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OVERVIEW

We were the second largest luxury and ultra-luxury automobile dealership group in Northwestern China in terms of the number of dealership outlets for luxury and ultra-luxury automobile brands as of December 31, 2013, according to ACRM. In addition, we were the largest automobile dealership group in Xi'an City and Shaanxi Province in terms of revenue in 2012, according to ACRM.

According to ACRM, Xi'an City was the largest city in Shaanxi Province in terms of GDP in 2012, accounting for approximately 30.2% of the total GDP of Shaanxi Province in 2012, compared to Yulin, which was the second largest city in Shaanxi Province in terms of GDP in 2012 and accounted for 19.2% of the total GDP of Shaanxi Province in 2012. In addition, according to ACRM, Xi'an City was the largest automobile market in Shaanxi Province in terms of new automobile plate registration volume in 2012, which accounted for 50.9% of the total new automobile plate registration volume of Shaanxi Province in 2012, compared to Yulin, which was the second largest city in Shaanxi Province in terms of new automobile plate registration volume in 2012 and accounted for 16.8% of the total new automobile plate registration volume of Shaanxi Province in 2012. According to ACRM, Shaanxi Province was the largest province in Northwestern China in terms of GDP in 2012, accounting for 45.4% of the total GDP of Northwestern China in 2012, compared to Xinjiang, which was the second largest provincial region in Northwestern China in terms of GDP in 2012 and accounted for 23.6% of the total GDP of Northwestern China in 2012. In addition, according to ACRM, Shaanxi Province was the largest automobile market in Northwestern China in terms of new automobile plate registration volume in 2012, which accounted for 43.6% of the total new automobile plate registration volume of Northwestern China in 2012, compared to Xinjiang, which was the second largest market in Northwestern China in terms of new automobile plate registration volume in 2012 and accounted for 23.0% of the total new automobile plate registration volume of Northwestern China in 2012.

As of the Latest Practicable Date, we had 23 outlets in operation, including 16 4S dealership stores and seven showrooms, and 15 out of our 23 outlets in operation were located in Xi'an in Shaanxi Province and contributed approximately 74.0% to our total revenue for the nine months ended September 30, 2013. As of the Latest Practicable Date, our remaining eight outlets were located in Yan'an in Shaanxi Province, Lanzhou in Gansu Province, Yinchuan in Ningxia, Taiyuan in Shanxi Province, Ordos in Inner Mongolia and Wuxi and Suzhou in Jiangsu Province. As of the Latest Practicable Date, 18 out of our 23 outlets were located in Northwestern China. We have a proven track record of establishing successful and high quality outlets. In Northwestern China, we were the first to set up outlets for Cadillac, Porsche, Bentley, Ferrari/Maserati and Hongqi, and among the first dealerships to set up outlets for Audi. As of the Latest Practicable Date, we had seven outlets covering such ultra-luxury automobile brands as Porsche and Ferrari/Maserati, for which we were the only dealer in Northwestern China, two outlets covering Bentley, for which we were the only dealer in Shaanxi Province, and 13 outlets covering such luxury automobile brands as Audi, Volkswagen Imported, Mercedes-Benz, Cadillac, Lexus and Hongqi. As of the Latest Practicable Date, we had received non-binding letters of intent from automobile suppliers, and we planned to establish four outlets for ultra-luxury automobile brands, including Ferrari/Maserati, nine outlets for luxury automobile brands including Audi, Volkswagen Imported, Hongqi and Chrysler and one outlet for Shanghai Volkswagen, a middle market brand.

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We offer a comprehensive range of automobile sales and services, including (i) the sale of automobiles, both imported and domestically manufactured, and (ii) after-sales services, including maintenance and repair services, sales of spare parts and automobile detailing services. We also provide other value-added services, such as automobile insurance agency services, automobile financing services, automobile licensing services and automobile survey services.

We derive a majority of our revenue from automobile sales. Our revenue generated from sales of automobiles accounted for 92.8%, 92.9%, 91.9%, 92.1% and 90.7% of our total revenue for 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively. The following table sets forth a breakdown of the sales volumes, revenue and profit from automobile sales by brand segments for the periods indicated:

	Year ended December 31,												Nine months ended September 30,												
	2010				2011				2012				2012				2013								
	Revenue	%	Gross Profit	%	Gross Margin	Revenue	%	Gross Profit	%	Gross Margin	Revenue	%	Gross Profit	%	Gross Margin	Revenue	%	Gross Profit	%	Gross Margin					
	(RMB'000)																								
Automobile sales																									
Luxury and ultra-luxury brands	2,568,793	78.9	213,768	67.2	8.3%	4,410,970	82.5	353,833	68.6	8.0%	6,122,318	85.0	312,990	55.6	5.1%	4,559,113	84.8	229,070	56.2	5.0%	4,610,033	84.6	238,349	53.4	5.2%
Middle market brands	454,571	13.9	22,865	7.2	5.0%	556,514	10.4	19,319	3.7	3.5%	496,951	6.9	5,540	1.0	1.1%	392,280	7.3	5,568	1.4	1.4%	330,888	6.1	22	0.0	0.0%
Subtotal	3,023,364	92.8	236,633	74.4	7.8%	4,967,484	92.9	373,152	72.3	7.5%	6,619,269	91.9	318,530	56.6	4.8%	4,951,393	92.1	234,638	57.6	4.7%	4,940,921	90.7	238,371	53.4	4.8%
After-sales services																									
Luxury and ultra-luxury brands	207,018	6.4	73,605	23.2	35.6%	339,750	6.3	126,698	24.6	37.3%	536,336	7.4	225,930	40.2	42.1%	386,918	7.2	160,227	39.3	41.4%	470,693	8.6	193,834	43.5	41.2%
Middle market brands	26,248	0.8	7,785	2.4	29.7%	41,170	0.8	16,054	3.1	39.0%	49,627	0.7	18,027	3.2	36.3%	36,352	0.7	12,786	3.1	35.2%	35,665	0.7	13,874	3.1	38.9%
Subtotal	233,266	7.2	81,390	25.6	34.9%	380,920	7.1	142,752	27.7	37.5%	585,963	8.1	243,957	43.4	41.6%	423,270	7.9	173,013	42.4	40.9%	506,358	9.3	207,708	46.6	41.0%
Total	3,256,630	100.0	318,023	100.0	9.8%	5,348,404	100.0	515,904	100.0	9.6%	7,205,232	100.0	562,487	100.0	7.8%	5,374,663	100.0	407,651	100.0	7.6%	5,447,279	100.0	446,079	100.0	8.2%

The gross profit of our Toyota outlet, a middle market brand, decreased significantly from 2011 to 2012 and from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, primarily due to a significant decrease in gross profit from the sales of new Toyota-branded automobiles as a result of anti-Japan market sentiment resulting from the dispute over the Diaoyu Islands.

We have been continuously improving our after-sales service capabilities. During the Track Record Period, a majority of our new customers who purchased our luxury and ultra-luxury automobiles returned to our 4S dealership stores for maintenance or repair services. The throughput volume of after-sales services increased from 85,729 units for 2010 to 111,513 units for 2011, and further increased to 154,641 units for 2012. The throughput volume was 124,885 units for the nine months ended September 30, 2013. For 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, our revenue generated from after-sales services accounted for 7.2%, 7.1%, 8.1%, 7.9% and 9.3%, respectively, of our total revenue.

OUR OUTLETS

We have been expanding our dealership network through steady organic growth, with the number of our outlets more than doubling since 2007 due to the increase in the number of luxury and ultra-luxury automobile outlets. As of the Latest Practicable Date, we had 16 4S dealership stores and seven showrooms. A 4S dealership store refers to a dealership authorized to provide

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four integrated standard automobile-related businesses, including sales, spare parts, service and survey. In China, the majority of automobiles are distributed through 4S dealership stores. Our showrooms only provide sales of automobiles. The following table sets forth the number of our outlets as of the dates indicated:

	As of December 31,			As of	As of
	2010	2011	2012	September	the Latest
				30, 2013	Practicable
					Date
Ultra-luxury Brands	2	3	7	7	9
Luxury Brands	4	8	12	10	13
Middle Market Brand	1	1	1	1	1
Total	<u>7</u>	<u>12</u>	<u>20</u>	<u>18</u>	<u>23</u>

Note: In August 2013, we terminated the operations of our Chrysler showroom in Yulin in Shaanxi Province after a trial operation. In June 2013, we disposed of our Volkswagen Imported outlet in Yangzhou in Jiangsu Province. For more details, see “Our Business — Our Outlets — Dealership Arrangements” beginning on page 138 of this prospectus.

As of the Latest Practicable Date, among our 23 outlets in operation, 20 were located in Shaanxi Province, Inner Mongolia, Shanxi Province, Gansu Province and Ningxia, where we see an increasing yet unmet demand for ultra-luxury and luxury automobiles from the growing affluent population in the region.

As part of our expansion plan and in order to further strengthen our market presence, we plan to open 14 new outlets by the end of 2014, including five outlets for such luxury and ultra-luxury brands as Ferrari/Maserati, Audi, Volkswagen Imported and Hongqi in Northwestern China, one Maserati 4S dealership store, one Maserati showroom and one Volkswagen Imported 4S dealership store in Taiyuan in Shanxi Province, one Audi 4S dealership store in Beijing, one Volkswagen Imported 4S dealership store in Wuxi in Jiangsu Province, one Audi 4S dealership store in Yangzhou in Jiangsu Province, one Volkswagen Imported showroom and one Chrysler 4S dealership store in Suzhou in Jiangsu Province and one 4S dealership store for Shanghai Volkswagen, a middle market brand, in Xi’an in Shaanxi Province by the end of 2014.

We estimate that the capital expenditure for these outlets will range between RMB30 million and RMB80 million per outlet, depending on such factors as the location and brands of the outlets. We expect to use 30% of the capital expenditures for the acquisition of land use rights, 55% for the construction and decoration of our outlets, 10% for equipment and furniture and 5% for the procurement of test drive automobiles. The estimated capital expenditures for each new outlet are in line with the historical capital expenditures we have incurred.

As of September 30, 2013, we expected to incur approximately RMB843.0 million of capital expenditures for our planned outlets, of which approximately RMB332.1 million of capital expenditures had already been incurred. We expect to fund such capital expenditures primarily through the net proceeds from the Global Offering and cash generated from our operations.

For more details, please see “Our Business — Our Outlets” beginning on page 132 of this prospectus.

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DEALERSHIP ARRANGEMENTS

All of our outlets are subject to a non-exclusive dealership authorization arrangement with one automobile supplier to offer only the products of and services for one or more brands of that automobile supplier. Under our existing dealership authorization agreements, the automobile suppliers typically set forth certain requirements and restrictions that we need to follow.

Under these agreements, the automobile suppliers specify the locations of our outlets and require us to observe their recommended pricing guidelines from time to time. Their representatives conduct site-visits, including unscheduled visits, to inspect the compliance of our outlets with their requirements. The automobile suppliers will set sales targets for us, regularly evaluate our performance and customer satisfaction level and conduct regular audits. For more details of the major terms of the dealership agreements, please refer to “Our Business — Our Outlets — Dealership Arrangements” beginning on page 138 of this prospectus.

Since our inception, none of our dealership authorization agreements has been terminated by automobile suppliers, and we have been able to renew all of our dealership authorizations upon expiration. We do not expect any of our dealership authorization agreements to be terminated in the next 12 months. For more details, please see “Our Business — Our Outlets — Dealership Arrangements” beginning on page 138 of this prospectus.

Automobile suppliers typically grant rebates with reference to the units of new automobiles which automobile dealers purchase or sell. Automobile suppliers may also grant us additional rebates based on the evaluation of our overall performance. During the Track Record Period, most of our rebates were settled by deducting the aggregate purchase price payable by us for subsequent automobile purchase orders, with the rest paid to us in cash.

For 2010, 2011 and 2012 and the nine months ended September 30, 2013, we recorded rebates from automobile suppliers of RMB51.8 million, RMB71.1 million, RMB175.2 million and RMB157.6 million, respectively, which accounted for 16.3%, 13.8%, 31.1% and 35.3% of our gross profit during the same periods, respectively. For further details, please refer to the section headed “Our Business — Suppliers and Procurement — Rebate” beginning on page 154 of this prospectus.

OUR COMPETITIVE STRENGTHS

We believe the following strengths differentiate us from our competitors:

- Second largest luxury and ultra-luxury automobile dealership group in Northwestern China
- Strategic outlet network in Northwestern China with strong growth potential in the luxury and ultra-luxury segments
- Strong focus on luxury and ultra-luxury brands, which has been the driver of our revenue and profit growth
- Long-term strong relationships with leading automobile suppliers, in particular our strategic cooperation with the Volkswagen Group and its portfolio brand companies
- Ability to achieve sustainable growth through our effective and replicable expansion model

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- Experienced senior management team with strong track records and are supported by a team of talented and well-trained professionals

OUR STRATEGIES

Our goal is to strengthen our leading market position and to capture opportunities in the rapidly expanding automobile market in China. We intend to achieve these goals through the following strategies:

- Continue to strengthen our leading market position in Northwestern China and selectively expand into new markets in China
- Continue to enhance our existing brands and further diversify our portfolio of luxury and ultra-luxury automobile brands that we offer
- Expand the scope of our after-sales services, improve the efficiency of our after-sales services and improve our customer service quality
- Further strengthen our brand, operational efficiency and sales and marketing efforts
- Continue to attract, train and retain skilled employees to support our future growth and expansion

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information as of and for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013. We have derived this summary from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The summary below should be read in conjunction with the consolidated financial information included in the Accountants' Report in Appendix I to this prospectus, together with the accompanying notes. Our consolidated financial information was prepared in accordance with HKFRSs.

Selected Items of Consolidated Statements of Profit or Loss

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	3,256,630	5,348,404	7,205,232	5,374,663	5,447,279
Cost of sales and services	(2,938,607)	(4,832,500)	(6,642,745)	(4,967,012)	(5,001,200)
Gross profit	318,023	515,904	562,487	407,651	446,079
Other income and gains, net	17,491	35,570	64,119	41,399	63,384
Selling and distribution costs	(102,136)	(139,648)	(176,047)	(128,386)	(132,143)
Administrative expenses	(56,354)	(110,025)	(145,559)	(109,863)	(107,633)
Profit from operations	177,024	301,801	305,000	210,801	269,687
Finance costs	(15,385)	(40,994)	(116,695)	(76,563)	(93,093)
Profit before tax	161,639	260,807	188,305	134,238	176,594
Income tax	(41,930)	(66,809)	(48,091)	(34,340)	(43,529)
Profit for the year/period	<u>119,709</u>	<u>193,998</u>	<u>140,214</u>	<u>99,898</u>	<u>133,065</u>

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Selected Items of Consolidated Statements of Financial Position

	As of December 31,			As of September 30, 2013
	2010	2011	2012	RMB'000
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
TOTAL NON-CURRENT ASSETS	301,022	655,897	1,003,622	1,178,839
TOTAL CURRENT ASSETS	708,797	1,453,098	2,178,348	1,964,922
TOTAL CURRENT LIABILITIES	671,903	1,306,561	2,254,773	2,140,105
NET CURRENT ASSETS/(LIABILITIES) ...	36,894	146,537	(76,425)	(175,183)
TOTAL ASSETS LESS CURRENT LIABILITIES	337,916	802,434	927,197	1,003,656
NON-CURRENT LIABILITIES	47,500	118,693	83,170	23,000
NET ASSETS	290,416	683,741	844,027	980,656
TOTAL EQUITY	290,416	683,741	844,027	980,656

Net current liabilities

As of December 31, 2012, we had net current liabilities of RMB76.4 million, which was primarily due to a significant increase in short-term bank borrowings from RMB485.0 million as of December 31, 2011 to RMB1,337.4 million as of December 31, 2012 for the expansion of our business. Our net current liabilities increased to RMB175.2 million as of September 30, 2013, primarily due to:

- (i) a decrease in pledged bank deposits from RMB401.0 million as of December 31, 2012 to RMB232.7 million as of September 30, 2013, primarily due to our decreased use of pledged bank deposits to secure bank acceptance notes as we used more bank loans to replace our bank acceptance notes to pay for the purchases of new automobiles with a view to reducing our finance costs, as well as our improved liquidity position because we used bank acceptance notes with shorter terms;
- (ii) a decrease in inventories from RMB753.0 million as of December 31, 2012 to RMB655.1 million as of September 30, 2013, primarily because we increased our sales efforts to facilitate the turnover of older models, sold more luxury and ultra-luxury automobiles for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, and as a result of our increased sales efforts, our average inventory turnover days decreased from 40.8 days for 2012 to 35.4 days for the nine months ended September 30, 2013, and because the sales targets for 2013 only slightly increased from 2012; and
- (iii) a decrease in prepayments, deposits and other receivables from RMB628.5 million as of December 31, 2012 to RMB556.8 million as of September 30, 2013, primarily due to our tightened management of prepayments to automobile suppliers to improve our liquidity position.

However, our cash and cash equivalents did not increase in line with the cash generated from the above actions, primarily because we used part of the cash to invest into property, plant and equipment and land use rights for our new stores and planned stores in the nine months

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ended September 30, 2013, which were transferred into non-current assets and contributed to the decrease in our current assets. For the nine months ended September 30, 2013, we used RMB270.5 million for the purchase of property, plant and equipment and RMB113.8 million for the purchase of land use rights. As of December 31, 2013, our net current liabilities decreased significantly to RMB75.4 million. As of December 31, 2013, we had unutilized and unrestricted banking facilities of RMB1.3 billion. Our Directors believe that with the available banking facilities, the cash generated from our operating activities and the net proceeds we expect to receive from the Global Offering, we will be able to further improve our liquidity position in the future. See “Risk Factors — Risks Relating to Our Business — We had net current liabilities position as of December 31, 2012 and September 30, 2013” beginning on page 34 of this prospectus.

Operating cash flow

We had negative operating cash flow of RMB12.9 million, RMB294.5 million and RMB223.0 million for 2011 and 2012 and the nine months ended September 30, 2012, respectively, primarily due to our increased need for working capital as a result of our business expansion. For 2010 and the nine months ended September 30, 2013, we had positive operating cash flow of RMB62.3 million and RMB460.9 million, respectively. See “Risk Factors — Risks Relating to Our Business — We have recorded, and may continue to record, negative operating cash flows due to our rapid expansion” on page 33 and “Financial Information — Liquidity and Capital Resources — Cash Flow Generated from/(Used in) Operating Activities” beginning on page 217 of this prospectus.

KEY OPERATING DATA

The following table sets forth our average revenue per outlet that we had operated for at least one fiscal year for the periods indicated:

		Year ended December 31,				Nine months ended September 30,			
2010		2011		2012		2012		2013	
Number of outlets	Average revenue per outlet	Number of outlets	Average revenue per outlet	Number of outlets	Average revenue per outlet	Number of outlets	Average revenue per outlet	Number of outlets	Average revenue per outlet
<i>(RMB in millions)</i>		<i>(RMB in millions)</i>		<i>(RMB in millions)</i>		<i>(RMB in millions)</i>		<i>(RMB in millions)</i>	
6	529.4	7	731.8	12	525.7	7	580.3	12	367.1

Our average revenue per outlet that we had operated for at least one fiscal year decreased from RMB731.8 million for 2011 to RMB525.7 million for 2012, and decreased from RMB580.3 million for the nine months ended September 30, 2012 to RMB367.1 million for the nine months ended September 30, 2013. We opened five new outlets in 2011, including one Bentley outlet, one Audi outlet, one Volkswagen Imported outlet, one Cadillac outlet and one Lexus outlet. It took us time to fully ramp up the operations of these five stores. Furthermore, two of these five outlets are showrooms, which usually generate less revenue than 4S dealership stores as showrooms do not provide after-sales services. The decreases in our average revenue per outlet that we had operated for at least one fiscal year were primarily due to the combination of these reasons.

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The following table sets forth the revenue and the percentage of revenue contribution by automobile brand for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	Revenue	Percentage to total revenue	Revenue	Percentage to total revenue	Revenue	Percentage to total revenue	Revenue	Percentage to total revenue	Revenue	Percentage to total revenue
	<i>(RMB in millions)</i>	<i>(%)</i>	<i>(RMB in millions)</i>	<i>(%)</i>	<i>(RMB in millions)</i>	<i>(%)</i>	<i>(RMB in millions)</i>	<i>(%)</i>	<i>(RMB in millions)</i>	<i>(%)</i>
Ultra-luxury brands										
Porsche	638.0	19.6	1,162.7	21.7	1,942.2	27.0	1,442.0	26.9	1,550.3	28.5
Bentley	—	—	15.1	0.3	151.1	2.1	91.2	1.7	114.6	2.1
Ferrari/Maserati . .	—	—	—	—	15.7	0.2	1.9	0.0	77.4	1.4
Subtotal	<u>638.0</u>	<u>19.6</u>	<u>1,177.8</u>	<u>22.0</u>	<u>2,109.0</u>	<u>29.3</u>	<u>1,535.1</u>	<u>28.6</u>	<u>1,742.3</u>	<u>32.0</u>
Luxury brands										
Audi	1,104.5	33.9	1,505.3	28.2	2,522.6	35.0	1,844.6	34.4	2,063.6	37.8
Volkswagen										
Imported	375.4	11.5	970.3	18.1	1,160.0	16.1	867.7	16.1	800.2	14.7
Lexus	425.8	13.1	588.7	11.0	489.9	6.8	420.2	7.8	238.8	4.4
Cadillac	232.1	7.1	508.6	9.5	350.4	4.8	260.4	4.8	222.0	4.1
Chrysler	—	—	—	—	26.7	0.4	18.1	0.3	13.8	0.3
Subtotal	<u>2,137.8</u>	<u>65.6</u>	<u>3,572.9</u>	<u>66.8</u>	<u>4,549.6</u>	<u>63.1</u>	<u>3,411.0</u>	<u>63.4</u>	<u>3,338.4</u>	<u>61.3</u>
Middle market brand										
Toyota	480.8	14.8	597.7	11.2	546.6	7.6	428.6	8.0	366.6	6.7
Total	<u><u>3,256.6</u></u>	<u><u>100.0</u></u>	<u><u>5,348.4</u></u>	<u><u>100.0</u></u>	<u><u>7,205.2</u></u>	<u><u>100.0</u></u>	<u><u>5,374.7</u></u>	<u><u>100.0</u></u>	<u><u>5,447.3</u></u>	<u><u>100.0</u></u>

The average selling prices of luxury and ultra-luxury brand automobiles offered by us generally decreased during 2012 when compared to 2011, and the average selling prices of most luxury and ultra-luxury brand automobiles offered by us decreased in the nine months ended September 30, 2013 when compared to the nine months ended September 30, 2012. These decreases were primarily due to (i) the fact that the mix of automobile models offered by us shifted to lower configuration models as our automobile suppliers have promoted sales of lower configuration models in order to cater to the change in customers' demands given the change in market sentiment, as well as an increase in the supply of domestically-manufactured automobiles, which had lower prices than imported models; and (ii) the reduction of the selling prices of certain automobiles with low turnover rates by us pursuant to the policies and requests of our automobile suppliers in order to facilitate the turnover of older models. We believe the combination of these factors contributed to the decrease in our gross margin of new automobile sales in 2012. Although our average selling prices decreased in the nine months ended September 30, 2013, we managed to improve the mix of the automobile models we offered to our customers, which allowed us to enjoy an increase in our gross margin of new automobile sales in the nine months ended September 30, 2013. Please refer to "Financial Information" beginning on page 193 of this prospectus for further information.

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods and as of the dates indicated:

	Year ended and as of December 31,			Nine months ended and as of September 30,	
	2010	2011	2012	2012	2013
Profitability					
Return on equity	41.2%	28.4%	16.6%	—	13.6%
Return on total assets	11.9%	9.2%	4.4%	—	4.2%
Liquidity					
Current ratio	1.1	1.1	1.0	—	0.9
Capital Adequacy					
Debt to equity ratio	60.8%	57.6%	138.6%	—	106.6%
Interest coverage	11.5	7.4	2.6	2.8	2.9

RECENT DEVELOPMENTS

For the four months ended January 31, 2014, we sold 5,777 units of new automobiles and the throughput volume of our after-sales services was 60,462 units. Our revenue, gross profit and gross margin for the four months ended January 31, 2014 increased compared to those for the four months ended January 31, 2013. Our Directors confirm that, after having performed reasonable due diligence on our Group, there has been no material adverse change in our Group's financial or trading position or prospects since October 1, 2013 to the date of this prospectus.

As far as our Directors are aware, there have been no changes in the general economic or market conditions or in the automobile industry of the PRC as a whole, or in the markets where we have operations, which would have a material and adverse impact on our business operations or financial condition since October 1, 2013 to the date of this prospectus.

LISTING EXPENSES

The estimated expenses in relation to the Global Offering are approximately RMB61.7 million, of which approximately RMB45.0 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering in the year 2014. The remaining estimated listing expenses of approximately RMB16.7 million, which cannot be so deducted, was or will be charged to profit or loss, of which approximately RMB10.0 million was charged during the Track Record Period, approximately RMB2.4 million is estimated to be incurred during the three months ended December 31, 2013 and approximately RMB4.3 million is expected to be incurred before or upon completion of the Global Offering in the year 2014. This calculation is based on the mid-point of our indicative Offer Price range of HK\$3.65 to HK\$4.55 per Offer Share and the assumption that 150,000,000 Shares expected to be issued under the Global Offering and 600,000,000 Shares are issued and outstanding immediately following the Global Offering (assuming the Over-allotment Option is not exercised).

CONTROLLING SHAREHOLDERS AND PRE-IPO INVESTMENT

Immediately after the completion of the Global Offering, Golden Speed and Win Force will jointly hold 58.5% of our outstanding Shares, assuming the Over-allotment Option is not

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exercised. Golden Speed is wholly owned by Mr. Wu and Win Force is wholly owned by Ms. Chiu. Golden Speed, Win Force, Mr. Wu and Ms. Chiu will be considered as our Controlling Shareholders, holding in aggregate approximately 58.5% of our outstanding Shares upon the Listing.

Pursuant to a share subscription agreement (the “Share Subscription Agreement”) dated April 10, 2011 entered into among our Founders, together with their direct and indirect wholly owned subsidiaries and Standard Chartered Private Equity, Standard Chartered Private Equity subscribed for 5,000 Series A preferred shares of Top Wheel (the “Series A Preferred Shares”), with the subscription price of approximately US\$34.37 million, representing 20% of Top Wheel’s allotted and issued share capital as then enlarged on a fully-diluted and as-converted basis (the “Pre-IPO Investment”). It is expected that, immediately prior to the completion of the Global Offering, the Series A Preferred Shares will be converted into the ordinary shares of Top Wheel, which will then be repurchased by Top Wheel. As consideration for such repurchase, Top Wheel will transfer 90,000,000 Shares it holds to Standard Chartered Private Equity. Immediately upon completion of the above share swap, Standard Chartered Private Equity will cease to be a shareholder of Top Wheel and will hold 90,000,000 Shares in our Company, representing 20% of our total issued share capital immediately prior to the Global Offering, and approximately 15% (assuming the Over-allotment Option is not exercised) to 14.5% (assuming the Over-allotment Option is exercised in full) of the issued share capital of our Company upon completion of the Global Offering.

For further details and the terms of the Pre-IPO Investment, please refer to the paragraph headed “Our History and Reorganization — Pre-IPO Investment” beginning on page 97 of this prospectus.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option will not be exercised.

	Based on an Offer Price of HK\$3.65	Based on an Offer Price of HK\$4.55
Market capitalization of our Shares ⁽¹⁾	HK\$2,190.0 million	HK\$2,730.0 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$2.84	HK\$3.06

Notes:

- (1) The calculation of market capitalization is based on 150,000,000 Shares expected to be issued under the Global Offering, and assuming that 600,000,000 Shares are issued and outstanding following the Global Offering.
- (2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 600,000,000 Shares are in issue following the Global Offering.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of our Group had the Global Offering been completed as of September 30, 2013 or any future date. They are prepared based on our consolidated net assets as of September 30, 2013 as set out in the Accountants’ Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants’ Report in Appendix I to this prospectus.

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	Consolidated net tangible assets attributable to owners of our Company as of September 30, 2013	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>(HK\$ equivalent)</i>
Based on an Offer Price of HK\$3.65 per Share	973,291	370,790	1,344,081	2.24	2.84
Based on an Offer Price of HK\$4.55 per Share	973,291	475,035	1,448,326	2.41	3.06

USE OF PROCEEDS

The net proceeds of the Global Offering are expected to be approximately HK\$536.8 million (assuming an Offer Price of HK\$4.10 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions (including the discretionary incentive fee) and the estimated expenses payable by us in relation to the Global Offering. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 85% of the net proceeds to us (approximately HK\$456.3 million, assuming an Offer Price of HK\$4.10 per Share, being the mid-point of the estimated Offer Price range) will be used for expanding our outlet network organically and, if suitable opportunities arise, through selective acquisitions. For the proceeds used for our organic growth, we expect to use 30% for the acquisition of land use rights, 55% for the construction and decoration of our outlets, 10% for equipment and furniture and 5% for the procurement of test drive automobiles;
- approximately 5% of the net proceeds to us (approximately HK\$26.8 million, assuming an Offer Price of HK\$4.10 per Share, being the mid-point of the estimated Offer Price range) will be used for upgrading, maintenance and refurbishment of our existing outlets; and
- approximately 10% of the net proceeds to us (approximately HK\$53.7 million, assuming an Offer Price of HK\$4.10 per Share, being the mid-point of the estimated Offer Price range) will be used for working capital and other general corporate purposes.

For more details, please see “Future Plans and Use of Proceeds” beginning on page 241 of the prospectus.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering. For further details regarding the risks we are facing, please see “Risk Factors” beginning on page 28 of the prospectus.

SUMMARY

LEGAL AND COMPLIANCE

Our Directors have confirmed that, during the Track Record Period, there were no litigation or arbitration proceedings, and, to their best knowledge, they are not aware of any pending or threatened litigation or arbitration proceedings against us or any of our Directors which had or could have a material and adverse effect on our financial condition or results of operations.

For the details of our historical non-compliance incidents, please refer to “Our Business — Legal and Compliance” beginning on page 166 of this prospectus.

OUR PROPERTIES

We have constructed a large portion of our outlets on premises to which we own the land use rights which, in the view of our Directors, places us in a stronger position to apply for new dealership authorization from automobile suppliers compared with competitors with outlets on leased premises. As of the Latest Practicable Date, we owned 19 properties and leased 15 properties in the PRC and owned one property in Hong Kong.

Among these owned and leased properties, 23 of them are considered important to us as we operate outlets and spare parts distribution center thereon, which in aggregate contributed substantially all of our revenue during the Track Record Period. For details of such properties, please see the section headed “Statutory and General Information — Further Information about Our Business — Material Properties” in Appendix VI to this prospectus.

As of the Latest Practicable Date, three of the properties we owned have titles defects, and eight of the properties we leased have title defects because the lessors either have not obtained the required title certificates or required approvals from competent authorities before leasing the relevant sites to us, which are either State-owned land or collectively-owned lands. We have taken various remedial actions including, among others, making applications for the title certificates, obtaining indemnity from the lessors for losses that we may incur due to the title defects, requesting the lessors to obtain the required title certificates, approvals and/or obtaining confirmation from competent authorities for these title defects.

For further details of our owned and leased properties, the title defects, remedial actions taken and the potential penalties in respect of such defects, please refer to “Our Business — Our Properties” beginning on page 159 of this prospectus.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2013

On the bases set out in “Appendix III – Profit Estimate” and, in the absence of unforeseen circumstances, certain profit estimate data of the Group for the year ended December 31, 2013 are set out below:

Estimated consolidated profit attributable to owners of the Parent for the year ended December 31, 2013	not less than RMB183.2 million (equivalent to HK\$232.5 million)
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Unaudited pro forma estimated earnings per Share	not less than RMB0.31 (equivalent to HK\$0.39)
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