our business and operations may limit our ability to respond to changes in market trends and adversely affect our business and results of operations. In addition, we depend on the cooperation of our automobile manufacturer partners in different aspects of our operations. If our relationship with any automobile manufacturer were to deteriorate, our business, results of operations and growth could be materially and negatively affected.

Incentive rebates. Our profits from the sales of automobiles and spare parts depend on the incentive rebates fixed by our automobile manufacturer partners. If one or more of our automobile manufacturer partners reduces the amount of our incentive rebates, or imposes more onerous conditions or performance targets for the payment of such incentive rebates, our profits and results of operations will be materially and adversely affected.

Product pricing. We also depend on automobile manufacturers to adopt successful pricing policies that allow us to compete effectively for customers while maintaining profitability. If automobile manufacturers raise their pricing guidelines for their products, it may have a negative impact on customer demand for their automobiles and therefore our sales. Failure to comply with a manufacturer's recommended retail pricing guidelines may constitute a breach of the relevant dealership authorization agreement, which would entitle such manufacturer to terminate the agreement or to seek damages or other remedies against us.

Supply of automobile and parts. We rely exclusively on our automobile manufacturer partners for the supply of automobiles and spare parts that we sell. Any event or development that adversely affects their ability to manufacture and deliver their products to us, such as component shortages, labor unrest or natural disasters, may also have a material adverse effect on us. We also depend on our automobile manufacturer partners to anticipate changes in market trends and consumer tastes and demand and develop attractive automobile models for our markets. If any automobile model launched by any of our automobile manufacturer partners is not well received by the market, or if the popularity of any of their existing automobile models declines, our sales volumes, revenues and profitability could decrease.

Sales and marketing. We depend on the cooperation of our automobile manufacturer partners for our sales and marketing efforts. Our sales of automobiles are affected by the manufacturers' promotional offers to customers, such as complimentary products or services and product warranties. Our advertising and promotional materials are subject to their approval. Sales of automobiles at our dealership stores are also indirectly affected by the marketing efforts of automobile manufacturers to enhance their brand awareness and brand image in the PRC. If any automobile manufacturer were to reduce the scale of its marketing efforts, or adopt an unsuccessful marketing strategy or campaign, our sales volumes, revenues and profitability could be negatively affected.

We depend on our BMW brand dealership stores and our dealership arrangements with our other major automobile manufacturer partners for a significant portion of our revenues.

We operated two, six, nine and 11 BMW 4S dealership stores as of December 31, 2008, 2009, 2010 and June 30, 2011, respectively. In addition, we opened a BMW authorized repair center in 2010. Revenues derived from these BMW dealership stores and the repair center were RMB1,680.6 million, RMB2,958.2 million, RMB5,075.4 million and RMB3,403.9 million in 2008, 2009, 2010 and the six months ended June 30, 2011, respectively, accounting for 45.4%, 57.3%, 65.8% and 65.0% of our total revenue for the relevant period. Since July 1, 2011, we have commenced operation at a new BMW dealership store, and as of the Latest Practicable Date, we had received BMW's authorizations, conditional approvals and non-binding letters of intent to establish four additional BMW 4S dealership store and showrooms by the end of 2011 and another six BMW 4S dealership stores and a repair center in 2012. The majority of the new dealership stores which we opened during the Track Record Period were BMW brand stores and we expect our BMW dealership stores to continue to account for a significant portion of our revenues in the near future. Like all automobile dealerships, our ability to negotiate with automobile manufacturers is limited. If BMW decides to terminate, not to renew, or to limit or reduce its dealership arrangements with us, or to add or amend any terms or conditions in a way that would be adverse to us, or if market demand for BMW automobile diminishes, our results of operations, financial condition and growth prospects may be materially and adversely affected. If we fail to maintain our business relationship with BMW, we will seek to expand our existing collaboration with, and pursue new dealership authorizations from, other automobile manufacturers, including new business partners. We cannot assure you that we will be able to replace BMW on a timely basis or at all, or that any other automobile manufacturers that we collaborate with will generate customer demand and business at the same level as BMW. In 2008, 2009, 2010 and the six months ended June 30, 2011, purchases from our top five automobile manufacturer partners (including BMW) accounted for approximately 82.9%, 88.2%, 91.4% and 93.6% of our total purchases, respectively, and purchases from BMW, our largest supplier during the Track Record Period, accounted for approximately 23.0%, 35.5%, 46.9% and 47.7%, respectively, of our total purchases. If any of our other top five suppliers decides to terminate, not to renew, or to limit or reduce its dealership arrangements with us, or to add or amend any terms or conditions in a way that would be adverse to us, our results of operations, financial condition and growth prospects may be materially and adversely affected.

Our status as a foreign enterprise could complicate our efforts to make acquisitions or expand our dealership network in the PRC.

The M&A Rules established procedures and requirements that could make certain acquisitions of PRC companies by foreign entities, such as us, more time-consuming and complex, particularly in some instances where the approval of MOFCOM is required for transactions involving the shares of an offshore listed company being used as the acquisition consideration by foreign entities. In the future, we may acquire complementary businesses as part of our growth strategy. Complying with the requirements of the M&A Rules for such transactions could be time-consuming and difficult, and any required approval processes, including obtaining approval from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

There is legal uncertainty over whether the PRC has abolished the limitation that automobile dealership groups with over 30 dealership stores (including 4S dealership stores and showrooms) are not permitted to have foreign investment in excess of 49% (“30 Dealership Limitation”). Although the PRC is under WTO obligations to abolish the so-called 30 Dealership Limitation by December 11, 2006 and NDRC, MOFCOM and SAIC provide the same under each of the Automobile Sales Measures, the Measures for the Administration on Foreign Investment in Commercial Sector and the 2004 Edition of the Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄), the limitation was not removed from the 2007 Edition of the Catalogue of Industries for Guiding Foreign Investment promulgated by the NDRC and MOFCOM. However, according to the draft Catalogue of Industries for Guiding Foreign Investment released by NDRC and MOFCOM on April 2, 2011 for public comments, the limitation has been removed.

We operated 28 4S dealership stores as of September 30, 2011, and all of our dealership stores have obtained the requisite approvals from MOFCOM or its local counterparts. We plan to establish and acquire additional dealership stores in the future. As of the Latest Practicable Date, we had received manufacturers’ authorizations, conditional approvals and non-binding letters of intent to establish another 14 luxury and ultra-luxury brand 4S dealership stores, showrooms and repair center, and we have obtained the relevant approvals from the relevant local branches of SAIC to establish the legal entities for eight of these planned stores. We have not made any contingency plans or taken any remedial actions with regard to the 30 Dealership Limitation.

If MOFCOM or its local counterparts elect to enforce the 30 Dealership Limitation and do not approve our establishment or acquisitions of additional dealership stores (including 4S dealership stores and showrooms) in the future, we will not be able to implement our growth strategy and expand our network. In that case, we would only be able to operate our existing dealership stores that have already been approved by MOFCOM or its local counterparts and develop our business by increasing the productivity and profitability of these dealership stores, and our growth prospects and results of operations would be materially and adversely affected.

A substantial majority of our existing stores are located in Shanghai, Jiangsu and Zhejiang.

As of September 30, 2011, we operated 13 4S dealership stores and three other types of stores in Shanghai, seven stores in Jiangsu and five stores in Zhejiang. In 2010, approximately 50.9% of our revenues were derived from our stores in Shanghai, approximately 17.7% from our stores in Jiangsu and approximately 22.4% from our stores in Zhejiang. In the six months ended June 30, 2011, approximately 48.0% of our revenues were derived from our stores in Shanghai, approximately 19.1% from our stores in Jiangsu and approximately 20.5% from our stores in Zhejiang. We expect our stores in each of these areas to continue to account for significant percentages of our revenues and profits in the foreseeable future. As a result of the geographical concentration of our network in these areas, any negative event or development that affects any of these areas or their local automobile markets, such as any downturn in their local economies, electricity shortage, natural disaster or outbreak of a contagious disease, may have a particularly significant impact on us, and our results of operations could be materially and adversely affected.

We have experienced significant growth over the Track Record Period and we may not sustain similar growth rates or financial performance in the future. We have recorded, and may continue to record, negative operating cashflows due to our rapid expansion.

We have experienced significant growth over the Track Record Period. Our revenues increased from RMB3,701.3 million in 2008 to RMB5,164.7 million in 2009 and RMB7,716.6 million in 2010, representing a CAGR of 44.4%, and grew by 54.3% from RMB3,392.7 million for the six months ended June 30, 2010 to RMB5,233.3 million for the same period of 2011. As of September 30, 2011, eight out of our 28 4S dealership stores had been operating for less than a year. Newly-established dealership stores require time to ramp up their operations and there is no assurance that our newer dealership stores will achieve their expected business and financial performance levels within an acceptable time frame or at all. We may experience delays in commencing all or part of the operations of a new store due to construction delays, delays in obtaining requisite governmental approvals and other reasons. Our future success and growth, and the performance of our new and future dealership stores, depend on many factors beyond our control, including the macroeconomic conditions in the PRC, consumer demand for our brands, the willingness of automobile manufacturers to grant us additional dealership authorizations, our automobile purchase costs, the terms of our dealership arrangements, availability and costs of land and labor in markets in which we seek to expand and availability of financing. We cannot assure you that we will achieve similar growth rates or maintain our current revenue and profit levels in future periods. In addition, we cannot assure you that the automobile industry in China in general, or the sales of luxury and ultra-luxury automobiles specifically, will sustain similar growth rates. See "Industry Overview—The PRC Passenger Vehicle Market—Luxury and ultra-luxury passenger vehicles outpaced the growth of the overall market" for the forecasted growth for mid-to-upper market, luxury and ultra-luxury passenger vehicles sales in China, and for our categorization of luxury, ultra-luxury, mid-to-upper and low end passenger vehicles. You should not rely on our results of operations for any prior period as an indication of our future financial or operating performance.

We experienced operating cash outflows in 2009, 2010 and the six months ended June 30, 2011 mainly due to increases in our automobile purchases in anticipation of our sales for future periods and to stock our rapidly expanding store network, including newer stores that had not fully ramped up their sales. Such increased automobile purchases resulted in turn in significant increases in our prepayments to automobile manufacturers and automobile inventories, which had a negative impact on our operating cashflows, in the current period. Our negative operating cashflow increased from the year ended 2009 to the six months ended June 30, 2011 due to our accelerated pace of opening new dealership stores, and we are likely to continue to have negative operating cashflow in the foreseeable future due to (1) the fact that a significant percentage (nine out of 26 as of June 30, 2011) of our dealership stores commenced operation within the past 24 months and are still in the process of ramping up their automobile sales and after-sales businesses, and (2) our continued network expansion plans. We operated 28 4S dealership stores (including a jointly-controlled entity) as of September 30, 2011. As of the Latest Practicable Date, we had received authorizations, conditional approvals and non-binding letters of intent to establish another 14 luxury and ultra-luxury brand 4S dealership stores, showrooms and repair center. We may continue to experience significant operating cash outflows in the future as a result of our continuing expansion. If we continue to record negative operating cashflows in the future, our working capital may be constrained which may materially and adversely affect our business, growth, results of operations and financial condition.

We recorded net current liabilities as of June 30, 2011 and we cannot assure you that we will not have net current liabilities in the future.

We had a net current liabilities position of RMB382.1 million as of June 30, 2011, representing a decrease of RMB1,049.7 million from our net current assets of RMB667.6 million as of December 31, 2010. This change was primarily due to a significant increase in our amounts due to related parties and increases in our trade and bills payables, bank loans and other borrowings, and other payables and accruals. Our amounts due to related parties and dividends payable increased due to dividends declared but not paid to our existing shareholders in an aggregate amount of RMB453.3 million and the acquisition by Suzhou Baoxin of the 3% equity interests in Shanghai Baoxin from the existing shareholders, Huakong Innovation and Huakong Industry, in an aggregate amount of RMB550 million. For details of the acquisition, please refer to "Our History and Reorganization—Reorganization—Onshore Acquisition". We will make the dividend payment to shareholders before the Listing Date by using our internal resources. Our trade and bills payables and bank loans and other borrowings increased due to increased automobile purchase volumes, which was attributable both to increased sales at our existing stores and to the new stores which we opened during the second half of 2010 and the first half of 2011. The increase in other payables and accruals is mainly attributable to payables incurred for the purchase of land use rights and increased advances from customers, both of which are attributable to the new 4S dealership stores which we opened during the first half of 2011. During the Track Record Period, other than the net current liabilities position as of June 30, 2011 as disclosed above, we have not experienced any net current liabilities positions. We will settle all amounts due to our related parties prior to the Listing, other than an aggregate amount of RMB550 million due to Huakong Industry and Huakong Innovation as the consideration to purchase the aggregate equity interest of 3% in Shanghai Baoxin, which amount will be settled after the completion of our Global Offering. We plan to consummate this purchase within two weeks of the Listing Date. Please see section headed "Future Plans and Use of Proceeds" for details. However, there can be no assurance that we will not record a net current liabilities position in the future due to other reasons, including the risk factors disclosed in this prospectus under the section headed "Risk Factors". If we have net current liabilities in the future, our working capital may be constrained and we may be forced to seek additional external financing, which may not be available at commercially reasonable terms or at all. Any such development could materially and adversely affect our business, results of operations and financial condition.

Implementing our expansion plan may expose us to certain risks.

Our growth strategy includes the organic establishment or acquisition of third party dealerships in the PRC. There are uncertainties and risks associated with our expansion plan, including whether we will be able to:

- obtain sufficient funding for our expansion;
- obtain authorizations for new dealership stores or enter into acquisition agreements to acquire other dealerships;

- obtain necessary licenses, permits and approvals from relevant PRC Government authorities on a timely basis;
- secure premises for new dealership stores in desirable locations;
- recruit, train and retain sufficient qualified personnel; and
- commence and ramp up the operations of new dealership stores to achieve our targeted profitability within expected time frames.

In particular, any future acquisition of a third party dealership would entail additional risks, including:

- the loss of key employees or customers of the acquired entity;
- incorrect valuation of the acquired entities, or undiscovered or unanticipated liabilities related to the acquired entities;
- failure to effectively integrate the acquired entity into our existing network;
- our ability to maintain the acquired entities' existing relationships with automobile manufacturers; and
- a prolonged diversion of our management time and attention from our existing business and operations.

Should any or all of the risks in relation to our expansion plan eventuate, or if we fail to realize anticipated benefits or synergies from any acquisition, our business, results of operations, financial condition and growth prospects could be materially and adversely affected.

Our business and financial performance depend on our ability to manage our inventory effectively.

Our business and financial performance depend on our ability to maintain a reasonable level of inventory of automobiles, spare parts and automobile accessories at our dealership stores. If we overstock inventory, we may be required to increase our working capital and incur additional financing costs. If we understock inventory, we may not be able to satisfy demand of our customers, which may cause us to forgo revenue and adversely affect our reputation.

We may not be able to obtain adequate financing on commercially reasonable terms on a timely basis or at all. Any future equity may dilute your interest in our Company, and any debt financing may contain covenants that restrict our business or operations.

We require significant working capital to purchase the automobiles and spare parts inventory required by our dealership stores. In addition, we require capital to establish and, to the extent applicable, acquire new dealership groups, refurbish and maintain our 4S existing dealership stores, procure land use rights, and upgrade our information technology systems. We expect our funding needs to increase as our inventory level and prepayments for automobiles increase due to the addition of new stores and as we upgrade and refurbish our existing stores.

Historically, we have generally relied on bank loans and other external financing as well as cash generated from our operations 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 and the geographical regions where we operate. There can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans, nor can we assure you that we will be able to obtain bank loans and other external financing on a commercially reasonable, timely basis or at all. If we are unable to obtain financing in a timely manner, at a reasonable cost, on commercially reasonable terms or at all, our business and operations may suffer and the implementation of our expansion plans may be delayed.

To meet our future funding needs, we may issue additional equity securities or securities convertible into our ordinary shares, issue debt securities or obtain credit facilities. Any future sale by us of our equity securities or securities convertible into our equity securities would dilute our Shareholders' interests. The incurrence of additional debt would also result in increased debt servicing obligations and may also result in restrictive covenants limiting our shareholding structure, business and/or operations.

We depend on key individuals of our senior management team and our ability to attract, train, motivate and retain an adequate number of skilled personnel.

Our success is, to a significant extent, attributable to the leadership of our senior management team, in particular, our chairman and executive director Mr. Yang Aihua and our executive directors Mr. Yang Hansong and Mr. Yang Zehua. If for any reason the services of any of these individuals were to become unavailable, and we were unable to find any suitable replacement on a timely basis, our business, operations and prospects may be adversely affected.

We also depend on our ability to attract, train, motivate and retain an adequate number of skilled personnel, including our dealership store managers, customer service and sales personnel and automotive engineers and technicians, for the performance and continued success of our business. Due to the strong growth in the PRC economy and the PRC automobile industry, competition for such personnel is increasingly intense. There is 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 services or appropriately staff new dealership stores. Our business, operations and growth plans may be materially and adversely affected if we fail to attract and retain the skilled personnel we need.

We have not yet obtained valid titles or rights to use certain properties or 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 we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, may result in our having to relocate operations therefrom 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 on us to obtain or maintain relevant Title Certificates for the properties that we occupy.

The properties occupied by our Group primarily comprise 4S dealership stores, warehouses and ancillary buildings. As of the Latest Practicable Date, we did not have valid titles or rights to certain properties that we leased. Please see the "Our Business—Properties" section in this prospectus for further details.

Properties we lease

As of the Latest Practicable Date, we leased 42 properties with an aggregate GFA of approximately 82,240.2 square meters for the building portion and an aggregate site area of approximately 166,254.3 square meters for the land portion, among which:

- For three properties with an aggregate GFA of approximately 11,299.0 square meters, accounting for 13.7% of the aggregate GFA of our leased buildings and an aggregate site area of approximately 800.0 square meters, accounting for 0.5% of the aggregate site area of our leased land, on which we operated three 4S dealership stores as of the Latest Practicable Date, the landlords had not obtained the relevant Title Certificates. These properties are located in Wuxi, Jiangsu province, Dandong, Liaoning province and Shanghai respectively.

- For three properties with an aggregate GFA of approximately 412.0 square meters, accounting for 0.5% of the aggregate GFA of our leased buildings and an aggregate site area of approximately 23,550.0 square meters, accounting for 14.2% of the aggregate site area of our leased land, we operated four 4S dealership stores and one repair center on such land as of the Latest Practicable Date, which was not in compliance with its designated usage. Two of these properties are located in Shanghai and the other property is located in Qingdao, Shandong province. According to PRC laws, rules and regulations, the State implements a land usage management system, and designated land usages shall be strictly complied with by relevant entities and individuals. Our PRC legal advisors, Jingtian & Gongcheng, are of the view that the lease agreement in connection with the land may be invalidated if it is challenged for the usage non-compliance. As such, our business and operations on the land may be adversely affected.

- Four properties with an aggregate GFA of approximately 10,643.0 square meters, accounting for 12.9% of the aggregate GFA of our leased buildings, and an aggregate site area of approximately 30,761.0 square meters, accounting for 18.5% of the aggregate site area of our leased land, 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. We operated four 4S dealership stores on these properties as of the Latest Practicable Date. Three of these properties are located in the Minhang District of Shanghai and the other property is located in the Xiaoshan District of Hangzhou, Zhejiang province. Hangzhou Urban Planning Bureau Xiaoshan Branch (杭州市規劃局蕭山規劃分局) and Shanghai Minhang District Planning and Land Administration (上海市閔行區規劃和土地管理局) have confirmed that we can operate our stores on these properties. Our PRC legal advisors, Jingtian & Gongcheng, are of the view that both authorities are competent authorities to make such confirmations, and our ability to use these four properties will not be adversely affected.

The aggregate amounts of revenues generated for the three years ended December 31, 2010 and the six months ended June 30, 2011 from the 11 4S dealership stores and one repair center located on the properties we lease with defects in title are set out as follows:

	For the year ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
Revenue (RMB'000)	1,533,475	2,159,525	3,330,729	2,011,954
Percentage of total revenue (%)	41.4%	41.8%	43.2%	38.4%

The aggregate amounts of revenues generated for the three years ended December 31, 2010 and the six months ended June 30, 2011 from the four 4S dealership stores located on the four properties for which we have obtained confirmation from the relevant government authorities with respect to our operating of dealership stores thereon are set out as follows:

	For the year ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
Revenue (RMB'000)	983,360	1,536,528	2,295,519	1,366,631
Percentage of total revenue (%)	26.6%	29.8%	29.7%	26.1%

If any of our leases were terminated as a result of challenges from third parties or not renewed by our landlords upon expiration, we may need to seek alternative premises and incur relocation costs. Any such relocation could disrupt our operations and adversely affect our results of operations and financial position. Based on information currently available to us, we estimate that the total cost and expenses for relocating our businesses which are located on properties with defective titles should not exceed RMB10 million, and the relocation of a 4S dealership store will generally require two to three weeks.

Any automobile recall could have a negative impact on our results of operations, financial condition and growth prospects.

Our automobile manufacturer partners have conducted recalls of their automobiles from time to time in the past as a result of defects or other problems with their products. See "Our Business—After-sales Services—Automobile Recalls." We have been advised by Jingtian & Gongcheng, our PRC legal advisors, that we are not liable under PRC laws and regulations for product defects of automobile manufacturers and, under our existing dealership arrangements, we will be compensated by automobile manufacturers for the repair services undertaken by us in connection with any automobile recall. However, automobile recalls may have a material adverse effect on customers' confidence in the quality and safety of the affected automobile brands and the reputation and image of the relevant automobile manufacturers for a period of time, which could in turn reduce demand for particular automobile brands or models offered by us. Any future automobile recall by our automobile manufacturer partners could have a negative impact on our sales which could adversely affect our results of operations, financial condition and growth prospects.

Our insurance coverage may be inadequate to protect us from certain types of losses.

We carry insurance covering risks including loss and theft of and damage to our properties such as our fixed assets and inventories in our 4S dealership stores, and losses due to fire, flood and a broad range of other natural disasters excluding earthquakes. We do not carry liability insurance that extends coverage to all potential liabilities that may arise in the ordinary course of our business, neither do we maintain any insurance coverage for business interruption due to the limited coverage of any business interruption insurance in the PRC. Significant uninsured damage to any of our properties, inventories or other assets, whether as a result of fire or other causes, could have a material and adverse effect on our results of operations and financial condition.

We depend on our information technology systems.

We depend on a reliable information technology, or IT, system to manage various aspects of our business. We are in the process of implementing a centralized enterprise resource planning, or ERP, system, and intend to roll out additional IT upgrades over the next 12 months. As our centralized ERP system is relatively new, we may experience problems in its implementation that cause temporary disruptions to our operations. As we implement future upgrades, we may also encounter software and hardware failures that disrupt our operations. Any failure of our information technology system and/or loss of data could have a material adverse effect on our business and operations.

Our business is subject to seasonal fluctuation.

We experience seasonal fluctuations in our business and results of operations. Automobile sales are generally slower in the first half of each year due to store closures during major holidays in China, including the Spring Festival holidays in January or February and the Labour Day holidays in May. As a result, comparisons of our sales and results of operations between different semiannual periods within a single fiscal year or in different fiscal years are not necessarily meaningful and should not be relied as indicators of our performance for any future fiscal period.

RISKS RELATING TO OUR INDUSTRY

Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile dealership industry.

The PRC automobile dealership industry is competitive. Market practice allows the automobile manufacturers to grant non-exclusive dealership rights in the same geographical area. As a result, in many of our markets we compete with dealerships that offer competing brands of automobiles as well as dealerships that sell the same brands and models as we do. Our business is also affected by competition among automobile manufacturers in terms of quality, design and price. We also compete with independent repair shops and auto parts retail centers in after-sales services and spare part sales. We believe that dealership stores in the PRC compete for customers on the level of customer services, inventory of automobiles, capabilities of sales personnel, management personnel, automotive engineers and technicians and on the prices of their automobiles. Increased competition among automobile manufacturers and dealerships in the PRC automobile industry could impact our market share and result in a decrease in our revenues and profits and adversely affect our growth prospects. Any changes in the regulation of the automobile dealership industry could allow new market participants to enter the dealership business, which may intensify competition and adversely affect our business and results of operations.

The global economy is facing significant risks from the ongoing economic crisis in various developed countries, which may adversely affect the PRC economy and our business and results of operations.

Recent global market and economic conditions, including the ongoing credit crisis in Europe, the adverse economic conditions and outlook in the United States and heightened market volatility in major stock markets, have been unprecedented and challenging. Persistent concerns regarding a potentially long-term and widespread recession, geopolitical issues, the availability and cost of credit and consumer spending in major economies have contributed to reduced consumer confidence and spending and diminished expectations for economic growth around the world. The PRC economy relies significantly on its exports and any significant economic downturn, in particular a prolonged recession in Europe, the United States or other major economies, could have a material adverse effect on the PRC economy.

We derive all of our revenues in the PRC. Any slowdown in the PRC economy may adversely affect demand for our automobiles and after-sales services and could result in:

- a significant reduction in customer demand for our automobile and after-sales services, which reduces our revenues and profit margins;
- a significant reduction in the availability of automobile financing, which would also reduce customer demand for automobiles;
- increased price competition for automobiles and after-sales services;
- risk of excess and obsolete inventory;
- difficulty in accurately forecasting the demand for automobiles and after-sales services;
- insolvency or credit difficulties of our customers or their insurance carriers, which could limit their ability to pay for our after-sales services; and
- insolvency or credit difficulties of our automobile manufacturer partners, which could disrupt the supply of automobiles or spare parts or increase our inventory costs.

Any of the foregoing developments could have a material adverse effect on our business, results or operations, financial conditions and business expansion.

If there is any further fiscal or credit tightening by the PRC Government, demand for our automobiles and after-sales services, as well as our access to external financing, may decrease.

The PRC Government has increased the capital reserve ratios of PRC banks and raised interest rates multiple times since early 2010 in an attempt to control credit growth and inflation in the PRC. Demand for our automobiles and after-sales services may decrease if there is any further fiscal or credit tightening by the PRC Government which reduces business or consumer spending. Many customers rely on automobile financing to fund their automobile purchases. If the PRC Government implements any credit tightening measures that restrict the availability of automobile financing, our sales may be adversely affected. Furthermore, the availability and cost of funding to entities, such as ourselves, in the PRC, are significantly influenced by the fiscal policies of the PRC Government and the availability of credit and liquidity in the PRC banking system. Historically, we have relied in part on bank and other borrowings to fund our purchases of the automobiles and spare parts sold in our stores and our network expansion. If the PRC Government were to implement any further fiscal or credit tightening measures, our access to such borrowing and other types of financing may be reduced or otherwise restricted which could adversely affect our liquidity and our ability to fund our inventory purchases and our planned network expansion. We may also experience higher borrowing costs and a tightening of credit terms. As a result of any of the foregoing, our results of operations, financial condition and prospects may be materially and adversely affected.

Higher fuel prices, stricter fuel economy and emission standards and higher fuel-related taxes on automobile consumption may reduce the demand for automobiles.

The price of gasoline in the PRC, despite the subsidies given by the PRC Government, has been rising steadily in recent years. Continued increases in fuel prices may induce cost-sensitive customers to switch to more fuel efficient vehicles or opt for alternatives to automobiles, such as public transportation or bicycles. Such shifts in customer preferences may adversely affect our sales of certain types of automobiles, particularly in the mid-to-upper market. Reduced automobile usage may decrease demand for and frequency of maintenance and repair services for such automobiles, which may have an adverse effect on our after-sales business.

The PRC Government may implement stricter fuel economy and emission standards for automobiles sold in the PRC, which may raise manufacturing and distribution costs for automobile manufacturers and lead to higher pricing guidelines on their automobiles that negatively impact demand. These standards tend to have a greater impact on more expensive, luxury brand automobiles, which tend to be less fuel efficient.

The PRC Government adopted an automobile consumption tax on January 1, 1994. The increase of applicable tax rates on automobiles with large cylinder capacities took effect on September 1, 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. The new policy lowered the personal automobile consumption tax rate for vehicles with the smallest engine displacement capacity, under 1.0 liter, from 3% to 1%, but increased the tax rate on vehicles with larger engine displacements. In particular, the tax rate on vehicles with engine displacement between 3.0 and 4.0 liters was increased from 15% to 25%, and the tax rate on vehicles with engine displacement above 4.0 liters was increased from 20% to 40%. Certain of the automobiles we sell have larger engine displacement capacity and are subject to the higher automobile consumption taxes, which make those automobiles purchases more expensive for buyers.

There can be no assurance that the PRC Government will not implement stricter fuel economy and emission standards, higher automobile consumption tax rates for automobiles with larger engine displacement capacity, or impose additional restrictions or taxes. Any such measures may cause our sales to decline and adversely affect our revenues.

We operate in a highly regulated industry, and any failure by us to comply with applicable laws, rules or regulations, or to obtain or maintain necessary approvals, licenses and permits, may adversely affect our business and operations and subject us to fines and other penalties.

We operate in a highly regulated industry. We are required to maintain various approvals, licenses and permits for our operations, including automobile maintenance and repair licenses, automobile insurance agent licenses, road transportation licenses. We are required to file with SAIC and be included in the list announced by SAIC from time to time under the Notice Relating to Announcement of Name List of Branded Automobile Sales Enterprises issued by SAIC. Any failure by us to comply with applicable laws, rules or regulations, or to obtain or maintain necessary approvals, licenses and permits, may adversely affect our business or operations and subject us to fines and other penalties.

As of the Latest Practicable Date, all of our PRC subsidiaries hold valid licenses to conduct their businesses or are in the process of applying for or renewing the relevant licenses. Please also refer to the sections entitled "Regulatory Overview—Regulations Relating to the PRC Automobile Industry" and "Our Business—Legal Proceedings and Regulatory Compliance" in this prospectus.

Anti-congestion regulations and ordinances of certain Chinese cities may restrict local demand for automobiles.

To curb urban traffic congestion, certain Chinese cities have adopted urban regulations and ordinances that limit new automobile registration or restrict automobile use. As of September 30, 2011, we operated 13 4S dealership stores in Shanghai, and had received non-binding letters of intent to establish another two 4S dealership stores in Shanghai as of the Latest Practicable Date. We had also received a non-binding letter of intent to establish one 4S dealership store in Beijing as of the Latest Practicable Date. Both Shanghai and Beijing impose quotas on the number of new automobile registrations permitted each month. In Shanghai, rights to new registrations are auctioned to the highest bidders, which may add to the cost of new automobile purchases. These and any future anti-congestion ordinances in the markets where we operate may restrict the ability of potential customers to purchase automobiles and in turn reduce customer demand for automobiles. Should similar ordinances be adopted in other cities where we operate, or if existing regulations become stricter, our sales in those cities may be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

All of our business and operations are conducted in the PRC. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to economic, political and social developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC Government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC Government. In addition, the PRC Government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC Government also exercises significant control over the PRC economic growth through allocation of resources, controlling payment of foreign currency-denominated, obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While PRC economy has experienced significant growth over the past decade, growth has been uneven, both geographically and among various sectors of the economy. The PRC Government has implemented various measures to guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. For example, our financial results may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. The PRC Government has also recently implemented certain measures, including recent interest rate increases, in an attempt to control the rate of economic growth. These measures may decrease economic activities in the PRC, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

Our business and operations are primarily conducted in the PRC and governed by PRC laws, rules and regulations. The PRC legal system is a civil law system 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 significantly enhanced PRC legislation and regulations to provide protections to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management attention.

In addition, 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 or conditions for the approvals, licenses or permits required for our business and operations. Any loss of or failure to obtain or renew our approvals, licenses or permits could disrupt our operations, subject us to fines or penalties imposed by the PRC Government. 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, that have a material adverse effect on our business, operations, growth or prospects. Please also refer to the sections entitled "Regulatory Overview—Regulations Relating to the PRC Automobile Industry" and "Our Business—Legal Proceedings and Regulatory Compliance" in this prospectus.

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

Under the EIT Law, the profits of a foreign invested enterprise generated from January 1, 2008 and onwards, which are distributed to its immediate holding company outside the PRC, are subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and the PRC, such rate will be lowered to 5% if a Hong Kong resident enterprise owns over 25% of the PRC company. However, according to the Circular of State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-residents 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 October 1, 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, PRC tax authorities have the discretion to adjust the tax rate enjoyed by the relevant offshore entity. We cannot assure you that the PRC tax authorities will determine that the 5% tax rate applies to dividends received by our subsidiary in Hong Kong from our PRC subsidiaries, nor that the PRC tax authorities will not levy a higher withholding tax rate on such dividends in the future.

Under the EIT Law, we may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, an enterprise established outside the PRC with "de facto management bodies" within the PRC 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 implementation of rules of the 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, the status and tax treatment of an enterprise registered outside the PRC in accordance with foreign laws and with a PRC individual as a controlling shareholder are unclear.

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 any income sourced by us from outside the PRC such as interest on offering proceeds would be subject to PRC enterprise income tax at a rate of 25%. By comparison, there is no taxation on such income in the Cayman Islands. In addition, if the Company is treated as PRC "resident enterprise" under PRC law, it may be required to withhold PRC income tax on capital gains realized from sales of our Shares and dividends paid to non-PRC residents with respect to Offer Shares under the EIT Law as such income may be regarded as income from "sources within the PRC". In such case, our foreign corporate Shareholders may be subject to a 10% withholding income tax under the EIT Law, unless any such foreign corporate Shareholder is qualified for a preferential withholding rate under a tax treaty.

PRC regulation of loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds we receive from this offering to make loans or additional capital contributions to our PRC subsidiaries.

In utilizing the proceeds from this offering, as an offshore holding company of our PRC subsidiary, we may make loans to our PRC subsidiaries, or additional capital contributions to our PRC subsidiaries. Any loans or additional capital contributions to our subsidiaries in the PRC are subject to PRC regulations and approvals. For example, loans by us to our PRC subsidiaries cannot exceed statutory limits and must be registered with the PRC State Administration of Foreign Exchange, or SAFE, or its local branch.

We may also determine to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be approved by MOFCOM or its local counterpart. Because our operating entities are domestic PRC enterprises, we are not likely to finance their activities by means of capital contributions due to regulatory issues relating to foreign investment in domestic PRC enterprises, as well as licensing and other regulatory issues. We cannot assure you that we can obtain the required government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to obtain such registrations or approvals, our ability to use the proceeds from this offering and to fund our operations in the PRC would be negatively affected, which would adversely and materially affect our liquidity and our ability to expand our business.

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

We are a holding company incorporated in the Cayman Islands, and our business and operations are primarily conducted through our PRC subsidiaries. We rely on dividends and other distributions paid by our PRC subsidiaries for our future cash needs which cannot be provided for by equity issuances or borrowings outside of the PRC, including the funds necessary to pay dividends to our Shareholders, to service any debt we may incur and to pay our operating expenses.

The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial condition, cash requirements and availability, applicable laws, rules and regulations, and restrictions on making payments to our Company contained in financing or other agreements. If one or more 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.

As entities established in the PRC, our PRC subsidiaries are subject to limitations with respect to dividend payments. Regulations in the PRC currently permit payment of dividends by PRC subsidiaries only out of accumulated profits as determined in accordance with the PRC GAAP. According to applicable PRC laws and regulations, each of our PRC subsidiaries is required to maintain a general reserve fund of 10% of its after-tax profit based on PRC GAAP, up to a maximum of 50% of the registered capital of such PRC subsidiary. Our PRC subsidiaries, as foreign invested enterprises, may also be required to set aside individual funds for staff welfare, bonuses and development, at the discretion of such PRC subsidiaries and as stipulated in their articles of association. These reserves or funds are not distributable as dividends. Contributions to such reserves or funds are made from each of our PRC subsidiaries' net profit after taxation. In addition, if one or more of our PRC subsidiaries incurs debt in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. As a result, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends.

If our PRC subsidiaries cannot pay dividends due to government policies or regulations, or because they cannot generate sufficient cash flow, we will not be able to pay dividends, service our debt or pay our expenses.

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 the PRC laws.

The Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Round-Trip Investment in the PRC by Domestic Residents (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("SAFE Circular") promulgated by SAFE on October 21, 2005, which became effective on November 1, 2005, requires 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 changes 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 any future legislation concerning offshore or cross-border transactions will be interpreted, amended and implemented by the relevant PRC Government authorities. We have been advised by our PRC Shareholders that they have completed their registration with SAFE and we have been advised by our PRC legal advisors, Jingtian & Gongcheng, that subsequent to the completion of the Global Offering, our PRC Shareholders will be required to update their registration with SAFE. Any failure by our relevant PRC Shareholders to make the registrations or amendments with SAFE may result in the prohibition of distributions, 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.

Government control over currency conversion may affect the value of our Shares and limit our ability to utilize our cash effectively.

Substantially all of our revenue is denominated in Renminbi. The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate structure, our revenue is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of the PRC or otherwise fund our business activities that are conducted in foreign currencies.

Fluctuation in the exchange rates of Renminbi may have a material adverse effect on your investment.

The exchange rates of Renminbi against foreign currencies, including the Hong Kong dollar, are affected by, among other things, changes in the PRC's political and economic conditions. To the extent that we need to convert Hong Kong dollars we received from our initial public offering into Renminbi for our operations, appreciation of Renminbi against the Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us. Any appreciation in the Euro, Japanese yen or other foreign currencies against Renminbi may cause automobile manufacturers to raise their prices, which would increase our purchase costs for automobiles and spare parts, which could in turn increase our automobile retail prices and adversely affect our sales and profits.

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 judgements obtained in non-PRC courts.

Almost all of the assets of the Company are located in the PRC. In addition, most of our Directors and senior management reside within the PRC, and the assets of our Directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our Directors and senior management, including matters arising under applicable securities laws. Moreover, a judgement of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgements of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal enforcement of judgements 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 judgements with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgements of courts in some jurisdictions is uncertain.

The state of the PRC's political relationships with other countries may affect the performance of our business.

We retail automobiles, spare parts, automobile accessories and other automobile-related products supplied by a number of automobile manufacturers and suppliers that either have operations in Germany, India, the United States, Japan and South Korea or that are otherwise closely associated with these countries.

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

RISKS RELATING TO THE GLOBAL OFFERING

The interests of the Company's Controlling Shareholders may conflict with the best interests of its other shareholders.

Upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised and an Offer Price of HK$9.65 per Share, being the mid-point of the indicative Offer Price range from HK$8.50 to HK$10.80 per Share), the Controlling Shareholders will in the aggregate beneficially own approximately 71.95% of our issued Shares. Subject to our Memorandum and Articles of Association and applicable laws and regulations, the Controlling Shareholders will continue to have the ability to exercise controlling influence on our management, policies and business by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, approving our annual budgets and taking other actions that require our Shareholders' approval. In addition, two of our PRC subsidiaries, namely Shanghai Zhongchuang and Minhang Automobiles, currently operate a Hyundai 4S dealership store and a Nissan 4S dealership store, respectively, on a piece of land owned by Shanghai Kailong Qixiao, a company controlled by one of the Controlling Shareholders, Mr. Yang Aihua. Each of Shanghai Zhongchuang and Minhang Automobiles, as tenant, has entered into a lease agreement with Shanghai Kailong Qixiao, as landlord, pursuant to which each of these subsidiaries leases from Shanghai Kailong Qixiao the premise currently used by it. Each of the lease agreements is valid for a term of three years ending in 2014. If any of these lease agreements were terminated by Shanghai Kailong Qixiao or not renewed upon expiration, we may not be able to secure an alternative premise in a timely manner or on terms acceptable by us, or at all.

Investors will experience dilution in the pro forma net tangible book value per Share because the Offer Price is higher than our net tangible book value per Share.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible book value of HK$1.40 per Share (assuming an Offer Price of HK$9.65, being the mid-point of the Offer Price range of HK$8.50 to HK$10.80 per Share). If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their ownership percentage.

The trading volume and market price of our Shares following the Global Offering may be volatile.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, changes in our pricing policy as a result of the presence of competitors, announcements of new automobile models, strategic alliances or acquisitions, industrial or environmental accidents, our suppliers may suffer, changes in our senior management personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices for our products could cause large and sudden changes in the volume and price at which our Shares will trade. In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

Future sales or perceived sales of substantial amounts of our securities in the public market, including any future sale of our Shares by those Shareholders that are currently subject to contractual and/or legal restrictions on share transfers, could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future, and may result in dilution of your shareholding in our Company.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

Certain amounts of our Shares currently outstanding are and/or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See the sections headed "Share Capital" and "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering" for details. After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares could negatively impact the market price of our Shares and our ability to raise capital in the future.

Due to a gap of up to five business days between pricing and trading of our Shares and given that our Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, the initial trading price of our Shares could be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, which is generally expected to be five business days, more or less, after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during such period and thus are subject to the risk that the market price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments occurring during this period.

An active trading market in our Shares may not develop, which could have a material adverse effect on our Share price and your ability to sell your Shares.

Prior to the Global Offering, no public market existed for our Shares. The initial offering price for our Shares will be determined by us, the Selling Shareholder and the Joint Bookrunners (on behalf of the Underwriters) and may differ significantly from the market price for our Shares following the completion of the Global Offering. We have applied to list our Shares on the Hong Kong Stock Exchange. However, a listing on the Hong Kong Stock Exchange does not guarantee that an active trading market for our Shares will develop following the completion of the Global Offering or in the future. If an active public market for our Shares does not develop, the Shares could trade at a price lower than the Offer Price and you may not be able to resell your Shares for an extended period of time, if at all.

There are risks associated with forward-looking statements.

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "expect", "believe", "plan to", "intend", "could", "anticipate", "estimate", "should" and "will". Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future business, operations, liquidity and capital resources. Purchasers of our Shares are cautioned that any forward-looking statements are subject to uncertainties and that, although we believe the assumptions on which the forward-looking statements are based are reasonable, any or all of these assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this "Risk Factors" section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

Certain industry statistics contained in this prospectus are derived from various publicly available government or official sources and may not be accurate or reliable.

Certain facts and statistics in this prospectus related to the PRC, its economy and the industries in which we operate within the PRC are derived from official government publications generally believed to be reliable. We believe that the sources of these facts and statistics are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. These facts and statistics have not been independently verified by us, the Joint Sponsors, the Global Coordinator, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering 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 the PRC and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated with the same degree of accuracy as may exist elsewhere. In all cases, investors should give consideration as to how much weight or importance they should place on all such facts and statistics.