

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

We were incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on September 6, 2010. We have established a principal place of business in Hong Kong at Units 1803–4 18/F, Bank of America Tower, 12 Harcourt Road, Hong Kong and have been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on November 16, 2011 under the same address. Mr. Yang Aihua has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum of Association and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum of Association and Articles of Association is set out in the section headed “Summary of the Constitution of our Company and Cayman Companies Law” in Appendix V to this prospectus.

2. Changes in Share Capital

As of the date of our incorporation, our authorized share capital was US\$50,000 divided into 500,000 shares of a par value of US\$0.1 each. The following sets out the changes in our share capital since the date of our incorporation:

- (a) On September 6, 2010, one share of a par value of US\$0.1 was allotted, issued and credited as fully paid to Mapcal Limited as the initial subscriber. On the same day, Mapcal Limited transferred one Share to Baoxin Investment Management Ltd.
- (b) On September 28, 2010, 499,999 shares of a par value of US\$0.1 were allotted, issued and credited.
- (c) On July 12, 2011, our authorized share capital was increased to US\$200,000 divided into 2,000,000 shares of a par value of US\$0.1 each. On the same date, 500,000 shares of a par value of US\$0.1 were allotted, issued and credited.
- (d) On November 22, 2011, our authorized share capital was increased from US\$200,000 divided into 2,000,000 shares of a par value of US\$0.1 each to the aggregate of US\$200,000 and HK\$50,000,000 divided into (i) 2,000,000 shares with a par value of US\$0.1 each and (ii) 5,000,000,000 ordinary shares with a par value of HK\$0.01 each by the creation of 5,000,000,000 ordinary shares with a par value of HK\$0.01 each.
- (e) On November 25, 2011, 100,000,000 Shares were allotted, issued and credited.
- (f) On November 25, 2011, 1,000,000 shares of a par value of US\$0.1 each of our Company were repurchased and cancelled.

- (g) On November 25, 2011, our authorized share capital was reduced by the cancellation of the 2,000,000 authorized but unissued shares of a par value of US\$0.1 each, such that the authorized share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares.

Immediately following the completion of the Global Offering and the Capitalization Issue (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Share Option Scheme), the issued share capital of our Company will be 25,287,400 divided into 2,528,740,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid and 2,471,260,000 Shares of HK\$0.01 each will remain unissued.

Save as disclosed in this Appendix, there has been no alteration in our share capital since the date of our incorporation.

3. Resolutions of Our Shareholders

Pursuant to the resolutions passed by our Shareholders on November 22, 2011:

- (a) the Memorandum and Articles of Association were approved and adopted conditional upon Listing;
- (b) change in authorized share capital, repurchase of shares of a par value of US\$0.1 each and reduction of authorized share capital by cancellation of shares of a par value of US\$0.1 each;
- (c) conditional upon all the conditions set out in “Structure of the Global Offering—Conditions of the Hong Kong Public Offering” in this prospectus being fulfilled:
- (i) the Global Offering and the Over-allotment Option be and are hereby approved and the Board (or any committee thereof established by the Board pursuant to the Articles) be and is hereby authorized to make or effect such modifications as it thinks fit;
- (ii) the Board (or any committee thereof established by the Board pursuant to the Articles) be and is hereby authorized to allot and issue, and approve the transfer of such number of Shares in connection with the Global Offering;
- (iii) the Board (or any committee thereof established by the Board pursuant to the Articles) be and is hereby authorized to agree the price per Offer Share with the Joint Bookrunners; and
- (iv) following the change in authorized share capital as referred to in paragraph (b) above and conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, the Board be and is hereby authorized to capitalize HK\$21,000,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 2,100,000,000 Shares to be allotted and issued to the Shareholders whose names are on the register of members of the Company at 8:00 a.m. on the Listing Date in proportion to their shareholdings in our Company;

- (d) a general unconditional mandate be and is hereby given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted, issued or dealt with, otherwise than pursuant to a right issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalization Issue, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;
- (e) a general unconditional mandate was given to the Directors authorizing them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering and the Capitalization, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;
- (f) the general mandate mentioned in paragraph (d) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by the Company pursuant to the mandate to purchase shares referred to in paragraph (e) above; and
- (g) the Share Option Scheme be approved and adopted and our Directors be authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme.

4. Corporate Reorganization

The companies comprising the Group underwent the Reorganization in preparation for the Listing. Please refer to the section “Our History and Reorganization” in this prospectus.

5. Changes in the Share Capital of Subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

Beijing Xinbaohang

On June 24, 2010, Beijing Xinbaohang was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Dandong Xinbaohang

On March 9, 2011, Dandong Baoxin was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Fuyang Baoxin

On January 11, 2011, Fuyang Baoxin was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Hangzhou Baoxin Real Estate

On August 2, 2010, Hangzhou Baoxin Real Estate was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Jiangsu Hulong

On October 28, 2010, Jiangsu Hulong was incorporated under the laws of the PRC with a registered capital of RMB20 million which was fully paid up.

Jiaxing Tianhua

On May 6, 2011, Jiaxing Tianhua was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Minhang Automobiles

On August 11, 2011, Minhang Automobiles was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Kailong HK

On September 21, 2010, Kailong HK was incorporated under the laws of HK as a limited liability company with an issued share capital of HK\$10,000 which was fully paid up.

Ningbo Baodinghang

On July 26, 2011, Ningbo Baodinghang was incorporated under the laws of the PRC with a registered capital of RMB5 million which was fully paid up.

Ningbo Tianhua

On April 11, 2011, Ningbo Tianhua was incorporated under the laws of the PRC with a registered capital of RMB15 million which was fully paid up.

Ninghai Baoxin

On February 25, 2010, Ninghai Baoxin was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Qingdao Baolong

On June 3, 2011, Qingdao Baolong was incorporated under the laws of the PRC with a registered capital of RMB5 million which was fully paid up.

Shanghai Baoxin

On November 12, 2010, pursuant to shareholders' resolution of Shanghai Baoxin, the registered capital of Shanghai Baoxin was increased from RMB10 million to RMB10.85 million as a result of capital injections from Bentai PRC, Hengjun PRC and Chiheng PRC, respectively. Consequently, Shanghai Baoxin was owned as to 78.34% by Kailong PRC, 13.82% by Shangchen PRC, 3.92% by Bentai PRC, 2.94% by Hengjun PRC and 0.98% by Chiheng PRC.

On November 29, 2010, pursuant to a shareholder's resolution of Shanghai Baoxin, the registered capital of Shanghai Baoxin was increased from RMB10.85 million to RMB190.8 million while the paid up capital was increased to RMB100.825 million as a result of capital injections from Kailong PRC, Shangchen PRC, Bentai PRC, Hengjun PRC and Chiheng PRC, respectively. Consequently, Shanghai Baoxin was owned as to 78.62% by Kailong PRC, 2.88% by Hengjun PRC, 0.94% by Chiheng PRC, 3.93% by Bentai PRC and 13.63% by Shangchen PRC.

On December 3, 2010, pursuant to a shareholder's resolution of Shanghai Baoxin, the registered capital of Shanghai Baoxin was increased from RMB190.8 million to RMB214.65 million while the paid up capital was increased from RMB100.825 million to RMB115.135 million as a result of capital injections by Huakong Innovation and Huakong Industry. Consequently, Shanghai Baoxin was owned as to 69.88% by Kailong PRC, 12.11% by Shangchen PRC, 3.50% by Bentai PRC, 2.56% by Hengjun PRC, 0.84% by Chiheng PRC, 6.67% by Huakong Innovation, and 4.44% by Huakong Industry.

Shanghai Minhang Kailong Decoration

On June 22, 2010, Shanghai Minhang Kailong Decoration was incorporated under the laws of the PRC with a registered capital of RMB500,000 which was fully paid up.

Shanghai Wujiaochang Kailong

On August 8, 2011, Shanghai Wujiaochang Kailong was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Shanghai Xuhui Kailong Second-hand Motor Vehicle

On September 2, 2010, Shanghai Xuhui Kailong Second-hand Motor Vehicle was incorporated under the laws of the PRC with a registered share capital of RMB100,000 which was fully paid up.

Shanghai Zhenbei Baoxin

On April 21, 2011, Shanghai Zhenbei Baoxin was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Shenyang Baoxinhang

On August 23, 2011, Shenyang Baoxinhang was incorporated under the laws of the PRC with a registered capital of RMB3 million which was fully paid up.

Suzhou Xinbaohang

On August 30, 2010, Suzhou Xinbaohang was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Taizhou Xinbaohang

On July 22, 2010, Taizhou Xinbaohang was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Tianjin Weibaohang

On August 5, 2011, Tianjin Weibaohang was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Wuxi Tianhua

On April 15, 2011, Wuxi Tianhua was incorporated under the laws of the PRC with a registered capital of RMB15 million which was fully paid up.

Xiangsong

On April 4, 2011, Xiangsong was incorporated under the laws of the BVI as a limited liability company with an issued share capital of 50,000 shares of no par value.

Yangzhou Mingkai

On September 30, 2010, Yangzhou Mingkai was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Yangzhou Xinbaohang

On March 4, 2010, Yangzhou Xinbaohang was incorporated under the laws of the PRC with a registered capital of RMB10 million which was fully paid up.

Zibo Baoxin

On October 27, 2011, Zibo Baoxin was incorporated under the laws of the PRC with a registered capital of RMB10 million among which RMB2 million was fully paid up.

6. Repurchases of Our Own Securities*(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on November 22, 2011, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering and the Capitalization Issue, such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering and the Capitalization Issue. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Companies Law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a connected person (as defined in the Listing Rules) and a connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 2,528,740,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue, could accordingly result in 252,874,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required

by Cayman Companies Law or the Articles or any applicable laws of the Cayman Islands to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first (the “**Relevant Period**”).

(d) General

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder’s proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares than in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) an investment agreement dated August 4, 2010 entered into between Huakong Industry, Shanghai Baoxin, Shanghai Kailong Qimao, Mr. Yang Aihua, Mr. Yang Hansong and Mr. Yang Zehua pursuant to which Huakong Industry agreed to invest RMB500,000,000 into Shanghai Baoxin for a total of 11.11% equity interests in Shanghai Baoxin;
- (b) an equity transfer agreement dated August 25, 2010 entered into between Shanghai Kailong Qimao, Kailong PRC, and Shangchen PRC pursuant to which Shanghai Kailong Qimao agreed to sell to (i) Kailong PRC 85% equity interests in Shanghai Baoxin for a consideration of RMB8,500,000 and (ii) Shangchen PRC 15% equity interests in Shanghai Baoxin for a consideration of RMB1,500,000;
- (c) an equity transfer agreement dated September 10, 2010 entered into between Mr. Yang Aihua, Mr. Yang Hansong and Shanghai Baoxin pursuant to which (i) Mr. Yang Aihua agreed to sell to Shanghai Baoxin 90% equity interests in Shanghai Kailong Qimao for a consideration of RMB78,300,000 and (ii) Mr. Yang Hansong agreed to sell to Shanghai Baoxin 10% equity interests in Shanghai Kailong Qimao for a consideration of RMB8,700,000;
- (d) an equity transfer agreement dated November 14, 2010 entered into between Mr. Yang Hansong and Shanghai Baoxin pursuant to which Mr. Yang Hansong agreed to transfer to Shanghai Baoxin 40% equity interests in Tianjin Baoxin;
- (e) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Hansong, Mr. Yang Aihua and Shanghai Baoxin pursuant to which (i) Mr. Yang Hansong agreed to sell to Shanghai Baoxin 40% equity interests in Qingdao Xinbaohang for a consideration of RMB4,000,000 and (ii) Mr. Yang Aihua agreed to sell to Shanghai Baoxin 60% equity interests in Qingdao Xinbaohang for a consideration of RMB6,000,000;
- (f) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Aihua, Mr. Yang Hansong and Shanghai Taipingyang Hongqiao pursuant to which (i) Mr. Yang Aihua agreed to sell to Shanghai Taipingyang Hongqiao 70% equity interests in Shanghai Taipingyang Jinsha for a consideration of RMB7,000,000 and (ii) Mr. Yang Hansong agreed to sell to Shanghai Taipingyang Hongqiao 20% equity interests in Shanghai Taipingyang Jinsha for a consideration of RMB2,000,000;
- (g) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Zehua and Shanghai Baoxin pursuant to which Mr. Yang Zehua agreed to sell to Shanghai Baoxin certain equity interests in Hangzhou Baoxin;

- (h) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Hansong, Mr. Yang Zehua and Shanghai Baoxin pursuant to which (i) Mr. Yang Hansong agreed to sell to Shanghai Baoxin 30% equity interests in Taizhou Xinbaohang for a consideration of RMB 3,000,000 and (ii) Mr. Yang Zehua agreed to sell to Shanghai Baoxin 70% equity interest in Taizhou Xinbaohang for a consideration of RMB 7,000,000;
- (i) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Hansong, Mr. Yang Zehua and Shanghai Baoxin pursuant to which (i) Mr. Yang Hansong agreed to sell to Shanghai Baoxin 50% equity interests in Shanghai Kailong Zhuanghuang for a consideration of RMB 250,000 and (ii) Mr. Yang Zehua agreed to sell to Shanghai Baoxin 50% equity interests in Shanghai Kailong Zhuanghuang for a consideration of RMB250,000;
- (j) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Aihua and Shanghai Taipingyang Hongqiao pursuant to which Mr. Yang Aihua agreed to sell to Shanghai Taipingyang Hongqiao 30% equity interests in Shanghai Taipingyang Shenlong for a consideration of RMB1,500,000;
- (k) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Zehua and Shanghai Baoxin pursuant to which Mr. Yang Zehua agreed to sell to Shanghai Baoxin 10% equity interests in Shanghai Tianhua for a consideration of RMB1,000,000;
- (l) an equity transfer agreement dated November 15, 2010 entered into between Mr. Yang Aihua, Mr. Yang Hansong and Shanghai Baoxin pursuant to which (i) Mr. Yang Aihua agreed to sell to Shanghai Baoxin 70% equity interests in Shanghai Xuhui Baoxin for a consideration of RMB7,000,000 and (ii) Mr. Yang Hansong agreed to sell to Shanghai Baoxin 20% equity interests in Shanghai Xuhui Baoxin for a consideration of RMB2,000,000;
- (m) an equity transfer agreement dated November 16, 2010 entered into between Mr. Yang Aihua, Mr. Yang Zehua and Shanghai Baoxin pursuant to which (i) Mr. Yang Aihua agreed to sell to Shanghai Baoxin 60% equity interests in Ningbo Baoxin for a consideration of RMB6,000,000 and (ii) Mr. Yang Zehua agreed to sell to Shanghai Baoxin 40% equity interests in Ningbo Baoxin for a consideration of RMB4,000,000;
- (n) an equity transfer agreement dated November 18, 2010 entered into between Mr. Yang Aihua and Shanghai Baoxin pursuant to which Mr. Yang Aihua agreed to sell to Shanghai Baoxin 70% equity interests in Yangzhou Xinbaohang for a consideration of RMB7,000,000;
- (o) an equity transfer agreement dated November 18, 2010 entered into between Mr. Yang Zehua, Mr. Yang Hansong and Shanghai Baoxin pursuant to which (i) Mr. Yang Zehua agreed to sell to Shanghai Baoxin 70% equity interests in Ninghai Baoxin for a consideration of RMB7,000,000 and (ii) Mr. Yang Hansong agreed to sell to Shanghai Baoxin 30% equity interests in Ninghai Baoxin for a consideration of RMB3,000,000;

- (p) an equity transfer agreement dated November 22, 2010 entered into between Mr. Yang Hansong and Shanghai Baoxin pursuant to which Mr. Yang Hansong agreed to sell to Shanghai Baoxin RMB8,000,000 equity interests in Suzhou Baoxin for a consideration of RMB8,000,000;
- (q) an equity transfer agreement dated November 22, 2010 entered into between Mr. Yang Aihua and Shanghai Baoxin pursuant to which Mr. Yang Aihua agreed to sell to Shanghai Baoxin RMB2,000,000 equity interests in Suzhou Baoxin for a consideration of RMB2,000,000;
- (r) a supplemental investment agreement dated December 2, 2010 entered into between Huakong Industry, Huakong Innovation, Shanghai Baoxin, Kailong PRC, Shangchen PRC, Hengjun PRC, Chiheng PRC, Bentai PRC, Mr. Yang Aihua, Mr. Yang Hansong and Mr. Yang Zehua in relation to the investment agreement dated August 4, 2010 and the subscription of equity interests in Shanghai Baoxin by Huakong Industry and Huakong Innovation;
- (s) an equity transfer agreement dated December 21, 2010 entered into between Shanghai Baoxin and Mr. Liu Yan pursuant to which Shanghai Baoxin agreed to sell to Mr. Liu Yan RMB1,000,000 equity interests in Shenyang Xinbaohang;
- (t) an equity transfer agreement dated February 22, 2011 entered into between Shanghai Baoxin and Kailong HK pursuant to which Shanghai Baoxin agreed to sell to Kailong HK the entire equity interests in Suzhou Baoxin for a consideration of RMB14,280,000;
- (u) an equity transfer agreement dated March 11, 2011 entered into between Mr. Yang Hansong and Suzhou Baoxin pursuant to which Mr. Yang Hansong agreed to sell to Suzhou Baoxin RMB2,000,000 equity interests in Suzhou Xinbaohang for a consideration of RMB2,000,000;
- (v) an equity transfer agreement dated March 11, 2011 entered into between Mr. Yang Aihua and Suzhou Baoxin pursuant to which Mr. Yang Aihua agreed to sell to Suzhou Baoxin RMB8,000,000 equity interests in Suzhou Xinbaohang for a consideration of RMB8,000,000;
- (w) an equity transfer agreement dated May 29, 2011 entered into between Shanghai Hanchuan and Suzhou Xinbaohang pursuant to which Shanghai Hanchuan agreed to sell to Suzhou Xinbaohang the entire equity interests in Jiaying Tianhua for a consideration of RMB10,000,000;
- (x) an equity transfer agreement dated June 10, 2011 entered into between Shanghai Hanchuan and Suzhou Xinbaohang pursuant to which Shanghai Hanchuan agreed to sell to Suzhou Xinbaohang the entire equity interests in Ningbo Tianhua for a consideration of RMB15,000,000;
- (y) an equity transfer agreement dated June 10, 2011 entered into between Shanghai Hanchuan and Suzhou Xinbaohang pursuant to which Shanghai Hanchuan agreed to sell to Suzhou Xinbaohang the entire equity interests in Wuxi Tianhua for a consideration of RMB15,000,000;

- (z) an equity transfer agreement dated June 28, 2011 entered into between Huakong Industry and Suzhou Baoxin pursuant to which Huakong Industry agreed to sell to Suzhou Baoxin 3.244% equity interests in Shanghai Baoxin for a consideration of RMB6,963,246;
- (aa) an equity transfer agreement dated June 28, 2011 entered into between Huakong Innovation and Suzhou Baoxin pursuant to which Huakong Innovation agreed to sell to Suzhou Baoxin 4.866% equity interests in Shanghai Baoxin for a consideration of RMB10,444,869;
- (bb) an equity transfer agreement dated June 28, 2011 entered into between Kailong PRC and Suzhou Baoxin pursuant to which Kailong PRC agreed to sell to Suzhou Baoxin 69.88% equity interests in Shanghai Baoxin for a consideration of RMB150,000,000;
- (cc) an equity transfer agreement dated June 28, 2011 entered into between Chiheng PRC and Suzhou Baoxin pursuant to which Chiheng PRC agreed to sell to Suzhou Baoxin 0.84% equity interests in Shanghai Baoxin for a consideration of RMB1,800,000;
- (dd) an equity transfer agreement dated June 28, 2011 entered into between Shangchen PRC and Suzhou Baoxin pursuant to which Shangchen PRC agreed to sell to Suzhou Baoxin 12.11% equity interests in Shanghai Baoxin for a consideration of RMB26,000,000;
- (ee) an equity transfer agreement dated June 28, 2011 entered into between Hengjun PRC and Suzhou Baoxin pursuant to which Hengjun PRC agreed to sell to Suzhou Baoxin 2.56% equity interests in Shanghai Baoxin for a consideration of RMB5,500,000;
- (ff) an equity transfer agreement dated June 28, 2011 entered into between Bentai PRC and Suzhou Baoxin pursuant to which Bentai PRC agreed to sell to Suzhou Baoxin 3.5% equity interests in Shanghai Baoxin for a consideration of RMB7,500,000;
- (gg) an equity transfer agreement dated June 28, 2011 entered into between Huakong Industry, Huakong Innovation, Shanghai Baoxin, Suzhou Baoxin, the Company, Mr. Yang Aihua, Mr. Yang Hansong and Mr. Yang Zehua pursuant to which Huakong Industry and Huakong Innovation agreed, subject to certain conditions set out therein, to sell to Suzhou Baoxin 3% equity interests in Shanghai Baoxin for a consideration of RMB550 million;
- (hh) an equity transfer agreement dated August 15, 2011 entered into between Shanghai Kailong Qixiao and Shanghai Kailong Qimao pursuant to which Shanghai Kailong Qixiao agreed to sell to Shanghai Kailong Qimao the entire equity interests in Minhang Automobiles for a consideration of RMB10,000,000;
- (ii) an asset transfer agreement dated August 15, 2011 entered into between Shanghai Kailong Qixiao and Minhang Automobiles pursuant to which Shanghai Kailong Qixiao agreed to sell to Minhang Automobiles all the operational assets of Shanghai Kailong Qixiao for a consideration of RMB41,040,271;

- (jj) the Deed of Non-Competition dated November 23, 2011 entered into between the Controlling Shareholders in favour of our Company regarding non-competition undertakings given by the Controlling Shareholders, details of which are set out in the section headed “Relationship with our Controlling Shareholders—Non-competition Undertaking” in this prospectus;
- (kk) the Deed of Indemnity dated November 23, 2011 entered into between the Controlling Shareholders and the Company, details of which are set out in the section headed “D. Other Information—1. Indemnity” in this Appendix; and
- (ll) the Hong Kong Underwriting Agreement.


2. Intellectual Property Rights of Our Group

Trademarks

As of the Latest Practicable Date, we have registered the following trademark:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Registered Owner</u>	<u>Expiry Date</u>	<u>Registration Number</u>
	PRC	Shanghai Kailong Qimao	January 2016	3678941

As of the Latest Practicable Date, we have made an application for the registration of the following trademark:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Applicant</u>	<u>Application Date</u>	<u>Class</u>	<u>Application Number</u>
	Hong Kong	our Company	November 2011	35	302095308

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account the exercise of the Over-allotment Option and any Shares that may be issued upon exercise of option which may be granted upon the Share Option Scheme), the interests or short positions of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”), once the Shares are listed will be as follows:

Interest in Shares or Underlying Shares of our Company

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of Shares or underlying Shares⁽¹⁾</u>	<u>Approximate percentage of shareholding interest</u>
Mr. Yang Aihua ⁽²⁾	Beneficial owner	1,819,200,000 ^(L) 56,898,000 ^(S)	71.95%
Mr. Yang Hansong ⁽³⁾	Beneficial owner	1,552,780,000 ^(L) 56,898,000 ^(S)	61.41%
Mr. Yang Zehua ⁽⁴⁾	Beneficial owner	1,819,200,000 ^(L) 56,898,000 ^(S)	71.95%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares and “S” denotes the person’s short position in the Shares.
- (2) Mr. Yang Aihua is one of the beneficiaries of the Family Trust and the Yang Trust and is deemed to be interested in the Shares held by Baoxin Investment and Auspicious Splendid. Among the Shares held by Baoxin Investment, 56,898,000 Shares will be subject of the Stock Borrowing Agreement and half of such Share will be sold upon a full exercise of the Over-allotment Option.
- (3) Mr. Yang Hansong is one of the beneficiaries of the Family Trust and is deemed to be interested in the Shares held by Baoxin Investment. Among the Shares held by Baoxin Investment, 56,898,000 Shares will be subject of the Stock Borrowing Agreement and half of such Share will be sold upon a full exercise of the Over-allotment Option.
- (4) Mr. Yang Zehua is one of the beneficiaries of the Family Trust and the Yang Trust and is deemed to be interested in the Shares held by Baoxin Investment and Auspicious Splendid. Among the Shares held by Baoxin Investment, 56,898,000 Shares will be subject of the Stock Borrowing Agreement and half of such Share will be sold upon a full exercise of the Over-allotment Option.

(b) Interests and short positions of the substantial shareholders in the Shares and Underlying Shares of Our Company

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account the exercise of the Over-allotment Option and any Shares that may be issued upon exercise of option which may be granted upon the Share Option Scheme), the following persons (not being Directors or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Shares held immediately following the completion of the Global Offering	
		Number ⁽¹⁾	Percentage
Baoxin Investment Management Ltd ⁽²⁾	Beneficial interest	1,552,780,000 ^(L) 56,898,000 ^(S)	61.41%
Sunny Sky Limited ⁽²⁾	Trustee	1,552,780,000 ^(L) 56,898,000 ^(S)	61.41%
Credit Suisse Trust Limited ⁽²⁾	Trustee	1,552,780,000 ^(L) 56,898,000 ^(S)	61.41%
Auspicious Splendid Global Investments Limited.	Beneficial interest	266,420,000 ^(L)	10.54%
Ms. Yang ⁽³⁾	Trustee	266,420,000 ^(L)	10.54%
Tsinghua Industry Investment Fund I, L.P.	Beneficial interest	30,527,662 ^(L)	1.21%
Tsinghua Industry Investment Fund II, L.P.	Beneficial interest	40,840,338 ^(L)	1.61%
Innovation Capital, L.P.	Beneficial interest	107,052,000 ^(L)	4.23%
TH Capital ⁽⁴⁾	Interest in controlled corporation	178,420,000 ^(L)	7.05%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares and “S” denotes the person’s short position in the Shares.
- (2) Sunny Sky Limited is deemed to be interested in the Shares as the legal owner of the entire issued share capital of Baoxin Investment. Sunny Sky Limited is controlled by Credit Suisse Trust Limited which is the trustee of the Family Trust. Among the Shares held by Baoxin Investment, 56,898,000 Shares will be subject of the Stock Borrowing Agreement and half of such Share will be sold upon a full exercise of the Over-allotment Option.
- (3) Ms. Yang is deemed to be interested in the Shares as the legal owner of the entire issued share capital of Auspicious Splendid as the trustee pursuant to the trust deed in respect of the Yang Trust dated July 12, 2011.
- (4) TH Capital is the general partner of Tsinghua Industry Investment Fund I, L.P., Tsinghua Industry Investment Fund II, L.P. and Innovation Capital, L.P. and is deemed to be interested in the Shares held by them.

(c) Interests of the substantial shareholder of any member of our Group (other than our Company)

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account the exercise of the Over-allotment Option and Shares that may be issued upon exercise of option which may be granted upon the Share Option Scheme), the following persons (not being Directors or chief executive of our Company) will, directly or indirectly, be interested in 10% or more of the nominal value of the equity interests carrying rights to vote in all circumstances at general meeting of the following members of the Group (other than the Company):

<u>Name of shareholder</u>	<u>Name of members of the Group</u>	<u>Capacity/Nature of interest</u>	<u>Share of capital contribution to registered capital</u>	<u>Approximate percentage of interests</u>
Mr. Wang Yang	Fuyang Baoxin	Beneficial owner	RMB1 million	10%
Mr. Bo Yutang	Yangzhou Xinbaohang	Beneficial owner	RMB3 million	30%
Mr. Wang Yang	Hangzhou Baoxin	Beneficial owner	RMB1 million	10%
力天集團有限公司 (Liten Group Co., Ltd.)	Beijing Xinbaohang	Beneficial owner	RMB4.9 million	49%
上海五角場(集團)有限公司 (Shanghai Wujiaochang (Group) Co., Ltd.)	Shanghai Wujiaochang Kailong	Beneficial owner	RMB2.1 million	21%
Shuangri Entities	Shanghai Kailong Toyota	Beneficial owners	RMB12 million	15%
Ms. Xu Runfang	Shanghai Taipingyang Jinsha	Beneficial owner	RMB1 million	10%
Mr. Zhou Wenfang	Zibo Baoxin	Beneficial owner	RMB0.5 million	15%

2. Particulars of Service Contracts*(a) Executive Directors*

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from their respective date of appointment, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) Non-executive Director and Independent Non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with our Company for a term of one year with effect from their respective date of appointment. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive director is not entitled to any remuneration. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

(c) Others

- (i) Save as disclosed above, none of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (ii) During the year ended December 31, 2010, the aggregate of the compensation and benefits in kind payable to the Directors was approximately RMB2.5 million. Details of the Directors' remuneration are also set out in note 10 of the Accountants' Report set out in Appendix I to this prospectus. Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the year end December 31, 2010 by our Company to the Directors.
- (iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending December 31, 2011 is estimated to be approximately RMB4.3 million.
- (iv) None of the Directors or any past Directors or the five highest paid individuals of any members of our Group has been paid any sum of money for the three years ended December 31, 2010 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 31, 2010.

3. Fees or Commissions Received

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed under the section headed “—Other Information—Consents of Experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Miscellaneous

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;
- (b) none of our Directors nor any of the parties listed in the section headed “—Other Information—Consents of Experts” below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors nor any of the parties listed in the section headed “—Other Information—Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) save as disclosed in this prospectus and other than pursuant to the Underwriting Agreements, none of the parties listed in the section headed “—Other Information—Consents of Experts” below:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group.

D. OTHER INFORMATION

1. Indemnity

The Controlling Shareholders (the “**Indemnifiers**”) have entered into the Deed of Indemnity with the Company in favor of each member of our Group (being the contract referred to in paragraph (kk) of the section headed “B. Further Information About Our Business—1. Summary of Material Contracts” above) to provide the following indemnities:

Under the deed of indemnity, among others, the Indemnifiers will indemnify each of the Company and our subsidiaries against, among others, (a) any depletion in or diminution in the value of the assets of the Company as a direct or indirect consequence of, and in respect of any amount which the Company and our subsidiaries may hereafter become liable to pay, resulting from any taxation under sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (“**Estate Duty Ordinance**”); or (b) taxation falling on the Company and our subsidiaries resulting from, or relating to or in consequence of, any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the Listing Date; or (c) all property losses and property claims arising from, or in connection with, directly or indirectly, the properties owned or occupied by the Group with defective title.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation where, among others, (a) provision has been made for such taxation in the audited accounts of the Company; (b) the taxation falling on the Company and our subsidiaries in respect of any accounting period commencing on or after July 1, 2011 unless liability for such taxation would not have arisen but for some event entered into by the Indemnifiers, the Company, our subsidiaries or any of them otherwise than in the course of normal day to day trading operations on or before the Listing Date; and (c) the taxation arises or is incurred as a consequence of any change in law or the interpretation thereof or practice by the relevant tax authority having retrospective effect coming into force after the Listing Date or to the extent that the taxation arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect.

2. Share Option Scheme

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by a written resolution passed by our Shareholders on November 22, 2011. The terms of the Share Option Scheme comply with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to incentivize and reward the Eligible Persons (as defined in sub-paragraph (b) below) for their contribution to our Company and the subsidiaries and associated companies of our Company and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) Who may join

The Board may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to:

- (i) an employee (whether full-time or part-time) or a director who is holding salaried office or employment with our Company or any subsidiaries or associated companies of our Company (“**Eligible Employee**”);
- (ii) a non-executive director of our Company or any subsidiaries or associated companies of our Company (including independent non-executive Director);
- (iii) any customer, business or joint venture partner, advisor, consultant, contractor, supplier, agent, customer or service provider of our Company or any subsidiaries or associated companies of our Company who is an individual; or
- (iv) any full-time employee of any customer, business or joint venture partner, advisor, consultant, contractor, supplier, agent, customer or service provider of our Company or any subsidiaries or associated companies of our Company,

who the Board considers, in its sole discretion, has contributed or will contribute to our Company or any subsidiaries or associated companies of our Company (collectively, the “**Eligible Persons**”).

(c) Maximum number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options granted under any other share option schemes of our Company must not in aggregate exceed 10% of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”), excluding for this purpose options lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company, provided that:

- (i) our Company may at any time as the Board think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit save that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit shall not exceed 10% of the Shares in issue as at the date on which the shareholders of our Company approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the relevant scheme) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our shareholders a circular containing the information required under Chapter 17 of the Listing Rules;

- (ii) our Company may seek separate approval from our Shareholders in general meeting for granting options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to our Shareholders a circular containing, among other things, a generic description of the specified Eligible Person who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Person with an explanation as to how the terms of the options serve such purpose and such other information required under Chapter 17 of the Listing Rules; and
- (iii) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company shall certify in writing to the Board to be fair and reasonable, in the event of any alteration to the capital structure of our Company whether by way of capitalization of profits or reserves, open offer, rights issue, consolidation, reclassification, reconstruction, subdivision of shares, or reduction of the share capital of our Company but shall not in any event exceed the limits imposed by the Listing Rules.

(d) Maximum entitlement of each individual

No options shall be granted to any Eligible Person which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer, exceeds 1% of the Shares in issue at such date. Any further grant of options in excess of this 1% limit shall be subject to the approval of our shareholders in general meeting with such Eligible Person and his associates (as defined in the Listing Rules) abstaining from voting. Our Company shall send to our shareholders a circular containing the identity of the Eligible Person, the numbers and terms of the options to be granted (and options previously granted to such Eligible Participant) and such other information required under Chapter 17 of the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before our shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

(e) Grant of options to connected persons

Any grant of options to a Director (including an independent non-executive Director), chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates (as defined in the Listing Rules), under the Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of the Company, or any of their respective associates (as defined in the Listing Rules), will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 % of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options by the Board must be approved by the shareholders of our Company. Any shareholder of our Company who is a connected person (as defined in the Listing Rules) of our Company must abstain from voting on the resolution to approve such further grant of options, except that such a connected person (as defined in the Listing Rules) may vote against such resolution subject to the requirements under Chapter 17 of the Listing Rules. Our Company shall send to our shareholders a circular containing the details and information required under Chapter 17 of the Listing Rule.

(f) Acceptance of an offer of options

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK\$1.00 is payable upon acceptance of the grant of options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

(g) *Exercise price*

The exercise price in respect of any option shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer;
- (ii) the average closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and
- (iii) the nominal value of the Shares.

(h) *Duration of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme.

(i) *Time of vesting and exercise of options*

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options. Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed 10 years from the offer date of the option (the "**Option Period**").

An option shall be subject to such terms and conditions (if any) as may be determined by the Board at the date of offer and specified in the offer of the option. Notwithstanding the above, there is no minimum period for which any option must be held before it can be exercised and no performance target which need to be achieved by an option-holder before the option can be exercised.

(j) Restriction on the time of grant of options

A grant of options may not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(k) Ranking of the Shares

Shares allotted and issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(l) Rights are personal to the option-holders

Except for the transmission of an option on the death of an option-holder to his personal representatives, neither the option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any option-holder to any other person or entity. If an option-holder transfers, assigns or disposes of any such option or rights, whether voluntarily or involuntarily, then the relevant option will immediately lapse.

(m) Rights on a general offer

If as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of our Company has or will become vested in the offeror, any company controlled by the offeror or any person associated with or acting in concert with the offeror (“**Change of Control**”), the Board will notify every option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies. Each option-holder will be entitled to exercise his options (to the extent not already exercised) during the one months starting on the later of (i) the date of the Board’s notification to the option-holders; and (ii) the date on which the person making the offer obtains control of the Company. All options not exercised before the end of such period will lapse.

(n) Rights on winding up

In the event a notice is given by our Company to its shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving the voluntarily winding up of our Company, our Company shall on the same date as or soon after it despatches such notice to its Shareholders give notice thereof to all option-holders and each option-holder (or his personal representative) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time no later than seven business days prior to the proposed general meeting of our Company. Our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the option-holder credited as fully paid.

(o) Rights On company reconstructions

In the event of a compromise or arrangement, our Company shall give notice to all option-holders on the same date as it gives notice of the meeting to its shareholders or creditors to consider such a compromise or arrangement and each option-holder may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his options (to the extent not already exercised), and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options not so exercised will lapse.

(p) Lapse of option

An option will lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of: (a) the expiry of the option period; (b) the expiry of any of the period referred to in sub-paragraphs (m) to (n); and (c) subject to sub-paragraph (o), the date of the commencement of the winding-up of the Company.

(q) Effect of alteration to capital

In the event of any alteration to the capital structure of the Company whilst any option remains exercisable, whether by way of capitalization of profits or reserves, open offer, rights issue, consolidation, reclassification, reconstruction, subdivision of shares, or reduction of share capital of our Company, such corresponding adjustments (if any) shall be made to the number of Shares, the subject matter of the option (insofar as it is unexercised) and/or the price at which the options are exercisable, as the auditors our Company or an independent financial advisor appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable. Notice of any adjustments shall be given by our Company to an option-holder.

Any such adjustments shall be made on the basis that an option-holder shall have the same proportion of the issued share capital of our Company as that to which he was entitled prior to such adjustments. No such adjustments shall be made the effect of which would enable any Share to be issued at less than its nominal value or to increase the proportion of the issued share capital of our Company for which any option-holder would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustments.

The auditors selected by the Company (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Hong Kong Stock Exchange.

(r) Cancellation of options

Unless an option-holder agrees, the Board may only cancel an option (which has been granted but not yet exercised) if, at the election of the Board, either;

- (i) the Company pays to the option-holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the auditors of our Company or an independent financial advisor appointed by the Board;
- (ii) the Board offers to grant to the option-holder replacement options (or options under any other share option scheme) or makes such arrangements as the option-holder may agree to compensate him for the loss of the option; or
- (iii) the Board makes such arrangements as the option-holder may agree to compensate him for the cancellation of the option.

(s) Termination of the Share Option Scheme

The Share Option Scheme will expire automatically on the day immediately preceding the tenth anniversary of the Listing Date. The Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme, upon which no new offers to grant options under the Share Option Scheme will be made and any options which have been granted but not yet exercised shall either (i) continue subject to the Share Option Scheme; or (ii) be cancelled in accordance with sub-paragraph (r).

(t) Alteration of the Share Option Scheme

The Board may amend any of the provisions of the Share Option Scheme at any time except the following, which shall be approved by our Shareholders in general meeting:

- (i) any amendments which are to the advantage of present or future option-holders in respect of matters contained in Rule 17.03 of the Listing Rules;
- (ii) any amendments to the terms and conditions of the Share Option Scheme which are of a material nature or any amendments to the terms of any options granted;
- (iii) any amendments to the terms of options granted to an option-holder who is a substantial shareholder (as defined in the Listing Rules) of our Company or an independent non-executive Director, or any of their respective associates (as defined in the Listing Rules) and the resolution to approve the amendment must be taken on a poll and any connected person (as defined in the Listing Rules) of our Company must abstain from voting on the resolution to approve such amendment, except that such a connected person may vote against such resolution; and
- (iv) any change to the authority of the Board in relation to any amendment of the rules of the Share Option Scheme.

(u) Conditions of the Share Option Scheme

The adoption of the Share Option Scheme is conditional upon:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme;
- (ii) the commencement of the dealings in the Shares on the Hong Kong Stock Exchange; and
- (iii) our Shareholders approve the adoption of the Share Option Scheme.

If the permission referred to in sub-paragraph (i) is not granted within six months after the date the Share Option Scheme was conditionally adopted:

- (aa) the Share Option Scheme shall forthwith determine;
- (bb) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect;
- (cc) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Share Option Scheme or any option; and
- (dd) the Board may further discuss and devise another share option scheme that is applicable to a private company for adoption by our Company.

Present status of the Share Option Scheme

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after February 11, 2006.

2. Stamp Duty

Dealings in the Shares will be subject to Hong Kong stamp duty. The current *ad valorem* rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

3. Litigation

As of the Latest Practicable Date, we are not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

4. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Share Option Scheme).

5. Preliminary Expenses

The preliminary expenses incurred by our Company in relation to our incorporation were approximately US\$4,000 and were paid by us.

6. Promoter

The Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Morgan Stanley Asia Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on future contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities
J.P. Morgan Securities (Asia Pacific) Limited	Licensed corporation under the SFO to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
Ernst & Young	Certified Public Accountants, Hong Kong
Jingtian & Gongcheng	PRC legal advisor to the Company
Maples and Calder	Legal advisor to the Company as to Cayman Islands law
Savills Valuation and Professional Services Limited	Property valuer

8. Consent of Experts

Each of Morgan Stanley Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited, Ernst & Young, Jingtian & Gongcheng, Maples and Calder, and Savills Valuation and Professional Services Limited has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

10. Particulars of the Selling Shareholder

Baoxin Investment, a company incorporated in the BVI on September 6, 2010 whose registered office is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The Sale Shares, being an aggregate of 50,580,000 Shares, are offered by Baoxin Investment for sale under the International Offering. Baoxin Investment may be required by the Global Coordinator to sell up to an aggregate of 28,449,000 Shares upon the exercise of the Over-allotment Option, as a result of which Baoxin Investment may sell up to an aggregate of 79,029,000 Shares pursuant to the Global Offering (assuming the Over-allotment Option is exercised in full).

11. Reserves Available for Distribution

As at June 30, 2011, our Company has reserves of nil available for distribution to our Shareholders.

12. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

- (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in this prospectus, our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2011 (being the date to which the latest audited consolidated financial statements of the Group were prepared);
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by Maples Fund Services (Cayman) Limited and a Hong Kong register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (g) The Directors have been advised that, under the Cayman Companies Law, the use of a Chinese name by the Company for identification purposes only does not contravene the Cayman Companies Law.
- (h) The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption from Companies and prospectuses from Compliance Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Exemption

As our Group is in compliance with paragraph 3(b) of Practice Note 16 of the Listing Rules and section 6 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual leased properties under operating lease have been excluded from the valuation certificates in the property valuation report in Appendix IV to this prospectus, of which a summary is included in the Summary of Valuation and the certificates for leased properties.