
OUR HISTORY AND REORGANISATION

OUR CORPORATE HISTORY

Our history can be traced back to 1999 when we opened our first dealership store in Shanghai, which primarily sells Nissan automobiles. Since 1999, we have rapidly expanded our automobile dealership business. In 2004, we commenced the winding down of our commercial vehicles sales business to sharpen our business focus on our automobile dealership business. We have successfully expanded our automobile dealership business to 14 cities in both the large, established automobile markets of the affluent regions of China, such as Beijing, Shanghai, Guangzhou, Dongguan and Zhuhai as well as the rapidly developing regions where we expect substantial demand for premium branded automobiles from an increasingly affluent Chinese population, such as Inner Mongolia, Hunan, Hubei and Jiangxi. As of 30 June 2010, we operated 22 dealership stores, and in addition have entered into letters of intent for one BMW dealership store in Guangzhou and one Audi dealership store in Shanghai, which are expected to commence operations by the end of 2010.

To further strengthen our relationships with automobile manufacturers and complement our automobile dealership business, we established our automobile logistics business in 2002. Leveraging the existing network of our automobile dealership and logistics businesses, we also established our lubricant oil trading business in 2008, to capture the growing demand of the automobile market and provide better services to our customers at our 4S dealership stores. In addition, our Group has received from certain automobile manufacturers notices of approval as pre-qualified candidates (or, as the case may be, our Group entered into letters of intent with such automobile manufacturers) to set up nine 4S dealership stores at selected cities to service particular areas or regions. Under such notices or letters of intent, we have to carry out certain major steps, before formal dealership authorization agreements will be made by such automobile manufacturers with our Group. Steps have been taken by our Group to establish the relevant operating entities and the dealership stores.

OUR BUSINESS MILESTONES

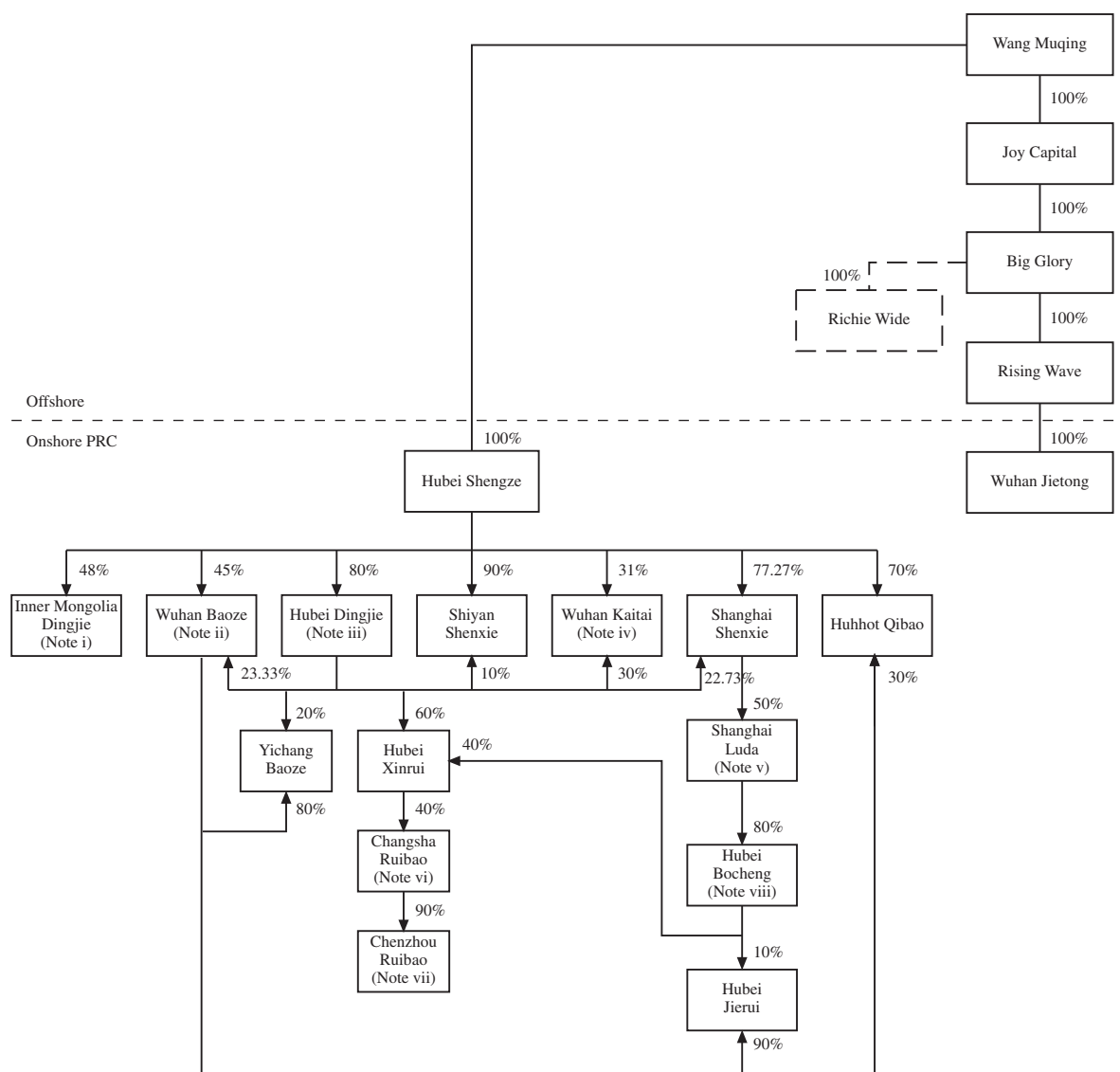
The following are important milestones in the history of our business development to date:

Year	Milestone
1999	• Established our first dealership store, which was also our first Nissan dealership and our first dealership store in Shanghai
2001	• Established the Operation and Management Committee, which promoted and initiated our Group’s management by a professional managerial team
2002	• Established our first Audi dealership store and our first dealership store in Hubei province
	• Commenced operation of our logistics services business
2003	• Established our first dealership store (Dongfeng Nissan dealership store) in Inner Mongolia
2004	• Established our first BMW dealership store (Wuhan)
	• Established our first Hyundai dealership store (Wuhan)
2005	• Established our first Chevrolet dealership store (Wuhan)
	• Established our first dealership store in Hunan Province (BMW/MINI dealership store)
2008	• Established our first dealership store in Guangdong province (BMW/MINI dealership store)
	• Established our first dealership store BMW in Jiangxi Province
	• Commenced operation of our lubricant oil trading business
2009	• Established our first dealership store in Beijing (BMW dealership store)
	• Established our first Porsche dealership store in Dongguan

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SHAREHOLDING AND CORPORATE CHANGES OF OUR GROUP DURING THE TRACK RECORD PERIOD

Our Group was under the ownership of Mr. Wang Muqing throughout the entire Track Record Period. The following depicts the shareholding structure of our Group as at 1 January 2007, being the beginning date of the Track Record Period:



Note:

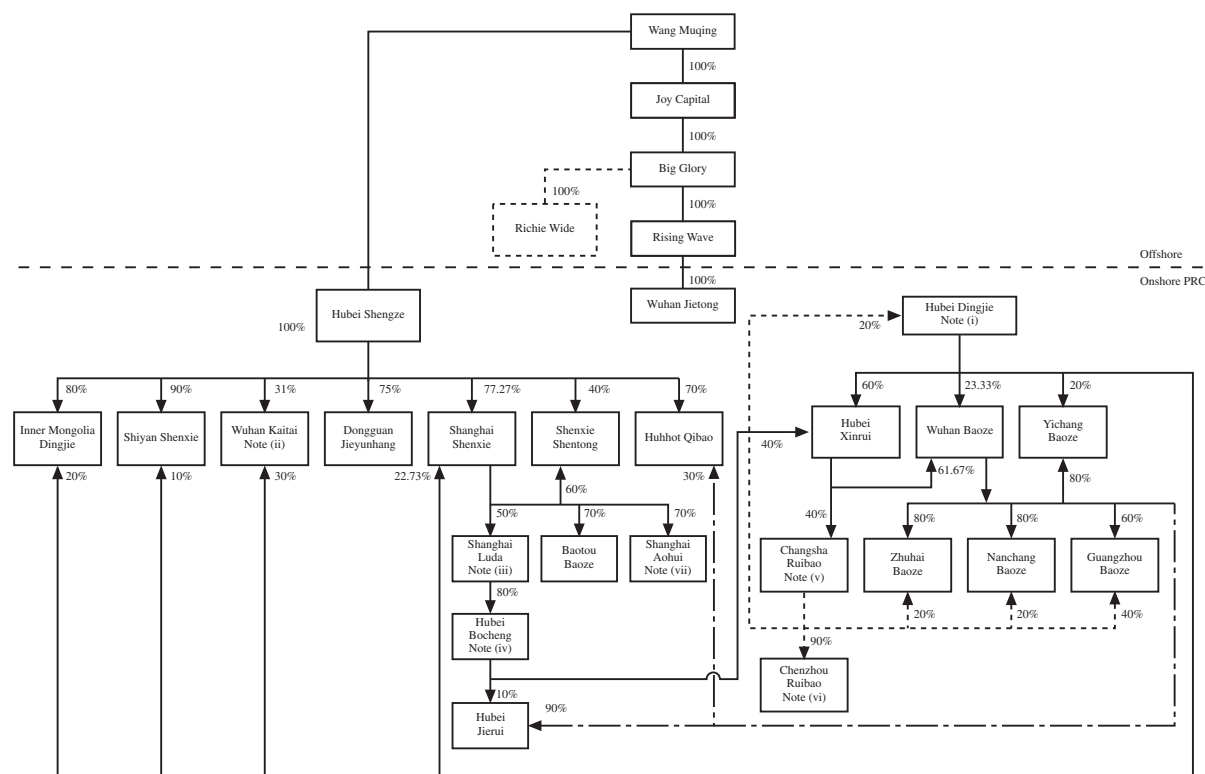
- (i) as to the remaining 52% equity interest, 20% was then held by Wuhan Xinboheng and as to 32% by Inner Mongolia Huadun, both of which were then companies controlled by Hubei Shengze.

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- (ii) as to the remaining 31.67% equity interest, 15% was then held by Wuhan Jietong, which was then a company controlled by Hubei Shengze. As to 16.67% was then held by Ms. Xu Ling, one of the Wang Family members (namely the daughter-in-law of Mr. Wang Muqing.)
- (iii) as to the remaining 20% equity interest, all of which was then held by Wuhan Xinboheng, which was then a company controlled by Hubei Shengze.
- (iv) as to the remaining 39% equity interest, all of which was then held by Wuhan Zhongcheng, which was then a company controlled by Hubei Shengze.
- (v) as to the remaining 50% equity interest, 30% was then held by Shanghai Lushi, which was then a company controlled by Hubei Shengze. As to 20% was then held by Ms. Xu Ling, one of the Wang Family (namely the daughter-in-law of Mr. Wang Muqing)
- (vi) as to the remaining 60% equity interest, all of which was then held by Beijing Jiaruiya, which was then a company controlled by Hubei Shengze.
- (vii) as to the remaining 10% equity interest, all of which was then held by Beijing Jiaruiya, which was then a company controlled by Hubei Shengze.
- (viii) as to the remaining 20% equity interest, all of which was then held by Shanghai Lushi, which was then a company controlled by Hubei Shengze.

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The following depicts the shareholding structure of our Group as at 1 September 2009, being the date prior to our carrying out the Reorganisation:

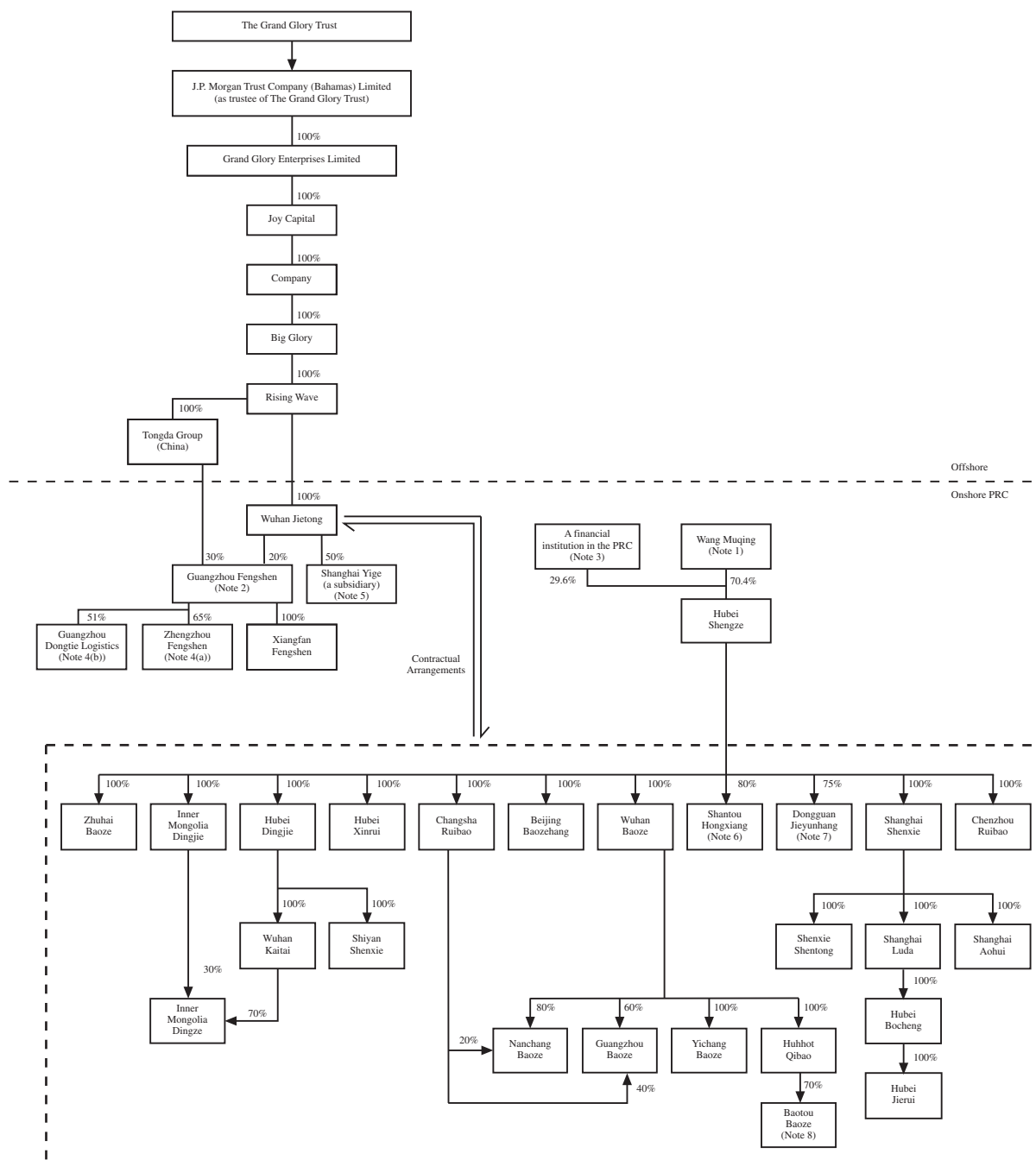


Notes:

- (i) as to the remaining 80% equity interest, all of which was then held by Beijing Jiaruiya, which was then a company controlled by Hubei Shengze.
- (ii) as to the remaining 39% equity interest, all of which was then held by Wuhan Zhongcheng, which was then a company controlled by Hubei Shengze.
- (iii) as to the remaining 50% equity interest, 30% was then held by Shanghai Lushi, which was then a company controlled by Hubei Shengze. As to 20% was then held by Ms. Xu Ling, one of the Wang Family members (namely the daughter-in-law of Mr. Wang Muqing).
- (iv) as to the remaining 20% equity interest, all of which was then held by Shanghai Lushi, which was then a company controlled by Hubei Shengze.
- (v) as to the remaining 60% equity interest, all of which was then held by Beijing Jiaruiya, which was then a company controlled by Hubei Shengze.
- (vi) as to the remaining 10% equity interest, all of which was then held by Beijing Jiaruiya, which was then a company controlled by Hubei Shengze.
- (vii) as to the remaining 30% equity interest, all of which was then held by Shanghai Lushi, which was then a company controlled by Hubei Shengze.

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The following depicts the shareholding structure of our Group as at the Latest Practicable Date, after completion of the Reorganisation:



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Notes:

1. Mr. Wang Muqing is the beneficial owner of about 70.4% equity interest of Hubei Shengze. Such equity interest is registered in the name of other members of the Wang Family (namely, Mr. Wang Weize (the son of Mr. Wang Muqing) and Ms. Xu Ling (the daughter-in-law of Mr. Wang Muqing)) as trustees or nominees of Mr. Wang Muqing. Our PRC Legal Advisors have advised us that such trustee or nomination arrangements are legal, valid and enforceable under the PRC laws.
2. A jointly controlled entity of the Company. The remaining 50% equity interest in Guangzhou Fengshen was held by an Independent Third Party.
3. For details, please refer to the section headed “Relationship with the Controlling Shareholders — Our Controlling Shareholder — Information on other companies owned by Joy Capital, Mr. Wang and their associates”.
4. (a) There are three minority shareholders of Zhengzhou Fengshen, namely, as to 15% held by 鄭州東工實業有限公司 (Zhengzhou Donggong Industrial Co., Ltd. (“Zhengzhou Donggong”)), as to 10% by 河南威佳汽車貿易有限公司 (Henan Weijia Automobile Trading Co., Ltd. (“Henan Weijia”)), and as to 10% by an individual (natural person). In respect of Zhengzhou Donggong, there are a total of 41 equity-holders, whose equity-holdings range from less than 0.2% to 11.23%. There are three individual (natural person) equity-holders of Henan Weijia whose shareholdings are in the proportion of 80%, 10% and 10% respectively. Each of the individual equity-holder of Zhengzhou Fengshen, the three individual equity-holders of Henan Weijia and the 41 equity-holders of Zhengzhou Donggong is an Independent Third Party.

(b) The remaining 49% equity interest in Guangzhou Dongtie Logistics was held by 中鐵特貨汽車物流有限公司 (Zhongtie Special Goods-Automobile Logistics Co., Ltd.) which is a wholly-owned subsidiary of a State-owned enterprise under the purview of the Ministry of Railway. Such 49% equity-holder is an Independent Third Party, other than it being a substantial shareholder of Guangzhou Dongtie Logistics.
5. The remaining 50% equity interest in Shanghai Yige was held by Yelin Trading (Shanghai) Company Limited* (葉林貿易(上海)有限公司), an Independent Third Party (other than it being a substantial shareholder of Shanghai Yige).
6. The remaining 20% equity interest in Shantou Hongxiang was held as to 10% by each of Mr. Wu Yihong and Mr. Lin Limin, who were also directors of Shantou Hongxiang. Other than being a substantial shareholder and a director of Shantou Hongxiang, each of Mr. Wu Yihong and Mr. Lin Limin is an Independent Third Party.
7. The remaining 25% equity interest in Dongguan Jieyunhang was held by Mr. Lin Cheng, an Independent Third Party (other than it being a substantial shareholder and a director of Dongguan Jieyunhang). By an agreement dated 3 August 2010 and made by Mr. Lin Cheng and Basetex, Basetex agreed to acquire the 25% equity interest in Dongguan Jieyunhang from Mr. Lin Cheng. As at the Latest Practicable Date, such transfer was not yet completed.
8. The remaining 30% equity interest in Baotou Baoze was held by Mr. Wang Jianye, an Independent Third Party (other than it being a substantial shareholder and a director of Baotou Baoze).

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Brief details of our Group companies

The following table summarises the brief details of each of our Group companies as at the Latest Practicable Date:

S/N	Name of Group company	Date and place of incorporation	Issued share capital / Registered capital	Principal activities
1	The Company	9 July 2010; Cayman Islands	HK\$10 million (comprising 100,000,000 Shares of HK\$0.1 each)	Investment holding
2	Big Glory	22 June 2006; BVI	US\$100 (comprising 100 Shares having a par value of US\$1 each)	Investment holding
3	Rising Wave Development Limited	21 April 2006; Hong Kong	HK\$100 (comprising 100 Shares of HK\$1 each)	Investment holding
4	Wuhan Jietong	22 November 2002; PRC	RMB 40 million	Automobile-related logistics services
5	北京寶澤行汽車銷售 服務有限公司 (Beijing Baozhang Automobile Sales Services Co., Ltd.)	16 October 2009; PRC	RMB 90 million	Sales of automobiles and related services (BMW)
6	珠海寶澤汽車銷售 服務有限公司 (Zhuhai Baoze Automobile Sales Services Co., Ltd.)	27 June 2008; PRC	RMB 30 million	Sales of automobiles and related services (BMW)
7	湖北鼎杰汽車銷售 服務有限公司 (Hubei Dingjie Automobile Sales Services Co., Ltd.)	12 December 2002; PRC	RMB 55 million	Sales of automobiles and related services (Audi)

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S/N	Name of Group company	Date and place of incorporation	Issued share capital / Registered capital	Principal activities
8	湖北欣瑞汽車銷售服務有限公司 (Hubei Xinrui Automobile Sales Services Co., Ltd.)	18 March 2004; PRC	RMB 10 million	Sales of automobiles and related services (Beijing Hyundai)
9	長沙瑞寶汽車銷售服務有限公司 (Changsha Ruibao Automobile Sales Services Co., Ltd.)	21 June 2005; PRC	RMB 20 million	Sales of automobiles and related services (BMW)
10	武漢寶澤汽車銷售服務有限公司 (Wuhan Baoze Automobile Sales Services Co., Ltd.)	26 May 2004; PRC	RMB 70 million	Sales of automobiles and related services (BMW)
11	上海紳協汽車貿易有限公司 (Shanghai Shenxie Automobile Trading Co., Ltd.)	21 April 1999; PRC	RMB 50 million	Sales of automobiles and related services (Dongfeng Nissan)
12	郴州瑞寶汽車銷售服務有限公司 (Chenzhou Ruibao Automobile Sales Services Co., Ltd.)	6 September 2006; PRC	RMB 6 million	Sales of automobiles and related services (BMW)
13	武漢開泰汽車銷售服務有限公司 (Wuhan Kaitai Automobile Sales Services Co., Ltd.)	20 October 2003; PRC	RMB 10 million	Sales of automobiles and related services (Dongfeng Nissan)
14	十堰紳協汽車貿易有限公司 (Shiyan Shenxie Automobile Trading Co., Ltd.)	18 June 2004; PRC	RMB 19 million	Sales of automobiles and related services (Buick)

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S/N	Name of Group company	Date and place of incorporation	Issued share capital / Registered capital	Principal activities
15	東莞捷運行汽車銷售服務有限公司 (Dongguan Jieyunhang Automobile Sales Services Co., Ltd.)	6 July 2009; PRC	RMB 10 million	Sales of automobiles and related services (Porsche)
16	內蒙古鼎杰汽車貿易有限公司 (Inner Mongolia Dingjie Automobile Trading Co., Ltd.)	23 January 2003; PRC	RMB 7 million	Sales of automobiles and related services (Dongfeng Nissan)
17	內蒙古鼎澤汽車銷售服務有限公司 (Inner Mongolia Dingze Automobile Sales Services Co., Ltd.)	27 October 2009; PRC	RMB 20 million	Sales of automobiles and related services (Dongfeng Nissan)
18	南昌寶澤汽車銷售服務有限公司 (Nanchang Baoze Automobile Sales Services Co., Ltd.)	2 June 2008; PRC	RMB 29 million	Sales of automobiles and related services (BMW)
19	廣州寶澤汽車銷售有限公司 (Guangzhou Baoze Automobile Sales Co., Ltd.)	20 April 2009; PRC	RMB 10 million	Sales of automobiles and related services (BMW)
20	宜昌寶澤汽車銷售服務有限公司 (Yichang Baoze Automobile Sales Services Co., Ltd.)	13 June 2006; PRC	RMB 8 million	Sales of automobiles and related services (BMW)
21	呼和浩特市祺寶汽車銷售服務有限公司 (Huhhot Qibao Automobile Sales Services Co., Ltd.)	23 February 2006; PRC	RMB 10 million	Sales of automobiles and related services (BMW)

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S/N	Name of Group company	Date and place of incorporation	Issued share capital / Registered capital	Principal activities
22	包頭市寶澤汽車銷售服務有限公司 (Baotou City Baoze Automobile Sales Services Co., Ltd.)	6 August 2009; PRC	RMB 26 million	Sales of automobiles and related services (BMW)
23	上海紳協紳通汽車銷售服務有限公司 (Shanghai Shenxie Shentong Automobile Sales Services Co., Ltd.)	31 January 2007; PRC	RMB 15 million	Sales of automobiles and related services (Dongfeng Nissan)
24	上海陸達汽車銷售服務有限公司 (Shanghai Luda Automobile Sales Services Co., Ltd.)	8 November 2004; PRC	RMB 10 million	Sales of automobiles and related services (Donfeng Honda)
25	上海奧匯汽車銷售服務有限公司 (Shanghai Aohui Automobile Sales Services Co., Ltd.)	4 December 2008; PRC	RMB 10 million	Sales of automobiles and related services (Audi)
26	湖北博誠汽車銷售服務有限公司 (Hubei Bocheng Automobile Sales Services Co., Ltd.)	30 May 2003; PRC	RMB 20 million	Sales of automobiles and related services (Buick)
27	湖北捷瑞汽車銷售服務有限公司 (Hubei Jierui Automobile Sales Services Co., Ltd.)	24 June 2005; PRC	RMB 22 million	Sales of automobiles and related services (Chevrolet)
28	汕頭市宏祥物資有限公司 (Shantou Hongyang Materials Co., Ltd.)	12 July 2000; PRC	RMB 5 million	Sales of automobile (including small passenger automobiles), and Audi-branded vehicles manufactured by FAW-Volkswagen), parts and components of vehicles and other materials

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S/N	Name of Group company	Date and place of incorporation	Issued share capital / Registered capital	Principal activities
29	上海繹格科工貿有限公司 (Shanghai Yige Science & technology Trading Co., Ltd.)	25 September 2002; PRC	RMB 15 million	Trading business (lubricant oil for passenger car vehicle)
30	Tongda Group (China) Co., Limited	10 November 2008; Hong Kong	HK\$10,000	Investment holding

Jointly controlled entity

Our Group also holds 50% equity interest in the following company, which is treated as a jointly-controlled entity (instead of a subsidiary of our Group):

Name of jointly controlled entity	Date and place of incorporation	Registered capital	Principal activities
廣州風神物流有限公司 (Guangzhou Fengshen Logistics Co., Ltd.)	3 September 2002; PRC	RMB 60 million	Motor related logistics services and storage

Before our acquisition of the entire equity interest in Tongda Group (China) which in turn holds 30% equity interest in Guangzhou Fengshen, which was completed on 29 June 2010, our Group owned 20% equity interest in Guangzhou Fengshen directly by Wuhan Jietong.

FOUNDER OF OUR GROUP

Before founding the Group, Mr. Wang Muqing had worked for over 25 years in various managerial positions in a state-owned factory engaged in the installation and commissioning of equipment. This past employment, although unrelated to his subsequent career, provided him with opportunity to meet with manufacturers and distributors of automobiles, and he became interested in establishing his own business in the automobile industry. It was not until 1996 when Mr. Wang established his own business for the trading of trucks. That business (discontinued since 2005) primarily involved the trading of trucks, which Mr. Wang sold through distributors to central and north eastern provinces of China. The initial venture turned out to be a success. Three years later, in 1999 Shanghai Shenxie was established, for the distribution of Dongfeng Nissan vehicles, a milestone in the history of our business. Hubei Shengze was established in 2001, two years after the establishment of our first dealership, and has since been the family holding company.

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REORGANISATION

In order to streamline the corporate structure and rationalize the Group’s corporate structure for the [●], the companies comprising the Equity-held Group and the Operating Group underwent the Reorganisation. Pursuant to the Reorganisation, the Company became the holding company of the Equity-held Group, and agreements for effecting the Contractual Arrangements were also entered into whereby Wuhan Jietong acquired effective control over the financial and operational policies of the PRC Operating Entities, and became entitled to economic benefits derived from the operations of the PRC Operating Entities through the Contractual Arrangements. The Reorganisation involved the following steps:

Contractual arrangements

Our Group is principally engaged in 4S dealership, automobile retail sales and distribution in the PRC. Pursuant to our dealership agreements we conduct the 4S Businesses (i.e. vehicle sales, spare parts, service and survey (a function of collecting market information for the automakers to adjust their market strategies)).

Under the 2007 Edition of the Catalogue of Industries for Guiding Foreign Investment (“2007 Foreign Investment Catalogue”, 《外商投資產業指導目錄(2007年修訂)》), 4S dealership stores falls under category VI(2) of restricted foreign investment industry and an automobile dealership group with more than 30 dealership stores selling different brands and models of automobiles supplied by multiple automobile manufacturers in the PRC is required to have a domestic (i.e. PRC) investment of no less than 51%. As advised by our PRC Legal Advisors, if Wuhan Jietong, being wholly owned by Rising Wave and thus a foreign company for purpose of the 2007 Foreign Investment Catalogue, is to obtain control of our Group by acquiring a majority of the latter’s equity interest, our Group will become subject to the 30 Dealerships Limitation.

In light of the above, it is considered by our Group that the adoption of the Contractual Arrangements is necessary and will provide greater flexibility to our Group for our growth strategy and is in the interest of our Group as a whole. Although our Group does not have any direct equity holding in the PRC Operating Entities, we manage to maintain an effective control over the financial and operational policies of the PRC Operating Entities and are entitled to the economic benefits derived from the operations of the PRC Operating Entities through the Contractual Arrangements. Under the Contractual Arrangements, we entered into the equity pledge agreements, exclusive option agreements, exclusive business operation agreements, exclusive management and consultation services agreements and the proxy agreements. For further details of these agreements and other details of the Contractual Arrangements, please refer to the section headed “Contractual Arrangements” in this document.

Reorganisation of the Operating Group

The chart depicting the shareholding structure of our Group as at 1 September 2009, being the date prior to the commencement of the Reorganisation, is shown in the second chart under the section headed “Our History and Reorganisation — Shareholding and corporate changes of our Group during the Track Record Period.

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In order to streamline the corporate structure and rationalize the Group’s corporate structure for the [●], the companies comprising the Operating Group underwent certain shareholding changes, which are briefly summarised in the table below. The transferees named in the column headed “Parties” below are either Hubei Shengze (which is not a member of the Group, but the direct or ultimate holding company of the PRC Operating Entities) or the PRC Operating Entities.

S/N	Target company	Parties	Amount of registered capital involved; and equity-holding represented	Equity- holders (a) immediately prior to the purchase, and (b) immediately after the purchase	Purchase price and basis for determination	Date of equity transfer agreement	Completion date (Note)
1	Yichang Baoze	Hubei Dingjie as transferor; Hubei Shengze as transferee	RMB 1.6 million (20%)	(a) Wuhan Baoze holding 80%; and Hubei Dingjie holding 20% (b) Wuhan Baoze holding 80%; and Hubei Shengze holding 20%	RMB 1.6 million, based on the amount of registered capital of Yichang Baoze attributed to Hubei Dingjie	23 October 2009	28 October 2009
2	Wuhan Kaitai	Hubei Dingjie (as transferor); Hubei Shengze (as transferee)	RMB 3 million (30%) then held by Hubei Dingjie	(a) Hubei Dingjie holding 30%, Hubei Shengze holding 31% and Wuhan Zhongcheng Auto-sales Services Company Limited* (武漢眾成汽車銷售服務有限公司) (as transferor, then held as to 90% by Hubei Shengze and thus an associate of Wang Muqing and currently, an Independent Third Party) (“Wuhan Zhongcheng”) holding 39% (b) Hubei Shengze holding 61% and Wuhan Zhongcheng holding 39%	RMB 3 million, based on the amount of registered capital of Wuhan Kaitai attributed to Hubei Dingjie	26 October 2009	28 October 2009
3	Hubei Xinrui	Hubei Dingjie (as transferor); Hubei Shengze (as transferee)	RMB 6 million (60%)	(a) Hubei Dingjie holding 60% and Hubei Bocheng holding 40% (b) Hubei Shengze holding 60% and Hubei Bocheng holding 40%	RMB 6 million, based on the amount of registered capital of Hubei Xinrui attributed to Hubei Dingjie	27 October 2009	27 October 2009
4	Hubei Xinrui	Hubei Bocheng (as transferor); Hubei Shengze (as transferee)	RMB 4 million (40%)	(a) Hubei Shengze holding 60% and Hubei Bocheng holding 40% (b) Hubei Shengze holding 100%	RMB 4 million, based on the amount of registered capital in Hubei Xinrui attributed to Hubei Bocheng	3 November 2009	11 November 2009

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S/N	Target company	Parties	Amount of registered capital involved; and equity-holding represented	Equity- holders (a) immediately prior to the purchase, and (b) immediately after the purchase	Purchase price and basis for determination	Date of equity transfer agreement	Completion date (Note)
5	Wuhan Kaitai	Hubei Shengze and Wuhan Zhongcheng (as transferors); Hubei Dingjie (as transferee)	RMB 6.1 million (61%) then held by Hubei Shengze; RMB 3.9 million (39%) then held by Wuhan Zhongcheng	(a) Hubei Shengze holding 61%, and Wuhan Zhongcheng holding 39% (b) Hubei Dingjie holding 100%	RMB 6.1 million, based on the amount of registered capital of Wuhan Kaitai attributed to Hubei Shengze, and RMB 3.9 million, based on the amount of registered capital of Wuhan Kaitai attributed to Wuhan Zhongcheng respectively	3 November 2009	17 November 2009
6	Wuhan Baoze	(i) Hubei Xinrui, Hubei Dingjie and Wuhan Jietong (all as transferors); (ii) Hubei Shengze (as transferee)	RMB 37 million (61.67%) then held by Hubei Xinrui; RMB 14 million (23.33%) then held by Hubei Dingjie; RMB 9 million (15%) then held by Wuhan Jietong	(a) Hubei Xinrui holding 61.67%, Hubei Dingjie holding 23.33% and Wuhan Jietong holding 15% (b) Hubei Shengze holding 100%	RMB 37 million, based on the amount of registered capital in Wuhan Baoze attributed to Hubei Xinrui, RMB 14 million, based on the amount of registered capital of Wuhan Baoze attributed to Hubei Dingjie, and RMB 9 million, based on the amount of registered capital of Wuhan Baoze attributed to Wuhan Jietong respectively	3 November 2009	12 November 2009
7	Hubei Jierui	Wuhan Baoze (as transferor); Hubei Bocheng (as transferee)	RMB 9 million (90%)	(a) Wuhan Baoze holding 90%, and Hubei Bocheng holding 10% (b) Hubei Bocheng holding 100%	RMB 9 million, based on the amount of registered capital of Hubei Jierui attributed to Wuhan Baoze	3 November 2009	10 November 2009
8	Shenxie Shentong	Hubei Shengze (as transferor); Shanghai Shenxie (as transferee)	RMB 4 million (40%)	(a) Shanghai Shenxie holding 60%, and Hubei Shengze holding 40% (b) Shanghai Shenxie holding 100%	RMB 4 million, based on the amount of registered capital of Shenxie Shentong attributed to Hubei Shengze	5 November 2009	16 November 2009
9	Shiyan Shenxie	Hubei Shengze (as transferor); Hubei Dingjie (as transferee)	RMB 2.7 million (90%)	(a) Hubei Shengze holding 90%, and Hubei Dingjie holding 10% (b) Hubei Dingjie holding 100%	RMB 2.7 million, based on the amount of registered capital of Shiyan Shenxie attributed to Hubei Shengze	4 November 2009	19 November 2009

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S/N	Target company	Parties	Amount of registered capital involved; and equity-holding represented	Equity- holders (a) immediately prior to the purchase, and (b) immediately after the purchase	Purchase price and basis for determination	Date of equity transfer agreement	Completion date (Note)
10	Yichang Baoze	Hubei Shengze (as transferor); Wuhan Baoze (as transferee)	RMB 1.6 million(20%)	(a) Wuhan Baoze holding 80%, and Hubei Shengze holding 20% (b) Wuhan Baoze holding 100%	RMB 1.6 million, based on the amount of registerd capital of Yichang Baoze attributed to Hubei Shengze	4 November 2009	10 November 2009
11	Changsha Ruibao	(i) Beijing Jiaruiya Auto-sales Services Company Limited* (北京嘉瑞雅汽車銷售服務有限公司) (as transferor, then wholly owned by Hubei Shengze and thus an associate of Mr. Wang Muqing and currently an Independent Third Party), (“Beijing Jiaruiya”); (ii) Hubei Xinrui (as transferor); (iii) Hubei Shengze (as transferee)	RMB 6 million (60%) then held by Beijing Jiaruiya; RMB 4 million (40%) then held by Hubei Xinrui	(a) Beijing Jiaruiya holding 60%, and Hubei Xinrui holding 40% (b) Hubei Shengze holding 100%	RMB 6 million, based on the amount of registered capital of Changsha Ruibao attributed to Beijing Jiaruiya and RMB 4 million, based on the amount of registered capital of Changsha Ruibao attributed to Hubei Xinrui respectively	4 November 2009	23 November 2009
12	Chenzhou Ruibao	(i) Beijing Jiaruiya (as transferor); (ii) Changsha Ruibao (as transferor); (iii) Hubei Shengze (as transferee)	RMB 0.6 million (10%) then held by Beijing Jiaruiya; RMB 5.4 million (90%) then held by Changsha Ruibao	(a) Changsha Ruibao holding 90%, and Beijing Jiaruiya holding 10% (b) Hubei Shengze holding 100%	RMB 0.6 million, based on the amount of registered capital of Chenzhou Ruibao attributed to Beijing Jiaruiya and RMB 5.4 million, based on the amount of registered capital of Chenzhou Ruibao attributed to Changsha Ruibao respectively	4 November 2009	26 November 2009

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S/N	Target company	Parties	Amount of registered capital involved; and equity-holding represented	Equity- holders (a) immediately prior to the purchase, and (b) immediately after the purchase	Purchase price and basis for determination	Date of equity transfer agreement	Completion date (Note)
13	Zhuhai Baoze	(i) Wuhan Baoze (as transferor); (ii) Changsha Ruibao (as transferor); (iii) Hubei Shengze (as transferee)	RMB 8 million (80%) then held by Wuhan Baoze; RMB 2 million (20%) then held by Changsha Ruibao	(a) Wuhan Baoze holding 80%, and Changsha Ruibao holding 20% (b) Hubei Shengze holding 100%	RMB 8 million, based on the amount of registered capital of Zhuhai Baoze attributed to Wuhan Baoze, and RMB 2 million, based on the amount of registered capital of Zhuhai Baoze attributed to Changsha Ruibao	4 November 2009 ¹	25 November 2009
14	Hubei Bocheng	(i) Shanghai Lushi Auto-sales Services Limited Company* (上海陸獅汽車銷售服務有限公司, then indirectly wholly owned by Hubei Shengze (and thus an associate of Wang Muqing) and currently an Independent Third Party (as transferor) (“Shanghai Lushi”)); (ii) Shanghai Luda (as transferee)	RMB 2 million (20%)	(a) Shanghai Luda holding 80%, and Shanghai Lushi holding 20% (b) Shanghai Luda holding 100%	RMB 2 million, based on the amount of registered capital of Hubei Bocheng attributed to Shanghai Lushi	5 November 2009	19 November 2009
15	Shanghai Shenxie	Hubei Dingjie (as transferor); Hubei Shengze (as transferee)	RMB 12.5 million (about 22.7%)	(a) Hubei Shengze holding about 77.3%, and Hubei Dingjie holding about 22.7% (b) Hubei Shengze holding 100%	RMB 12.5 million, based on the amount of registered capital of Shanghai Shenxie attributed to Hubei Dingjie	5 November 2009	10 November 2009
16	Shanghai Aohui	Shanghai Lushi (as transferor) and Shanghai Shenxie (as transferee)	RMB 3 million (30%)	(a) Shanghai Shenxie holding 70%, and Shanghai Lushi holding 30% (b) Shanghai Shenxie holding 100%	RMB 3 million, based on the amount of registered capital of Shanghai Aohui attributed to Shanghai Lushi	5 November 2009	11 November 2009

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S/N	Target company	Parties	Amount of registered capital involved; and equity-holding represented	Equity- holders (a) immediately prior to the purchase, and (b) immediately after the purchase	Purchase price and basis for determination	Date of equity transfer agreement	Completion date (Note)
17	Hubei Dingjie	(i) Beijing Jiaruiya (as transferor); (ii) Changsha Ruibao (as transferor); and (iii) Hubei Shengze (as transferee)	RMB 24 million (80%) then held by Beijing Jiaruiya; RMB 6 million (20%) then held by Changsha Ruibao	(a) Beijing Jiaruiya holding 80%, and Changsha Ruibao holding 20% (b) Hubei Shengze holding 100%	(a) RMB 6 million, based on the amount of registered capital of Hubei Dingjie attributed to Changsha Ruibao, and (b) RMB 24 million, based on the amount of registered capital of Hubei Dingjie attributed to Beijing Jiaruiya	6 November 2009	19 November 2009
18	Huhhot Qibao	Hubei Shengze (as transferor); Wuhan Baoze (as transferee)	RMB 7 million (70%)	(a) Hubei Shengze holding 70%, and Wuhan Baoze holding 30% (b) Wuhan Baoze holding 100%	RMB 7 million, based on the amount of registered capital of Huhhot Qibao attributed to Hubei Shengze	12 November 2009	24 November 2009
19	Inner Mongolia Dingjie	Hubei Dingjie (as transferor) and Hubei Shengze (as transferee)	RMB 2 million (20%)	(a) Hubei Shengze holding 80%, and Hubei Dingjie holding 20% (b) Hubei Shengze holding 100%	RMB 2 million, based on the amount of registered capital of Inner Mongolia Dingjie attributed to Hubei Dingjie	12 November 2009	24 November 2009
20	Shanghai Luda	(i) Shanghai Lushi (as transferor); (ii) Ms. Xu Ling (as transferor, being the daughter-in-law of Wang Muqing, our non-executive Director); (iii) Shanghai Shenxie (as transferee)	RMB 3 million (30%) then held by Shanghai Lushi; RMB 2 million (20%) then held by Ms. Xu Ling	(a) Shanghai Shenxie holding 50%, Shanghai Lushi holding 30%, and Ms. Xu Ling holding 20% (b) Shanghai Shenxie holding 100%	RMB 3 million, based on the amount of registered capital of Shanghai Luda attributed to Shanghai Lushi, and RMB 2 million, based on the amount of registered capital of Shanghai Luda attributed to Ms. Xu Ling respectively	5 December 2009	30 December 2009
21	Beijing Baozehang	(i) Beijing Jiaruiya (as transferor); (ii) Hubei Shengze (as transferee)	RMB 1 million (10%) then held by Beijing Jiaruiya	(a) Hubei Shengze holding 90% and Beijing Jiaruiya holding 10% (b) Hubei Shengze holding 100%	RMB 1 million, based on the amount of registered capital in Beijing Baozehang attributed to Beijing Jiaruiya	5 January 2010	13 January 2010

Note: The completion date is the date on which the details of the change in equity-holders concerned were filed with the relevant administration of industry and commerce in the PRC.

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Demerger (分立) of PRC Operating Entities

Prior to the Reorganisation, some of the PRC Operating Entities held property interests as well as operated the 4S dealership stores. To delineate the two distinct businesses, steps were taken by the Group to effect certain demergers, in order to spin off the property development/investment businesses and the related assets and liabilities of certain PRC Operating Entities from such PRC Operating Entities, and for such spun-off businesses to be grouped under new companies outside of the Group which were established upon completion of the demerger process. Under the PRC Companies Law, where a company undergoes a demerger exercise, the companies arising from and/or continuing to exist after such merger shall be liable for the predecessor company’s liabilities on a joint and several basis. According to our PRC Legal Advisors, all necessary approvals to be obtained from and filings to be made with the PRC government authorities to implement such demergers were obtained and completed.

On or before 30 September 2010, titles to the relevant properties held by Changsha Ruibao, Inner Mongolia Dingjie and Shanghai Shenxie were transferred to the newly established enterprises arising from their respective demergers respectively. Further details of the demergers of these three PRC Operating Entities, which were completed in connection with the Reorganisation, are set out below:

(1) *Changsha Ruibao*

Prior to the demerger, Changsha Ruibao then had a registered capital of RMB 10 million and its sole equity-holder was Hubei Shengze as of 4 March 2010. On 1 April 2010, Changsha Shengze Ruibao Electronics Trading Co., Ltd* (長沙聖澤瑞寶電子產品貿易有限公司) (“Changsha Electronics”) was demerged from Changsha Ruibao. Following such demerger, Changsha Ruibao’s registered capital became RMB 8 million while that of Changsha Electronics was RMB 2 million. Hubei Shengze remained as the sole equity-holder of each of Changsha Ruibao and Changsha Electronics. The land-use rights and properties, together with the related liabilities in the sum of about RMB 36 million, were allocated to Changsha Electronics, which have been excluded from the Group. The main purpose of the said demerger is to exclude the said land-use rights, properties and the related liabilities from the Group.

(2) *Inner Mongolia Dingjie*

Prior to the demerger, Inner Mongolia Dingjie then had a registered capital of RMB 10 million and its sole equity-holder was Hubei Shengze as of 4 May 2010. On 4 May 2010, Inner Mongolia Shengze Dingjie Automobile Trading Co., Ltd* (內蒙古聖澤鼎杰汽車貿易有限公司) (“Inner Mongolia Dingjie Auto-trading”) was demerged from Inner Mongolia Dingjie. Following such demerger, Inner Mongolia Dingjie’s registered capital became RMB 7 million while that of Inner Mongolia Dingjie Auto-trading was RMB 3 million. The sole equity-holder of each of Inner Mongolia Dingjie and Inner Mongolia Dingjie Auto-trading remained to be Hubei Shengze. The land-use rights (having a net book value of about RMB 8 million) and properties were allocated to Inner Mongolia Dingjie Auto-trading, which have been excluded from the Group. The main purpose of the said demerger is to exclude the said land-use rights and properties then held by Inner Mongolia Dingjie from the Group.

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(3) *Shanghai Shenxie*

Prior to the demerger, Shanghai Shenxie then had a registered capital of RMB 55 million and its sole equity-holder was Hubei Shengze as of 7 May 2010. On 19 May 2010, Shanghai Dingze Auto-trading Company Limited* (上海鼎澤汽車貿易有限公司) (“Shanghai Dingze Auto-trading”) was demerged from Shanghai Shenxie. Following such demerger, Shanghai Shenxie’s registered capital became RMB 50 million while that of Shanghai Dingze Auto-trading was RMB 5 million. The equity-holder of each of Shanghai Shenxie and Shanghai Dingze Auto-trading remained to be Hubei Shengze. The land-use rights and properties located at No. 61 and No. 278, Lane 1517, Huqingping Highway, Qingpu District, Shanghai* (上海市青浦區滬青平公路1517弄61號、278號) (having a net book value of about RMB 10 million), together with some cash in the sum of RMB 5 million were allocated to Shanghai Dingze Auto-trading, which has been excluded from the Group. The main purpose of the said demerger is to exclude from the Group the said land-use rights, properties and the related cash generated from such business.

(4) *Hubei Dingjie and Wuhan Baoze*

On the other hand, Hubei Dingjie and Wuhan Baoze (two of the PRC Operating Entities which underwent and completed the demerger procedures) did not complete the original plan of the transfer of the properties then held by them to the newly established enterprises arising from their respective demergers. Such transfers did not take place as the Group, after re-considering the costs and benefits arising from such proposed transfers, considered that the benefits might be outweighed by the relevant costs. Accordingly, Hubei Dingjie and Wuhan Baoze (after completion of the demerger procedures) continued to hold (and are currently in possession of) the land use rights and properties (under (i) land use rights certificate No. WGY(2006)675 (國有土地使用證號: 武國用(2006)第675號) and Building Ownership Certificate No. WFQZCZ2007001000 (房屋所有權證為武房權證昌字第2007001000號), and (ii) land use rights certificate No. WGY(2006)801 (國有土地使用證號為武國用(2006)第801號) and Building Ownership Certificate No. WFQZAZ200603549 (房屋所有權證為武房權證岸字第200603549號) respectively).

Prior to the demerger, Hubei Dingjie had a registered capital of RMB 30 million and its sole equity-holder was Hubei Shengze as of 3 February 2010. On 7 June 2010, Hubei Shengze Dingjie Trading Company Limited* (湖北聖澤鼎杰貿易有限公司) (“Hubei Trading”) was demerged from Hubei Dingjie. Following such demerger, Hubei Dingjie’s registered capital became RMB 25 million while that of Hubei Trading was RMB 5 million. The equity-holder of each of Hubei Dingjie and Hubei Trading remained to be Hubei Shengze. It is planned that Hubei Trading would be engaged in trading business, but would not be engaged in the trading of automobiles nor in any business which competes or may compete with the Group.

Prior to the demerger, Wuhan Baoze then had a registered capital of RMB 60 million and its sole equity-holder was Hubei Shengze as of 14 May 2010. On 27 May 2010, Wuhan Shengze Baoze Trading Company Limited* (武漢聖澤寶澤貿易有限公司) (“Wuhan Trading”) was demerged from Wuhan Baoze. Following such demerger, Wuhan Baoze’s registered capital became RMB 50 million while that of Wuhan Trading was RMB 10 million. The equity-holder of each of Wuhan Baoze and Wuhan Trading remained to be Hubei Shengze. It is planned that Wuhan Trading would be engaged in trading business, but would not be engaged in the trading of automobiles nor in any business which competes or may compete with the Group.

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Pursuant to the demergers of the five subsidiaries of the Company as mentioned above, the Group has reduced combined paid-up capital by RMB 25 million as of 30 June 2010, which is accounted for as capital reduction in the combined statements of changes in equity.

Disposal of two property-holding subsidiaries of Wuhan Jietong

Wuhan Shengze Jieyun Trading Co., Ltd* (武漢聖澤捷運貿易有限公司) (“Wuhan Jieyun”) was incorporated on 5 January 2010 as a wholly owned subsidiary of Wuhan Jietong, with an initial registered capital of RMB 70 million. The registered capital of Wuhan Jieyun was contributed by Wuhan Jietong by way of cash and injection of properties. On 2 April 2010, Wuhan Jieyun became the holder of the property-use rights in respect of certain carports, composite building and office all situated at Lot 6C2 of Wuhan Economic Technology Development Area (under property-use right licence WFQZJZ No. 20101184, WFQZJZ No. 20101185, WFQZJZ No. 20101186 and 20101187). On 29 July 2010, Wuhan Jieyun became the holder of the land-use rights of the land situated at Lot 6C2 of Wuhan Economic Technology Development Area (with an area of 112,039.49 sq.m. and land-use right licence no.: WKGY (2010) No. 47 (武開國用(2010)第47號)) (having a net book value of about RMB 23 million). The disposal of Wuhan Jieyun by Wuhan Jietong to Hebei Shengze was effected on 25 September 2010, on which the local administration of industry and commerce of the PRC recorded the relevant change of equity-holder of Wuhan Jieyun. Since then, Wuhan Jieyun has been excluded from our Group. The main purpose of the said disposal is to exclude the said land-use rights and properties from the Group.

Wuhan Shengze Jiezhong Logistics Co., Ltd* (武漢聖澤捷眾物流有限公司) (“Wuhan Jiezhong”) was incorporated on 6 January 2010 as a wholly owned subsidiary of Wuhan Jietong, with an initial registered capital of RMB 13 million. The registered capital of Wuhan Jiezhong was contributed by Wuhan Jietong by way of cash and injection of properties. On 2 April 2010, Wuhan Jiezhong became the holder of the property-use rights in respect of certain sales and logistics centre situated at Lot 5C2 of Wuhan Economic Technology Development Area (under property-use right licence no.: WFQZJZ No. 20101188) (having a net book value of about RMB 3 million). On 29 July 2010, Wuhan Jieyun became the holder of the land-use rights of the land situated at Lot 5C2 of Wuhan Economic Technology Development Area (with an area of 21,764.91sq. m. and land-use right licence no.: WKGY (2010) No. 48 (武開國用(2010)第48號)). The disposal of Wuhan Jiezhong by Wuhan Jietong to Hebei Shengze was effected on 25 September 2010, on which the local administration of industry and commerce of the PRC recorded the relevant change of equity-holder of Wuhan Jiezhong. Since then, Wuhan Jiezhong has been excluded from our Group. The main purpose of the said disposal is to exclude the said land-use rights and properties from the Group.

Reorganisation of the Equity-held Group

On 9 July 2010, our Company was incorporated in the Cayman Islands. On the date of its incorporation, our Company had a total number of 1,000,000 Shares issued nil-paid, all of which were held by Joy Capital.

On 3 September 2010, Big Glory disposed of the entire shareholding of Richie Wide (then a dormant company immediately prior to its disposal) to Siu Yuen Man (蕭婉文), an Independent Third Party at a consideration of HK\$100 (which was determined based on its aggregate par value). Following such disposal, Richie Wide was excluded from our Group.

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As Shanghai Yige is not engaged in 4S Businesses, it is not subject to the 30 Dealerships Limitation and thus need not be covered under the Contractual Arrangements. Control over this company is secured by changing it to be equity-held by Wuhan Jietong instead. By an equity transfer agreement dated 7 July 2010 made between Hubei Shengze (as transferor) and Wuhan Jietong (as transferee), Wuhan Jietong agreed to purchase 50% equity interest in Shanghai Yige from Hubei Shengze at a consideration of RMB 7.5 million. The filing of such changes with the relevant administration of industry and commerce was effected on 31 August 2010.

Sale and repurchase of issued share capital in Big Glory, and capitalization of loan owing from Big Glory to Joy Capital

On 12 August 2010, Joy Capital as vendor, Basetex as purchaser, Mr. Wang Muqing as covenantor in respect of certain obligations of Joy Capital, and Mr. Hong Xing as covenantor in respect of certain obligations of Basetex entered into the Basetex Investment Agreement, pursuant to which Joy Capital agreed to sell and Basetex agreed to purchase 1.0051% of the issued share capital in Big Glory at a consideration of HK\$50 million. The purchase price payable under the Basetex Investment Agreement was determined having regard to, among other factors, the historical profits as well as the recent sales performance of the Group, and also the growth trend of the automobile industry in the PRC. The purchase price was received as to HK\$20 million in mid-August 2010 and as to HK\$30 million in mid-September 2010. On 30 August 2010, such sale and purchase was completed. Basetex is wholly by Mr. Hong Xing who is the ultimate beneficial owner of the company which has entered into an agreement with the minority equity holder to acquire 25% equity interest in Dongguan Jieyunhang. The proceeds arising from such transaction was on-lent to the Group and applied to payment of the purchase price for the acquisition of the entire issued share capital in Tongda Group (China).

Following discussions between Joy Capital and Basetex, they concluded that the Basetex Investment Agreement would be unwound by way of Joy Capital's purchase from Basetex of all such shares in Big Glory then held by Basetex. Following completion of the agreement dated 22 October 2010 and made between (among other parties) Joy Capital and Basetex, the 1.0051% share capital in Big Glory then held by Basetex was transferred by Basetex to Joy Capital at a consideration of HK\$50 million. Following such transfer on the same day of the agreement, Big Glory became wholly owned by Joy Capital. Under the said agreement, the parties agreed that the consideration of HK\$50 million shall be paid by Joy Capital to Basetex on or before 21 October 2011, and during the period between 22 October 2010 (being the date of completion of the transfer of the said 1.0051% share capital in Big Glory) and the date of full payment of such consideration, interest will accrue at the rate of 20% per annum on the outstanding amount.

As at late September 2010 (before the loan capitalization as mentioned in the immediately following paragraph), Rising Wave was indebted to Mr. Wang Muqing (the Chairman of our Company) for a sum of about HK\$46.4 million. By certain loan assignments, such indebtedness became owing by Big Glory to Joy Capital.

The total indebtednesses in the sum of about HK\$96.4 million owing by Big Glory to Joy Capital were capitalized by Big Glory's issue of 99 shares of US\$1 each to Joy Capital on 29 September 2010.

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Final share swap involving our Company, Joy Capital and Big Glory

On 17 November 2010, our Company acquired from Joy Capital an aggregate of 100 shares of US\$1 each, being the entire issued share capital of Big Glory. In consideration of and in exchange for such acquisition, our Company (i) allotted and issued, credited as fully paid, 99,000,000 new Shares to Joy Capital, and (ii) credited as fully paid at par the one million nil-paid Shares then held by Joy Capital. Following such acquisition, our Company has become the holding company of the Equity-held Group and, through the Contractual Arrangements, acquired control of the Operating Group.

Establishment of The Grand Glory Trust

On 6 September 2010, The Grand Glory Trust was established, with Wang Muqing as settlor and members of the Wang Family as beneficiaries. The sole asset of such family trust is the entire issued share capital in Grand Glory Enterprises Limited, a limited company incorporated in Bahamas, which is managed by J.P. Morgan Trust Company (Bahamas) Limited. J.P. Morgan Trust Company (Bahamas) Limited and J.P. Morgan Securities (Asia Pacific) Limited are fellow subsidiaries, whose ultimate holding company is J.P. Morgan Chase & Co, a company incorporated in the United States.

On 19 November 2010, Wang Muqing transferred his entire shareholdings in Joy Capital to Grand Glory Enterprises Limited as a gift for the purpose of establishing such family trust. Following such transfer, Grand Glory Enterprises Limited has become the sole direct shareholder of Joy Capital.

Acquisitions and disposals during the Track Record Period

Apart from the Reorganisation mentioned above, our Group also underwent certain acquisitions and disposal in line with our corporate strategy. Brief details of the more major activities in this connection are set out below:

(A) Acquisitions

Tongda Group (China) and Guangzhou Fengshen

As part of the expansion plan of our Group, by an agreement dated 28 June 2010 entered into between Rising Wave (as purchaser) and Shao Yong Jun, an Independent Third Party (as vendor), Rising Wave agreed to acquire the entire issued share capital in Tongda Group (China), thereby indirectly acquiring the 30% equity interest in Guangzhou Fengshen held by Tongda Group (China). The completion of the above acquisition took place as of 29 June 2010, upon which our Company held an aggregate of 50% equity interest in Guangzhou Fengshen. Guangzhou Fengshen has since then been treated as a jointly-controlled entity of our Company.

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The terms of payment under the above agreement for the acquisition of the entire issued share capital in Tongda Group (China) is set out below:

- (a) following completion, Rising Wave as purchaser shall procure Tongda Group (China) to pay RMB 41 million to Far Ocean SCM Technology (Hong Kong) Limited, the company from which Tongda Group (China) acquired 30% equity interest in Guangzhou Fengshen; and
- (b) if the above RMB 41 million is not yet settled by 30 September 2010, Rising Wave shall settle such amount on behalf of Tongda Group (China) in cash.

As at the Latest Practicable Date, the above consideration of RMB 41 million has already been paid to Tongda Group (China).

Shantou Hongxiang

Shantou Hongxiang is a company incorporated in the PRC on 12 July 2000. It was established by Wu Yihong (an Independent Third Party and currently a director of Shantou Hongxiang) and Chen Jiluan (an Independent Third Party) with an initial registered capital of RMB 5.0 million, which was owned as to 70% by Wu Yihong and as to 30% by Chen Jiluan. Shantou Hongxiang is now principally engaged in sales of automobile (including small passenger automobiles), and Audi-branded vehicles manufactured by FAW-Volkswagen, parts and components of vehicles and other materials. Its registered capital was [RMB 5 million] as at the Latest Practicable Date.

Prior to the acquisition agreement made by Hubei Shengze with two then Independent Third Parties, namely Wu Yihong and Lin Limin on 23 June 2010, Shantou Hongxiang was then held by the said two persons who currently are directors of Shantou Hongxiang. By an equity transfer agreement dated 23 June 2010 (as supplemented by a supplemental agreement dated 24 June 2010) entered into between Wu Yihong (as transferor), Lin Limin (as transferor) and Hubei Shengze (as transferee), Wu Yihong agreed to transfer 40% equity interest in Shantou Hongxiang then held by him to Hubei Shengze at a consideration of RMB28.22 million, based on arm's length negotiation taking into account the fact that Shantou Hongxiang is authorised to engage in the sales of Audi-branded vehicles manufactured by FAW-Volkswagen, while Lin Limin agreed to transfer 40% equity interest in Shantou Hongxiang then held by him to Hubei Shengze at a consideration of RMB28.22 million, on the same basis set out above. Under the supplemental agreement dated 24 June 2010 and made by the said parties, the number of directors of Shantou Hongxiang was changed to five, three of whom were nominees of Hubei Shengze, while the other two were Wu Yihong and Lin Limin, which enabled Hubei Shengze to have control in respect of the financial and operating policies of Shantou Hongxiang. In connection with the said equity-interest transfers and as part of the completion arrangement, Wu Yihong's 40% equity interest in Shantou Hongxiang was transferred through his designated nominee company (namely, Shantou Hongqixing Investments Co., Ltd.* (汕頭市宏奇盛投資有限公司)) to Hubei Shengze, while Lin Limin's 40% equity interest in Shantou Hongxiang was transferred through his designated nominee company (namely, Shantou Liao Investments Co., Ltd. (汕頭市力奧投資有限公司)) to Hubei Shengze. The record of Hubei Shengze becoming the 80% equity-interest in Shantou Hongxiang was filed with the local administration of industry and commerce on 20 August 2010. Since such filing and as at the Latest Practicable Date, Shantou Hongxiang has been owned as to 80% by Hubei Shengze, as to 10% by Wu Yihong and as to 10% by

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Lin Limin. Wu Yihong is a founder of Shantou Hongxiang. Prior to Hubei Shengze’s acquisition of 80% equity interests in Shantou Hongxiang, both Wu Yihong and Lin Limin were then directors of Shantou Hongxiang, who have been dealing with supplier, customer and other general management matters of Shantou Hongxiang. During the negotiations for the acquisition exercise, the sellers indicated their wish to retain a minority stake in Shantou Hongxiang so that they may share the future growth of Shantou Hongxiang, which might arise from the Group’s acquisition. The Group considers it more appropriate to retain these two persons to continue to assist the Group in the management of Shantou Hongxiang. To give incentive for them to work diligently and to align their interests with the Group’s interests, the Group considers it appropriate to allow them to hold a minority stake in Shantou Hongxiang.

(B) Disposals by our Group or by Hubei Shengze

(i) Suizhou Bocheng

Suizhou Bocheng Auto-sales Services Company Limited* (隨州博誠汽車銷售服務有限公司) (“Suizhou Bocheng”) was incorporated in the PRC on 23 November 2004. Immediately before the disposal of Suizhou Bocheng, it was owned as to 60% by Hubei Ruishi Auto-sales Services Company Limited* (湖北瑞獅汽車銷售服務有限公司) and as to 40% by Hubei Xinrui.

Prior to its disposal, Suizhou Bocheng was a second-tier sub-sale point (二級分銷網絡) for automobiles of a medium market segment brand. It did not manage to perform satisfactorily prior to its disposal. By an agreement dated 11 June 2009, Hubei Ruishi Auto-sales Services Company Limited* (湖北瑞獅汽車銷售服務有限公司) and Hubei Xinrui transferred their entire equity interest in Suizhou Bocheng to Yang Zhihai (楊支海), an Independent Third Party. The total sale price amounted to RMB 200,000, which was determined based on arm’s length negotiation taking into account the fact that Suizhou Bocheng was liquidated and did not have any asset value at the time of disposal. As the consideration was equivalent to the transferor’s investment cost, neither gain nor loss was recorded from such transfer. Following such disposal, Hubei Xinrui no longer had any equity interest in Suizhou Bocheng.

(ii) Shanghai Shenhui

Shanghai Shenhui Auto-sale Services Company Limited* (上海紳暉汽車銷售服務有限公司) (“Shanghai Shenhui”) was incorporated in the PRC on 2 June 2005. Immediately before the disposal of Shanghai Shenhui, it was owned as to 49% by Shanghai Shenxie and as to 51% by Zhu Yaoliang (朱耀良), an Independent Third Party.

Prior to its disposal, Shanghai Shenhui was then principally engaged in the sale of commercial cars/trucks (商用車/卡車), which was different from the principal business of our Group. Shanghai Shenhui was then also engaged in the sale of automobiles of a medium market segment. By an agreement dated 30 December 2009, Shanghai Shenxie transferred its entire equity interest in Shanghai Shenhui to Shanghai Yueheng Enterprises Company Limited* (上海悅恒實業有限公司), an Independent Third Party. The sale price amounted to RMB 4.9 million, which was determined based

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on the amount of registered capital in Shanghai Shenhui attributed to Shanghai Shenxie. As the consideration was equivalent to the transferor’s investment cost, neither gain nor loss was recorded from such transfer. Following such disposal, Shanghai Shenxie no longer had any interest in Shanghai Shenhui.

(iii) *Shanghai Zhenyang*

Shanghai Zhenyang Real Estate Operation Company Limited* (上海真陽房產經營有限公司) (“Shanghai Zhenyang”) was incorporated in the PRC on 18 December 2002. Immediately before the disposal of Shanghai Zhenyang, it was held as to 80% by Shanghai Shenxie and as to 20% by 上海真陽實業有限公司 (Shanghai Zhengyang Real Estate Co., Ltd.*), an Independent Third Party.

Prior to its disposal, Shanghai Zhenyang was then principally engaged in real estate development, which was different from the principal business of our Group. By an agreement dated 12 October 2009, Shanghai Shenxie transferred (i) part of its equity interest (50%) in Shanghai Zhengyang to Shanghai Qiankun Construction Development Company Limited* (上海乾坤建設發展有限公司), an Independent Third Party at a consideration of RMB 14,435,000, based on the amount of such portion of registered capital in Shanghai Zhenyang attributed to Shanghai Shenxie, and (ii) part of its equity interest (30%) in Shanghai Zhenyang to Shanghai Xiebao Enterprises Company Limited* (上海協寶實業有限公司) at a consideration of RMB 8,661,000, based on the amount of such portion of registered capital in Shanghai Zhenyang attributed to Shanghai Shenxie. As the consideration was equivalent to the transferor’s investment cost, neither gain nor loss was recorded from such transfer. Following such disposal, Shanghai Shenxie no longer had any equity interest in Shanghai Zhenyang.

(iv) *Beijing Jiaruiya and Shanghai Lushi*

Beijing Jiaruiya Auto-sales Services Company Limited* (北京嘉瑞雅汽車銷售服務有限公司) (“Beijing Jiaruiya”) was incorporated in the PRC on 11 June 2003. Immediately before the disposal of Beijing Jiaruiya, its entire equity interest was held by Hubei Shengze.

Shanghai Lushi Auto-sales Services Company Limited* (上海陸獅汽車銷售服務有限公司) (“Shanghai Lushi”) was incorporated in the PRC on 31 March 2004. Immediately before the disposal of Shanghai Lushi, its entire equity interest was held by Shenxie Shenqi (as defined below).

Prior to their disposals, both Beijing Jiaruiya and Shanghai Lushi were then principally engaged in the 4S dealership store of automobiles of a medium market segment which none of our Group members distributed. Both these companies started to distribute the automobiles of such brand in 2004. During the six years prior to their disposals, they taken together only made profit for the year 2007 and 2009, while making losses for the other four years. In line with our Group’s strategy to focus on the sale of premium and ultra-premium automobiles, Hubei Shengze and Shenxie Shenqi then decided to dispose of these two companies.

By an agreement dated 20 March 2009, Hubei Shengze transferred its entire equity interest in Beijing Jiaruiya to Hubei Yinxi Investment Management Company Limited* (湖北銀熙投資管理有限公司) (“Hubei Yinxi”), then a subsidiary of Hubei Shengze, after Hubei Yinxi had come to a

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framework agreement (“Portfolio Disposal Understanding”) with an Independent Third Party who planned to distribute automobiles of a few brands. The sale price amounted to RMB 28 million, which was equivalent to the registered capital in Beijing Jiaruiya. Such sale was completed on 3 December 2009. Following the transfer by Hubei Shengze to the said Independent Third Party of the entire equity interest in Hubei Yinxi pursuant to an agreement dated 2 August 2010, neither our Group nor Hubei Shengze had any interest in Beijing Jiaruiya.

By an agreement dated 20 March 2009, Shenxie Shenqi transferred its entire equity interest in Shanghai Lushi to Hubei Yinxi, then a subsidiary of Hubei Shengze, based on the Portfolio Disposal Understanding. The sale price amounted to RMB 10 million, which was equivalent to the registered capital in Shanghai Lushi attributed to Shenxie Shenqi. Such sale was completed on 10 January 2010. Following the transfer by Hubei Shengze of the entire equity interest in Hubei Yinxi pursuant to an agreement dated 2 August 2010, neither our Group nor Hubei Shengze had any interest in Shanghai Lushi.

(v) *Shenxie Shenqi*

Shanghai Shenxie Shenqi Auto-sales Services Company Limited* (上海紳協紳起汽車銷售服務有限公司) (“Shenxie Shenqi”) was incorporated in the PRC on 8 December 2006. Immediately before the disposal of Shenxie Shenqi, its entire equity interest was held by Hubei Shengze.

Prior to the disposal, Shenxie Shenqi was then principally engaged in the 4S dealership of automobiles of a low to medium market segment, which none of our Group members (except Shanghai Shenxie) distributed. For the same reasons as stated above, Hubei Shengze decided to dispose of Shenxie Shengqi. By an agreement dated 20 March 2009, Hubei Shengze transferred its entire equity interest in Shenxie Shenqi to Hubei Yinxi, then a subsidiary of Hubei Shengze, based on the Portfolio Disposal Understanding. The sale price amounted to RMB 10 million, which was equivalent to the registered capital in Shenxie Shenqi attributed to Hubei Shengze. Such sale was completed on 26 July 2010. Following the transfer by Hubei Shengze of the entire equity interest in Hubei Yinxi pursuant to an agreement dated 2 August 2010, neither our Group nor Hubei Shengze had any interest in Shenxie Shenqi.

For historical reasons when one 4S dealership store was allowed to distribute more than a single brand of automobiles, Shanghai Shenxie has been distributing automobiles of both Dongfeng Nissan and the said middle market brand. The 4S dealership agreement with respect to such middle market brand made by Shanghai Shenxie will expire within November 2010, Our Group did not renew such dealership agreement, and will cease to distribute automobiles of such middle market brand.

(vi) *Shanghai Shenrui*

Shanghai Shenrui Auto-sales Services Company Limited* (上海紳瑞汽車銷售服務有限公司) (“Shanghai Shenrui”) was incorporated in the PRC on 25 September 2007. Immediately before the disposal of Shanghai Shenrui, its entire equity interest was held by Hubei Shengze.

Prior to its disposal, Shanghai Shenrui was then principally engaged in the sale of automobiles of a medium market segment. As there was only one subsidiary of Hubei Shengze then only operated

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one 4S dealership store in respect of this brand, we encountered difficulty to enhance the sales of this brand of automobiles, taking into account immense competition in the Shanghai market for brands of similar segment. By an agreement dated 20 March 2009, Hubei Shengze transferred its entire equity interest in Shanghai Shenrui to Hubei Yinxi, based on the Portfolio Disposal Understanding. The disposal consideration amounted to RMB 12 million, which was equivalent to the registered capital in Shanghai Shenrui. Such sale was completed on 24 June 2010. Following the transfer by Hubei Shengze of the entire equity interest in Hubei Yinxi pursuant to an agreement dated 2 August 2010, neither our Group nor Hubei Shengze had any interest in Shanghai Shenrui.

(vii) *Wuhan Zhongcheng*

Wuhan Zhongcheng Auto-sales Services Company Limited* (武漢眾成汽車銷售服務有限公司) (“Wuhan Zhongcheng”) was incorporated in the PRC on 14 March 2002. Immediately before the disposal of Wuhan Zhongcheng, it was held as to 90% by Hubei Shengze and as to 10% by Hubei Ruishi Real Estate Company Limited* (湖北瑞獅置業有限公司).

Prior to its disposal, Wuhan Zhongcheng was then principally engaged in the sale of a middle market to premium branded automobiles. Based on the Portfolio Disposal Understanding, the Independent Third Party purchaser requested for inclusion of at least one company operating middle market to premium segment automobiles to be acquired by Hubei Yinxi, or else the Independent Third Party purchaser would not agree to purchase Shanghai Shenrui, Shenxie Shenqi, Beijing Jiaruiya and Shanghai Lushi all together. Among the companies in which Hubei Shengze had interest, there was only one company (namely, Wuhan Zhongcheng) operating the 4S dealership store in respect of such medium to premium segment automobiles. In addition, the landlord of the premises at which Wuhan Zhongcheng operated indicated that the lease would no longer be renewed by the time it will expire in 2012. Hubei Shengze therefore decided to include Wuhan Zhongcheng as one of the companies to be acquired by Hubei Yinxi. By an agreement dated 20 March 2009, Hubei Shengze and Hubei Ruishi Real Estate Company Limited* (湖北瑞獅置業有限公司) transferred their entire equity interest in Wuhan Zhongcheng to Hubei Yinxi, based on the Portfolio Disposal Understanding. The disposal consideration amounted to RMB 8 million, which was equivalent to the registered capital in Wuhan Zhongcheng. Such sale was completed on 27 November 2009. Following the transfer by Hubei Shengze of the entire equity interest in Hubei Yinxi pursuant to an agreement dated 2 August 2010, neither our Group nor Hubei Shengze had any interest in Wuhan Zhongcheng.

Corporate history and major shareholding changes of the principal members of our Group

Brief details of the corporate history and major shareholding changes of the principal members of our Group (including the PRC Operating Entities) are set out in paragraph 4(b) of Appendix VII (entitled “Statutory and General Information — Group Reorganisation and History — Our History”) to this document.