THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your Shares, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

正通

China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 1728)

VERY SUBSTANTIAL ACQUISITION

Financial adviser to

China ZhengTong Auto Services Holdings Limited

J.P.Morgan

J.P. Morgan Securities (Asia Pacific) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 6 to 31 of this circular.

A notice convening the EGM to be held at Victoria I, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 9:00 a.m. on Thursday, 22 December 2011 is set out on pages EGM-1 to EGM-2 of this circular. If you are not able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

2 December 2011

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"4S dealership(s)"	a dealership with sales, spare parts, service and survey capabilities, typically established through one or more agreements between an automobile manufacturer and an automobile dealer that authorize the dealer to operate specified automobile brand(s) within a specified region
"ACMR"	All China Marketing Research Co., Ltd.
"Acquisition"	the proposed acquisition of the entire issued share capital in the Target by the Company (or one of its wholly-owned subsidiaries) from the Vendor pursuant to the terms of the SP Agreement, including the entering into and performance by the Company of the SP Agreement and consummation of the transactions contemplated thereunder
"Board"	the board of Directors
"BVI"	British Virgin Islands
"Company"	China ZhengTong Auto Services Holdings Limited, a company incorporated in July 2010 as an exempted company with limited liability under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1728)
"Completion"	completion of the Acquisition
"Completion Accounts"	the audited accounts of the Target Group for each of the three years ended 31 December 2010 and the six months ended 30 June 2011, which have been prepared by the Target in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and audited by Designated Auditor in accordance with Hong Kong Standards on Auditing
"Completion Date"	the third business day immediately following the day on which all the Conditions Precedent shall have been satisfied or waived or such later day as the parties to the SP Agreement may agree

"Conditions Precedent"	the conditions precedent to which the Acquisition is subject, as specified in the SP Agreement and summarized in the section headed "Conditions Precedent" of this circular
"Connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Consideration"	the sum of RMB5.5 billion (equivalent to approximately HK$6.7 billion), being the total amount of consideration payable by the Company to the Vendor for the Sale Shares under the SP Agreement
"Deposit"	the cash sum of RMB550.0 million (equivalent to approximately HK$670.7 million) paid by the Company to the Vendor upon signing of the SP Agreement, as deposit for the payment of the Consideration
"Designated Auditor"	the auditor designated under the SP Agreement and to be engaged by the Target Group to audit the Completion Accounts
"Director(s)"	director(s) of the Company
"Domestic Holdco"	深圳市中汽南方投資集團有限公司 (SCAS Investment Group Co. Ltd.*), a domestic company incorporated in the PRC in May 2001, of which the WFOE had 90.7% equity interests as of 23 August 2011, and which is the intermediate holding company of the Operating Entities
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition
"Enlarged Group"	the Group as enlarged by the Acquisition
"Escrow Agent"	the Hong Kong licensed bank named in the SP Agreement as the escrow agent or such other Hong Kong licensed bank as may be nominated by the Vendor to take up such appointment
"Escrow Agreement"	an escrow agreement to be entered into by the Company, the Vendor and the Escrow Agent on or before the Completion Date regulating treatment and disposal of the Reserved Amount, substantially in the form annexed to the SP Agreement

"FA" or "J.P. Morgan"	J.P. Morgan Securities (Asia Pacific) Limited, the financial adviser to the Company in relation to the Acquisition and a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of regulated activities under the Securities and Futures Ordinance
"Group"	the Company and its subsidiaries from time to time, or, where the context so requires in respect of the period before the Company became the holding company of the the present subsidiaries, the present subsidiaries of the Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"Guarantor"	an individual, being the beneficial owner of the Vendor who is an Independent Third Party
"HKFRS"	Hong Kong Financial Reporting Standards
"HK Holdco" or "Wealth Fame"	Wealth Fame Holdings Limited (佳名集團有限公司), a company incorporated in Hong Kong in July 2007 which is 100% owned by the Target and is the intermediate holding company owning the entire equity interest in the WFOE
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
"IPO"	the Company's offering of its Shares for subscription pursuant to (among other documents) its prospectus dated 29 November 2010, which was completed in December 2010
"Latest Practicable Date"	30 November 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Longstop Date"	1 January 2012 (subject to extension in manner specified in the SP Agreement) or such later day as may be agreed by the Company and the Vendor
"Operating Entities"	a total of 25 domestic companies incorporated in the PRC, all of whose registered capital are entirely owned by the Domestic Holdco (save for one of them which is 90.0% owned) after the completion of the Restructuring and are mainly the operating entities of the Target Group's automobile dealership business in the PRC
"PRC" or "China"	the People's Republic of China but excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan
"Relevant Period"	the financial period comprising the three years ended 31 December 2010 and the six months ended 30 June 2011
"Reserved Amount"	the cash sum of RMB300.0 million (equivalent to approximately HK$365.9 million) to be paid by the Company to the Escrow Agent on the Completion Date, as part payment of the Consideration
"Restructuring"	disposals and deregistration of certain companies, which are excluded from the Acquisition, of the Target Group in the manner as agreed under the SP Agreement
"SAIC"	the State Administration of Industry and Commerce of the PRC or its delegated authority
"Sale Shares"	100 ordinary shares of par value US$1 each in the issued capital of the Target beneficially owned by the Vendor, being the entire issued share capital of the Target
"Share(s)"	ordinary share(s) of HK$0.1 each in the issued share capital of the Company
"Shareholder(s)"	the registered holder(s) of the Share(s) from time to time

"SP Agreement"	the conditional share purchase agreement in Chinese dated 23 August 2011 (and supplemented by a supplemental agreement dated 29 November 2011), entered into between the Company, the Vendor and the Guarantor in relation to the Acquisition
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Top Globe Limited (同方有限公司), a company incorporated in BVI which owns 100% of the HK Holdco
"Target Group"	the Target and the Target Subsidiaries
"Target Subsidiaries"	including the HK Holdco, the WFOE, the Domestic Holdco and the Operating Entities
"Vendor"	Exactwin Limited (確成有限公司), a company incorporated in BVI
"WFOE"	深圳路美特科技有限公司 (Shenzhen Roadmate Technology Co., Ltd.*), a wholly foreign owned enterprise incorporated in the PRC in March 2004, which is 100% owned by the HK Holdco and is the intermediate holding company owning the Target Group's interest in the Domestic Holdco
"%"	per cent
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollar, the lawful currency of the United States of America

In this circular, for illustration purpose only, amounts quoted in RMB has been converted into HK$ at the rate of HK$1 to RMB0.82. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

* *For identification purpose only*

正 通

China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)
(Stock code: 1728)

Executive Directors:
Mr. WANG Kunpeng *(Chief Executive Officer)*
Mr. LI Zhubo
Mr. LIU Dongli
Mr. CHEN Tao
Mr. SHAO Yong Jun

Non-executive Director:
Mr. WANG Muqing

Independent non-executive Directors:
Dr. WONG Tin Yau, Kelvin
Mr. TAN Xiangyong
Mr. ZHANG Yansheng

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 5905, 59/F.
The Center
99 Queen's Road Central
Hong Kong

2 December 2011

VERY SUBSTANTIAL ACQUISITION

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

As stated in the Company's announcements dated 29 August 2011 and 29 November 2011, on 23 August 2011 the Company, the Vendor and the Guarantor entered into the SP Agreement pursuant to which the Company has conditionally agreed to purchase (by itself or through one of its wholly-owned subsidiaries) from the Vendor the Sale Shares, being the entire issued share capital in the Target.

THE SP AGREEMENT

Date

23 August 2011 (and supplemented by a supplemental agreement dated 29 November 2011)

Parties

(i) the Company (as purchaser);

(ii) the Vendor (as vendor); and

(iii) the Guarantor (as guarantor for the Vendor's obligations under the SP Agreement)

The Guarantor is the beneficial owner of the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Guarantor are Independent Third Parties.

Assets to be acquired

Subject to the terms of the SP Agreement, the Company or its wholly owned subsidiary shall purchase and the Vendor shall sell the Sale Shares, being the entire issued share capital in the Target.

Consideration

The Consideration payable by the Company to the Vendor for the Sale Shares is RMB5.5 billion (equivalent to approximately HK$6.7 billion) which is to be paid at the times and in the manner set forth below:

(a) As to RMB550.0 million (equivalent to approximately HK$670.7 million), being the Deposit, already paid in cash by the Company to the Vendor upon signing of the SP Agreement as deposit for and part payment of the Consideration if Completion occurs.

(b) As to RMB300.0 million (equivalent to approximately HK$365.9 million), being the Reserved Amount, to be paid in cash by the Company to the Escrow Agent on the Completion Date, as part payment of the Consideration, to be held by the Escrow Agent on the terms of the Escrow Agreement.

(c) As to the remainder of the Consideration, after deduction of the Deposit and the Reserved Amount, to be paid in cash by the Company to the Vendor on the Completion Date.

The Consideration was determined after arm's length negotiations between the Company and the Vendor with reference to, among other things, (i) potential managerial, operational and financial synergies between the Group and the Target Group; (ii) enhancement of the Group's brand portfolio, particularly premium automobile brands; (iii) the precedent transactions in China automobile dealership sector (the last twelve months price to earnings multiple of the Acquisition is 12.7 times, and the historical last twelve months price to earnings multiples of similar transactions concerning acquisition of 4S dealerships being referenced by the Company range from 7.5 times to 13.4 times.); (iv) the geographical span and size of the business operation carried out by the Target Group; and (v) the revenue generating capacity of the existing operation model of the Target Group.

The Consideration will be funded by the Group's internal resources including proceeds arising from (i) to the extent of RMB2.1 billion (equivalent to approximately HK$2.6 billion), the IPO consummated in December 2010; and (ii) to the extent of about RMB1.6 billion (equivalent to approximately HK$2.0 billion), the placing of new Shares effected in July 2011. Remaining balance of the Consideration is intended to be funded by external borrowings.

After the Acquisition, remainder of the proceeds arising from the IPO is expected to be RMB150.0 million (equivalent to approximately HK$182.9 million). The Directors confirm that use of such proceeds in the Acquisition is in line with the intended use as stated in the IPO prospectus.

Deposit and Reserved Amount

The Vendor shall refund the Deposit (without interest) to the Company if the SP Agreement is unilaterally terminated by the Vendor. Save as aforesaid and in all other circumstances, irrespective of whether Completion occurs or whether the SP Agreement is terminated and irrespective of whether such occurrence or termination shall be due to non-fulfillment of the Conditions Precedent or any other reasons, the Deposit is non-refundable and constitute compensation for losses suffered by the Vendor as a result of having initiated its sale of the Sale Shares.

All claims by the Company on the Vendor for breaches of the SP Agreement shall be satisfied first by deductions from the Reserved Amount. Payment of compensation out of the Reserved Amount shall be made by the Escrow Agent based on joint instruction given by the Company and the Vendor. If any dispute arises on the amount of compensation payable from the Reserved Amount, any such dispute shall be resolved by court proceedings. The Reserved Amount (or any balance thereof) that is not subject to dispute shall be released to the Vendor on 22 August 2012.

Completion Accounts and Vendor's Obligation to Eliminate Shortfall and Debts

Following execution of the SP Agreement the Vendor shall appoint the Designated Auditor to audit the Completion Accounts. As a condition precedent to Completion, an unqualified audit report on the Completion Accounts is needed.

The Vendor has subsequently agreed to appoint KPMG, Certified Public Accountants, Hong Kong as Designated Auditor in September 2011 to audit the Completion Accounts.

The amount of the Consideration for the Acquisition was agreed with the Vendor on the basis, among others, that the consolidated net asset value of the Target Group as at 30 June 2011 was not less than RMB500.0 million (equivalent to approximately HK$609.8 million).

If (i) the consolidated net asset value of the Target Group as at 30 June 2011 is less than RMB500 million, the Vendor shall eliminate the shortfall by making cash payment to the Domestic Holdco; or (ii) other than the historical accumulated dividends, earnings and cash of the Target Company, HK Holdco and WFOE being paid to the Vendor before the Completion Date, the Target, the HK Holdco and the WFOE has any indebtedness in excess of RMB50,000 to parties other than the Target, the HK Holdco and the WFOE, the Vendor shall eliminate such indebtedness before the Completion Date; and if the Target, the HK Holdco and the WFOE has any indebtedness in excess of RMB50,000 to parties other than the Target, the HK Holdco and the WFOE on the Completion Date, the Vendor shall eliminate such indebtedness free of claims on the Target, the HK Holdco or the WFOE.

Conditions Precedent

Completion of the Acquisition is subject to satisfaction of the following Conditions Precedent on or before the Longstop Date:

(1) the Company having completed its due diligence review of the Target Group, its business, assets, debts and operations and being reasonably satisfied with the results of such review;

(2) the Acquisition having been approved by the Shareholders at the EGM in accordance with the Company's articles of association and the Listing Rules; and

(3) the Designated Auditor having completed its audit of the Completion Accounts and issued an unqualified report thereon.

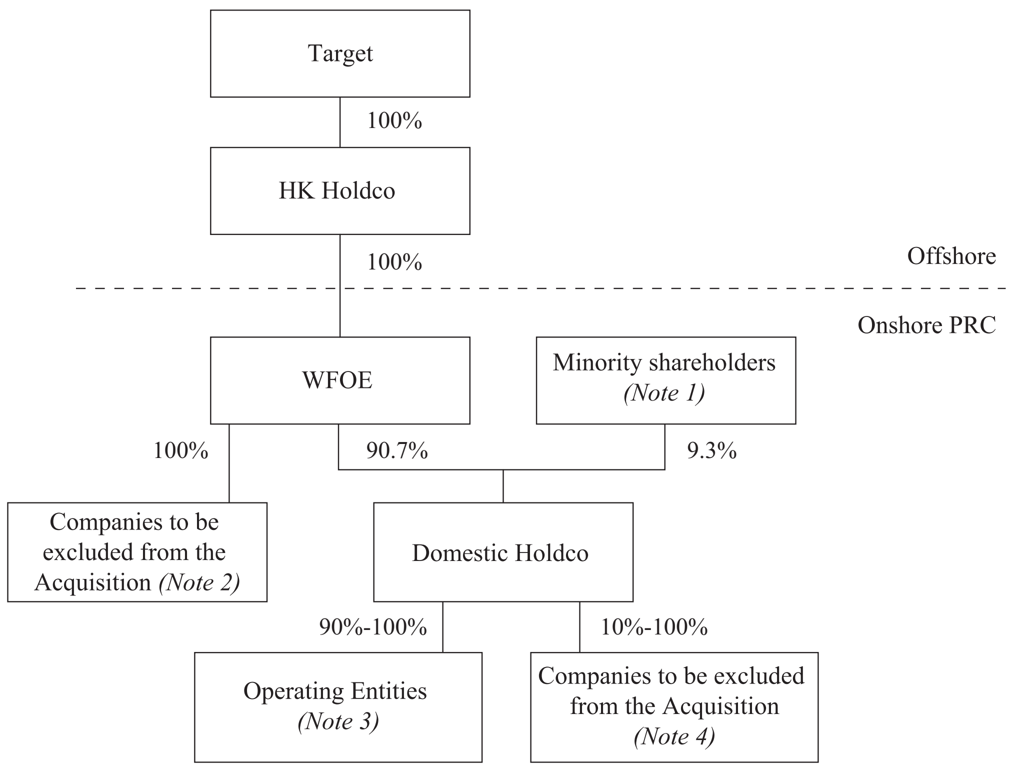
The Company may unilaterally waive the Condition Precedent stated in paragraph (1) above by written notice to the Vendor, and such Condition Precedent can be waived by the Company only. The Directors consider this enables the Company to consummate in Acquisition in a more flexible manner. The Directors confirm that the Company currently does not intend to waive such Condition Precedent. The other Conditions Precedent cannot be waived unilaterally by any party to the SP Agreement.

The unqualified audit report on the Completion Accounts, as issued by the Designated Auditor, shall be provided to the Company within 60 days from date of the SP Agreement. If not, the Longstop Date shall be extended to 30 days after issue of the unqualified audit report on the Completion Accounts by the Designated Auditor.

If the Conditions Precedents are not wholly satisfied on or before the Longstop Date (save waived by the Company), the SP Agreement shall be terminated. Upon such termination, the obligations of the Company and the Vendor under the SP Agreement shall cease and the Vendor shall be entitled to retain the Deposit and interest accrued thereon. Unless otherwise stated in the SP Agreement and save for antecedent breach of the SP Agreement, no party to the SP Agreement may make any claims against the other party.

Restructuring and Payment of Retained Profits

The following chart shows the corporate and shareholding structure of the Target Group at the time when the SP Agreement was signed on 23 August 2011, before completion of the Restructuring.



Notes:

1. The minority shareholders consisted of three PRC companies, which held in aggregate 9.3% of the equity interest in Domestic Holdco as of 23 August 2011.

2. Representing 2 companies owned by the WFOE that are excluded from the Acquisition pursuant to the terms of the SP Agreement, namely 深圳市中汽南方汽車銷售有限公司 (Shenzhen SCAS Automobile Sales and Services Co., Ltd.*) in which the WFOE owned 100% equity interest, 深圳市中汽南華汽車服務有限公司 (Shenzhen Zhongqi Nanhua Automobile Services Co., Ltd.*) in which the WFOE owned 100% equity interest.

3. Among the Operating Entities, 湖南中汽南方汽車銷售有限公司 (Hunan SCAS Automobile Sales Services Co., Ltd*) ("**Hunan SCAS**") was held as to 90% by Domestic Holdco (the remaining 10% was held by an Independent Third Party which is independent from the Vendor) and each of the remaining Operating Entities was wholly owned by the Domestic Holdco as of 23 August 2011.

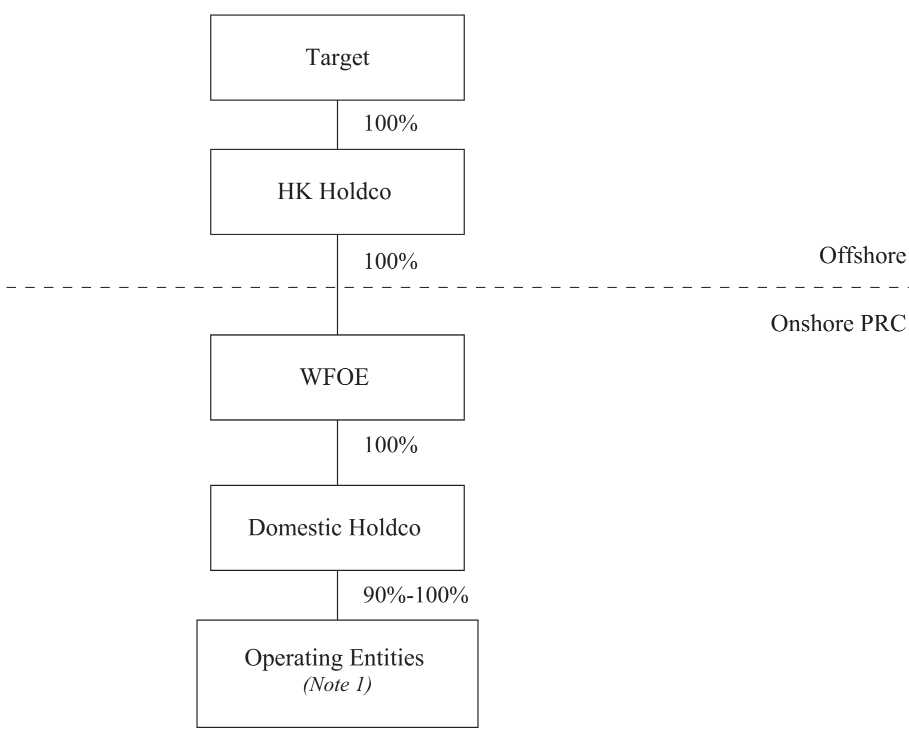
4. Representing 7 companies owned by the Domestic Holdco that are excluded from the Acquisition pursuant to the terms of the SP Agreement, namely 深圳市中汽南方汽車配套服務有限公司 (Shenzhen SCAS Automobile Supporting Services Co., Ltd.*) in which the Domestic Holdco directly and indirectly owned 10% equity interest, 深圳市創嵐傳媒服務有限公司 (Shenzhen Chuanglan Media Services Co., Ltd.*) in which the Domestic Holdco directly and indirectly owned 100% equity interest, 江西中汽南方汽車銷售服務有限公司 (Jiangxi SCAS Automobile Sales and Services Co., Ltd.*) in which the Domestic Holdco owned 90% equity interest, 惠州中汽南方汽車銷售服務有限公司 (Huizhou SCAS Automobile Sales and Services Co., Ltd.*) in which the Domestic Holdco owned 100% equity interest, 英德中汽南方汽車銷售服務有限公司 (Yingde SCAS Automobile Sales and Services Co., Ltd.*) in which the Domestic Holdco owned 100% equity interest, 深圳市南華置業有限公司 (Shenzhen Nanhua Property Co., Ltd.*) in which the Domestic Holdco owned 90% equity interest, and 深圳市南方深菱汽車銷售有限公司 (Shenzhen South Shenling Automobile Sales and Services Co., Ltd*) in which the Domestic Holdco owned 90% equity interest.

At the time when the SP Agreement was signed, the Target Group had 11 dealership brands, including premium brands such as Land Rover, Jaguar, Volvo, Mercedes-Benz, Infiniti and Acura, and middle market brands such as FAW Toyota, FAW Volkswagen, FAW Mazda and Ford, where the remaining one dealership brand, which is a non-premium vehicle brand and whose sales and operation have not been commenced by the Target Group, was not intended to be acquired by the Group and has been carved out of the Target Group under the Restructuring.

Pursuant to the SP Agreement, the Target Group is required to undertake the Restructuring, under which (i) entities engaged in real estate development, media services and wholesale business of imported motor vehicles would be disposed of and excluded from the Target Group; (ii) certain dormant companies would be deregistered and excluded from the Target Group and (iii) the WFOE would increase its shareholding interest in Domestic Holdco from 90.7% as of 23 August 2011 to 100.0% through purchases of an additional 9.3% equity interest from certain minority shareholders.

As of the Latest Practicable Date, the Restructuring had been completed.

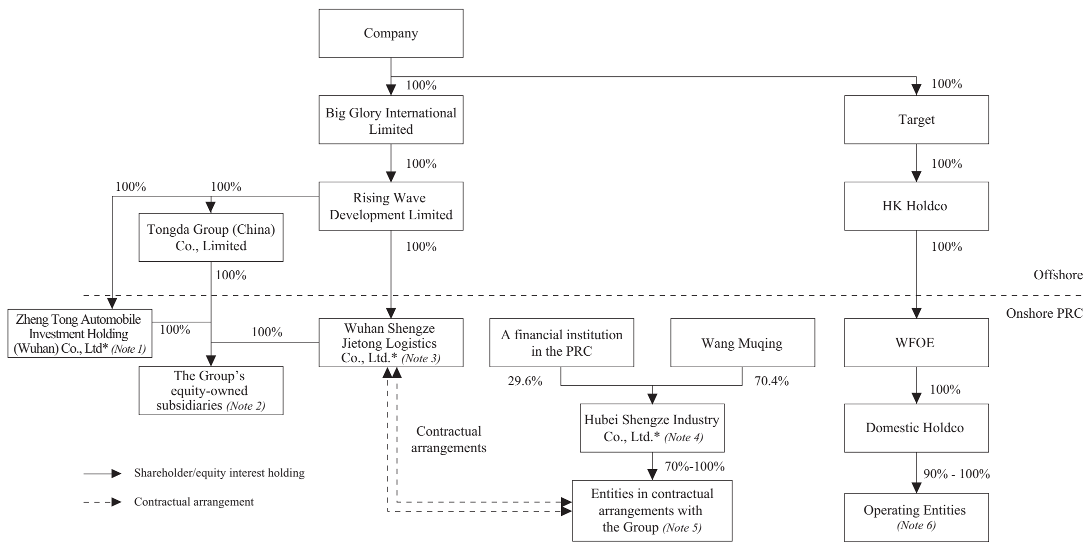
The following chart shows the corporate and shareholding structure of the Target Group upon completion of the Restructuring:



Note 1: Among the Operating Entities, Hunan SCAS is held as to 90% by the Domestic Holdco (the remaining 10% is held by an Independent Third Party which is independent from the Vendor) and each of the remaining Operating Subsidiaries is wholly owned by the Domestic Holdco.

Under the SP Agreement, it is agreed that no distribution of profits shall be made by any of the Operating Entities between 30 June 2011 and the Completion Date.

The following graph shows a simplified corporate and shareholding structure of the key operating subsidiaries of the Enlarged Group upon Completion:



Note 1: *Its official Chinese name being 正通汽車投資控股(武漢)有限公司.*

Note 2: *As of the Latest Practicable Date, four 4S dealership stores are currently in operation, including one newly opened 4S dealership store for Land Rover brand in Baotou, as well as the 4S dealership store for Audi brand in Jiangxi, 4S dealership store for Audi brand in Qingdao and 4S dealership store for Volvo brand in Zhengzhou acquired via merger and acquisition. Interests in jointly-controlled subsidiaries, investments and less active subsidiaries are not shown in the above simplified corporate chart.*

Note 3: *Its official Chinese name being 武漢聖澤捷通物流有限公司.*

Note 4: *Its official Chinese name being 湖北聖澤實業有限公司.*

Note 5: *As of the Latest Practicable Date, 28 4S dealership stores are currently in operation.*

Note 6: *Among the Operating Entities, Hunan SCAS is held as to 90% by the Domestic Holdco (the remaining 10% is held by an Independent Third Party which is independent from the Vendor) and each of the remaining Operating Entities is wholly owned by the Domestic Holdco.*

Limitation on Liabilities of the Vendor and the Guarantor

The maximum liabilities of the Vendor and the Guarantor under and following Completion of the SP Agreement, including for breach of warranties, are limited to the amount of RMB1.0 billion (equivalent to approximately HK$1.2 billion) in aggregate. If Completion does not occur, the liabilities of the Vendor and the Guarantor under the SP Agreement are limited to the refund of the Deposit, to the extent that such refund obligation falls to be performed.

Claims by the Company on the Vendor or the Guarantor for breach of the SP Agreement, including for breach of warranties, are limited to those notified to the Vendor and the Guarantor in writing on or before 22 August 2012.

Financial Supports to the Target Group

After signing of the SP Agreement, the Company shall liaise and coordinate with bankers of the Operating Entities to continue the provision of bank loans to the Operating Entities or procure other bankers to provide loans to the Operating Entities. If, despite the making of such arrangement by the Company, working capital available to the Operating Entities is not sufficient to maintain their pre-existing level of operations, the Company shall, through such methods as are lawful and in compliance with applicable rules, resolve for the provision of funding to the Operating Entities in an amount of not less than RMB800.0 million but not more than RMB1.5 billion (equivalent to approximately HK$976.0 million to HK$1.8 billion) to finance the working capital requirements of the Operating Entities. Interest on such funding shall be charged at rates equal to those charged by the People's Bank of China for loans of compatible maturity.

The reason for the above arrangement is that the bank lenders of the Target Group may terminate or reduce banking facilities granted to the Target Group once they become aware of the possible change of ownership of the Target Group as a result of the Acquisition. It is estimated that the change of ownership will require financial support to the extent of approximately RMB800.0 million to RMB1.5 billion (equivalent to approximately HK$976.0 million to HK$1.8 billion) for the purpose of maintaining its existing level of operation if such banking facilities are terminated. The Directors confirm that if the above arrangement is to be made, steps will be taken to comply with the relevant Listing Rules requirements.

Completion

Completion of the Acquisition shall take place on the third business day immediately following satisfaction or waiver in full of the Conditions Precedent or such later day as the parties to the SP Agreement may agree.

Upon Completion, all members of the Target Group will become subsidiaries of the Group.

Non-compete Undertaking by the Vendor and the Guarantor

Pursuant to the SP Agreement the Vendor and the Guarantor have undertaken to the Company that, for a period of 5 years after Completion, they will not carry on in the PRC the automobile dealership business of the same brands as those carried on by the Target Group on the Completion Date.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Target is a company incorporated as an investment holding company under the laws of BVI and the holding company of Target Subsidiaries.

The Acquisition is in line with the Group's development strategy of adding premium brands to its existing dealership network through selected acquisitions. Upon completion of the Acquisition, the Group will have a total of 54 existing automobile operation points and become a core dealer for BMW, Audi, Land Rover, Jaguar and Volvo. The dealership network of the Target Group will also complement the Group's existing network and give rise to synergy effects. The revenue generating capacity and growth potential of the Target Group will contribute to the Group's future business development.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors are of the view that the Acquisition is consistent with the Company's development strategy of continuing to grow its dealership network through selective acquisitions as stated in its IPO prospectus, and the Directors believe that the Acquisition will largely enhance the brand portfolio the Company and geographic coverage of the Company's dealership network.

Approximately RMB2.1 billion (equivalent to approximately HK$2.6 billion) of the proceeds raised form the Company's IPO will be used for settling the Consideration. The Directors confirm that such proposed usage of the Company's IPO proceeds is consistent with the usage of proceeds as disclosed in its IPO prospectus.

INFORMATION ON THE TARGET GROUP

General Information of the Target Group

The Target Group is a leading automobile dealership group in the PRC and operates automobile brands consisting of premium brands such as Land Rover, Jaguar, Volvo, Mercedes-Benz, Infiniti and Acura, and middle market brands such as FAW Toyota, FAW Volkswagen, FAW Mazda and Ford. It has 22 4S dealership stores in 10 cities of affluent coastal regions or top tier cities such as Shenzhen, Guangzhou, Fuzhou, Tianjin and Beijing, as well as rapidly developing inland regions such as Changsha. In addition, the Target Group has authorization for one more 4S dealership and one repair store which were under construction as at the Latest Practicable Date. According to ACMR, the Target Group ranked 9th in terms of turnover in 2010 in the highly fragmented PRC automobile dealership industry.

Similar to the Group's business, each of the Target Group's dealership store is a 4S dealership store that integrates four principal automobile-related businesses, i.e. sales, spare parts, service and survey. It offers a broad range of sales and services, including (i) sales of new automobiles, (ii) after-sales services, which include maintenance and repair services and sales of spare parts and accessories, and (iii) automobile agency services, which include automobile financing, insurance and registration agency services.

Before July 2010, the Target Group (itself being a retailer) sourced two brands' automobiles, namely Land Rover and Jaguar, from an automobile wholesaler. In July 2010, as the manufacturers of such brands commenced to sell automobiles directly to automobile retailers in the PRC, which was a strategic change of such manufacturers, the Target Group has begun to source such two brands' automobiles directly from the manufactures since then.

Accordingly, such change in operation model is about the change in the sourcing of such two brands' automobiles in respect of the Target Group. The Target Group did not operate automobile wholesale business during the Relevant Period and as of the Latest Practicable Date, and the Target Group, which only operates in the automobile retail sector, will complement the Group's business.

Development Plan and Marketing Strategies of the Target Group

The Target Group plans to further develop its current sales network of Land Rover, Jaguar and Volvo and consolidate its market position in line with the development strategy of respective automobile manufacturers, while actively seeking opportunity to expand the sales network for other premium automobile brands in accordance with the ever changing market and the growing customer demands.

Along with the rapid growth of the economy and the automobile market of the PRC, the Target Group's marketing strategy is to aim at the newly well-off class, grasp the consumption opportunity of the increasing affluent people and expand its business region. The Target Group will focus on the expansion of its sales network in the Pearl River Delta, the Bohai Economic Circle and a number of increasingly affluent cities in certain inland regions.

Senior Management of the Target Group

The following are the senior management of the Target Group, all of whom shall continue to participate in the management of the business of the Target Group after Completion:

Mr. Wang Limin (王利民) is the chief executive officer of the Target Group. Mr. Wang joined the Target Group in 2001 and has since then been working in the automobile dealership industry, initially as vice president and later as head of operations of the Target Group.

Mr. Shen Weidong (申偉東) is the vice president of the Target Group. Before joining the Target Group in August 2003, he served as the service manager of 深圳市一汽汽車有限公司 (Shenzhen FAW Automobile Co., Ltd*) from 1997 to 1999, and as the general manager of 深圳市大興豐田汽車銷售服務有限公司 (Shenzhen Daxing Toyota Car Sales Services Co., Ltd.*) from 2000 to 2003.

Mr. Pei Leiming (裴雷鳴) is the vice president of the Target Group. Mr. Pei joined the Target Group in 2004 and has since then been working in the automobile dealership industry, initially as a head of sales and marketing of the Target Group.

Ms. Chen Liping (陳麗萍) is the vice president of the Target Group. Ms. Chen joined the Target Group in 2001 and has since then been working in the automobile dealership industry, initially as head of human resources of the Target Group and later as general manager of 清遠汽車城 (Qingyuan Automobile City*).

Dealership Authorization Agreements

The operations of each of the Target Group's dealership stores are governed principally by a dealership authorization agreement with the relevant automobile manufacturers. Save for the 4S dealership stores for Land Rover, Jaguar and Volvo, each dealership store generally sells only one automobile brand and typically is only permitted to operate at a single territory of sale. The dealership authorization agreements are non-exclusive and typically have a term of one to five years, subject to renewal.

The general rights and obligations under the existing dealership agreements of the Target Group are largely similar to the existing dealership agreements of the Group. Under these agreements, automobile manufacturers may define the geographical coverage within which the Target Group's dealership stores are operated, and, most of them may recommend price guidelines for the sale of new automobiles. Automobile manufacturers may also have rights to evaluate the performance of the Target Group's dealership stores and assess compliance with applicable agreements and provide a variety of suggestions to the Target Group's dealership stores. Moreover, automobile manufacturers have the right to terminate the automobile dealership agreement with written notice for a variety of reasons, including failure to rectify deficiencies and unapproved changes in the Target Group's ownership or management structure that would affect the Target Group's ability to meet contractual obligations in these agreements.

The relevant manufacturer will take the initiative to arrange renewal of the agreement with the Target Group unless the Target Group voluntarily renounces renewal, or has committed a serious breach of the relevant agreement or acts which substantially prejudiced the relevant manufacturer's interest.

Insofar as the Group's management understands, in terms of industry practice, for dealers which have already secured authorisation from the manufacturer, instances of serious breaches of the relevant dealership authorisation agreement leading to non-renewal by the manufacturer are rare.

Most of the Operating Entities engage in long-term dealership businesses of specific brands according to the authorisations from corresponding automobile suppliers, some of which have cooperation experiences of more than 10 years, and have established good and stable cooperative relationships with the corresponding automobile suppliers.

The Directors therefore believe that the Target Group companies will be granted with renewal of their current dealership authorisation agreements automatically.

The following table sets forth the details of the Operating Entities which hold existing 4S dealership stores:

Name	Date of Incorporation	Location	Brands	Expiry date of Dealership Agreement
A. Premium brands				
深圳市中汽南方機電設備有限公司 (Shenzhen SCAS Electric Machinery Co., Ltd.*) ("**Shenzhen Electric Machinery**")	1996-11	Shenzhen	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 30 June 2013
廣東中汽南方汽車銷售服務有限公司 (Guangdong SCAS Automobile Sales Services Co., Ltd.*) ("**Guangdong SCAS**")	2004-7	Guangzhou	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 30 June 2013
東莞中汽南方汽車銷售服務有限公司 (Dongguan SCAS Automobile Sales Services Co., Ltd.*) ("**Dongguan SCAS**")	2004-7	Dongguan	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 30 June 2013
珠海中汽南方汽車銷售服務有限公司 (Zhuhai SCAS Automobile Sales Services Co., Ltd.*) ("**Zhuhai SCAS**")	2005-3	Zhuhai	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 30 June 2013
湖南中汽南方汽車銷售服務有限公司 (Hunan SCAS Automobile Sales Services Co., Ltd.*) (i.e. Hunan SCAS)	2005-5	Changsha	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 30 June 2013
海南中汽南方汽車銷售服務有限公司 (Hainan SCAS Automobile Sales Services Co., Ltd.*) ("**Hainan SCAS**")	2008-5	Haikou	Jaguar, Land Rover	Jaguar and Land Rover: 31 March 2012
福建中汽南方汽車銷售服務有限公司 (Fujian SCAS Automobile Sales Services Co., Ltd.*) ("**Fujian SCAS**")	2005-4	Fuzhou	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 30 June 2013
北京中汽南方華北汽車服務有限公司 (Beijing SCAS North China Automobile Services Co., Ltd.*) ("**Beijing SCAS**")	2001-7	Beijing	Volvo	30 June 2013
北京百旺沃瑞汽車銷售服務有限公司 (Beijing BWWR Automobile Sales Services Co., Ltd.*) ("**Beijing BWWR**")	2008-3	Beijing	Volvo	17 January 2013
北京德萬隆經貿有限公司 (Beijing Dewanlong Trading Co., Ltd.*) ("**Beijing Dewanlong**")	1999-9	Beijing	Land Rover	No specified expiry date

Name	Date of Incorporation	Location	Brands	Expiry date of Dealership Agreement
北京中汽南方中關汽車銷售有限公司 (Beijing SCAS Zhongguan Automobile Sales Co., Ltd.*) ("**Beijing Zhongguan**")	2010-3	Beijing	Volvo	31 July 2013
天津中汽南方汽車銷售服務有限公司 (Tianjin SCAS Automobile Sales Services Co., Ltd.*) ("**Tianjin SCAS**")	2004-5	Tianjin	Volvo	30 June 2013
天津汽車工業銷售深圳南方有限公司 (Tianjin Automobile Industry SCAS Sales Co., Ltd.*) ("**Tianjin Automobile Industry**")	1995-11	Shenzhen	Jaguar, Land Rover, Volvo	Jaguar and Land Rover: 31 March 2012; Volvo: 31 March 2013
深圳市南方騰星汽車銷售服務有限公司 (Shenzhen SCAS Tengxing Automobile Sales Services Co., Ltd.*) ("**Shenzhen Tengxing**")	2006-5	Shenzhen	Mercedes-Benz	31 December 2012
深圳市南方英菲尼迪汽車銷售服務有限公司 (Shenzhen SCAS Infiniti Automobile Sales Services Co., Ltd.*) ("**Shenzhen Infiniti**")	2006-10	Shenzhen	Infiniti	No specified expiry date (subject to termination by 3 months' notice)
深圳市南方騰田汽車銷售服務有限公司 (Shenzhen SCAS Tengtian Automobile Sales Services Co., Ltd.*) ("**Shenzhen Tengtian**")	2006-3	Shenzhen	Acura	No specified expiry date
B. Middlemarket brands				
深圳市中汽南方長福汽車銷售有限公司 (Shenzhen SCAS Changfu Automobile Sales Co., Ltd.*) ("**Shenzhen Changfu**")	2004-12	Shenzhen	Ford	31 March 2013
深圳市南方騰龍汽車銷售服務有限公司 (Shenzhen SCAS Tenglong Automobile Sales Services Co., Ltd.*) ("**Shenzhen Tenglong**")	2005-12	Shenzhen	Faw Volkswagen	No specified expiry date
深圳南方豐田汽車銷售服務有限公司 (Shenzhen SCAS Toyota Automobile Sales Services Co., Ltd.*) ("**Shenzhen Toyota**")	2002-4	Shenzhen	Faw Toyota, Toyota	Faw Toyota: 31 March 2012; Toyota: No specified expiry date
清遠南方豐田汽車銷售服務有限公司 (Qingyuan SCAS Toyota Automobile Sales Services Co., Ltd.*) ("**Qingyuan Toyota**")	2008-10	Qingyuan	Faw Toyota, Toyota	Faw Toyota: 31 March 2012; Toyota: No specified expiry date (subject to annual renewal)

Name	Date of Incorporation	Location	Brands	Expiry date of Dealership Agreement
清遠南方合眾汽車銷售服務有限公司 (Qingyuan SCAS Hezhong Automobile Sales Service Co., Ltd.*) ("**Qingyuan SCAS Hezhong**")	2009-12	Qingyuan	Faw Volkswagen	No specified expiry date
清遠南方合達汽車銷售務有限公司 (Qingyuan SCAS Heda Automobile Services Co., Ltd.) ("**Qingyuan SCAS Heda**")	2010-10	Qingyuan	FAW Mazda	No specified expiry date

The following table set forth the details of the Operating Entities which do not hold any existing 4S dealership stores as at the Latest Practicable Date:

Name	Date of incorporation	Principal activities	Current status
深圳市中汽南方汽車維修有限公司 (Shenzhen SCAS Automobile Maintenance Co., Ltd.) ("**Shenzhen Automobile Maintenance**")	2000-8	Provision of automobile maintenance services	A Mercedes-Benz repair store in Shenzhen, PRC is under construction
中山中汽南方汽車銷售服務有限公司 (Zhongshan SCAS Automobile Sales Services Co., Ltd.) ("**Zhongshan SCAS**")	2011-4	Automobile dealership	A Volvo dealership store in Zhongshan, PRC is under construction.
深圳野馬汽車貿易有限公司 (Shenzhen Yema Automobile Trading Co., Ltd.) ("**Shenzhen Yema**")	1993-6	Investment holding	The Domestic Holdco's intermediate holding company of Beijing SCAS, Beijing Dewanlong and Beijing BWWR

With respect to the dealership and repair stores under construction, the Target Group has entered into dealership authorisation agreements and/or letter of intent with relevant automobile manufacturers.

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)》), 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% ("**30 Dealership Limitation**").

According to the Company's PRC legal advisers, the 30 Dealership Limitation only applies to equity holding of PRC operating entities that sell different brands and models of automobiles. As at the Latest Practicable Date, the Company directly owned the equity interest of four 4S dealership stores, and there are a total of 22 4S dealership stores operated by the Target Group, making a total of 26, which will be below 30 dealership stores upon Completion. If the Company starts new 4S dealerships after the Company has reached the 30 Dealership Limitation, the Company would consider controlling such new 4S dealerships through contractual arrangements.

The 30 Dealership Limitation under the 2007 Edition of the Catalogue of Industries for Guiding Foreign Investment is currently under review. The Ministry of Commerce of the PRC has indicated that, under the revised edition of the Catalogue of Industries for Guiding Foreign Investment, the 30 Dealership Limitation may not be strictly enforced.

The Company will take into account of the potential regulatory changes and ensure the operation of the 4S dealerships fully complies with the applicable PRC laws and regulations.

Financial Information of the Target Group

Based on the audited financial statements of the Target Group prepared in accordance with HKFRS as disclosed in Appendix I of this circular, the net asset value of the Target Group as at 31 December 2009, 31 December 2010 and 30 June 2011 were approximately RMB631.1 million (equivalent to approximately HK$769.6 million), RMB917.8 million (equivalent to approximately HK$1,119.3 million) and RMB645.7 million (equivalent to approximately HK$787.4 million) respectively. The table below sets forth some of the financial information of the Target Group for the two financial years ended 31 December 2009, 31 December 2010 and the six months ended 30 June 2011:

	For the year ended 31 December 2009 *RMB'000*	**For the year ended 31 December 2010** *RMB'000*	**For the six months ended 30 June 2011** *RMB'000*
Turnover	5,085,872	8,373,215	4,999,172
Profit Before Taxation	234,328	439,694	316,937
Profit After Taxation	168,926	329,479	238,500
Net Assets	631,130	917,790	645,692

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, the Target will become a wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

In July 2010, there was a change in the sourcing of automobiles in respect of two dealership brands of the Target Group, namely Land Rover and Jaguar, where the Target Group has begun to source automobiles directly from the manufacturers instead of from a wholesaler in connection with such two brands. Such change has improved the financial performance of the Target Group since then. As the sales of automobiles of such two brands contributed a significant amount of revenue for the Target Group in the first half of 2011, in order to provide a more updated financial condition of the Enlarged Group, a set of the unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 31 December 2010 as well as a set of the unaudited pro forma consolidated income statement and unaudited pro forma condensed consolidated cash flow statement of the Enlarged Group for the six months ended 30 June 2011 are included in Appendix V to this circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in the Appendix V to this circular, and assuming the Acquisition had been completed on 30 June 2011 or 1 January 2010, as appropriate, the financial effects of the Acquisition on the Enlarged Group are summarised as follows:

Earnings

According to the unaudited consolidated statements of comprehensive income of the Group for the year ended 31 December 2010 and the six months ended 30 June 2011, the profit of the Group for 2010 and the first half of 2011 was approximately RMB299.5 million and RMB310.4 million.

Assuming the Acquisition had been completed on 1 January 2010, the unaudited pro forma consolidated net profit of the Enlarged Group for the year ended 31 December 2010 and the six months ended 30 June 2011 would be approximately RMB479.7 million and RMB487.4 million respectively. The Directors are of the view that the Acquisition would have a positive impact on the future financial performance of the Enlarged Group.

Assets and liabilities

According to the unaudited consolidated balance sheet of the Group as at 30 June 2011, the Group had total assets and total liabilities of approximately RMB8,465.0 million and RMB4,073.2 million respectively.

Assuming the Acquisition had been completed on 30 June 2011, the unaudited pro forma total assets and total liabilities of the Enlarged Group would be approximately RMB11,789.0 million and RMB7,395.5 million respectively.

The unaudited pro forma assets of the Enlarged Group consists of, among others, intangible assets of approximately RMB3,897.6 million, which includes intangible assets relating to car dealership of RMB3,360.5 million and intangible assets relating to favourable lease contract of approximately RMB173.8 million. The former will be amortized ratably over 20 years and the latter will be amortized ratably over the lease term of 10 years.

Purchased goodwill

Assuming the Acquisition had been completed on 30 June 2011, the Enlarged Group will have a purchased goodwill, which is the excess of the total Consideration over the Group's share of the net fair value of the Target Group's identifiable assets and liabilities as a result of the Acquisition, which is RMB2,103.2 million.

FINANCIAL AND TRADING PROSPECTS

As at the Latest Practicable Date, the Group remains a major 4S dealership group in China focused on premium brands such as BMW, MINI, Audi, Land Rover, Jaguar, Volvo and Imported Volkswagen, with a dealership network covering 19 cities the affluent regions of China, such as Beijing, Shanghai, Guangzhou, Zhuhai, Dongguan, Shantou and Qingdao as well as the rapidly developing regions such as Baotou, Nanchang, Chenzhou, Yichang, Hohhot, Changsha, Wuhan and Shiyan. The Group's strategy for dealership network distribution is to achieve a balanced development in the established markets as well as those with growth potential.

As disclosed in the Group's 2011 interim report, the Group anticipates that China will achieve a sustainable growth in gross domestic product (GDP). The growth of the premium and ultra-premium branded automobile markets is expected to exceed that of the general automobile market, bringing a tremendous business opportunity for the Group with its focus on the sales of premium and ultra premium branded automobiles. The Group will actively implement its development strategies, and cater for the keen demand in the premium and ultra-premium automobile consumer markets in the PRC.

In view of the promising prospects of the premium and ultra premium brand market in the PRC, the Group will continuously consolidate and enhance its leading position in the premium and ultra-premium automobile brand dealership market in the PRC and reinforce its core automobile dealership business. Customer-oriented after-sales business will also be developed to enable it to make a greater contribution to the Group's profit, and strive for a rapid development in respect of used automobiles, automobile accessories and automobile financing and insurance business. In addition, it may add a new profit growth point for the Group to ensure its stable and sustainable development. The Group will also better utilize its after-sales service channels and its good relationship with automobile manufacturers to accelerate the development of logistics and lubricant oil business, hence achieving excellent results.

The management believes that the Group will continue to maintain its leading position during the rapid growth of premium and ultra-premium automobile market in the PRC, and it is determined to strive for the maximum return for the Shareholders. During such process, the Group will try its best to make the largest contribution to the development and continuous improvement of the Group.

The Acquisition will further enhance the brand portfolio and geographic coverage of the dealership network of the Group.

In terms of brand portfolio, the Group will become a top ranking dealer for such premium brands as BMW, Audi, Land Rover, Jaguar and Volvo upon completion of the transaction and the number of premium brands operated by the Group will be increased to 11.

In addition, the Company will also enhance the geographic coverage of its dealership network, particularly in Guangdong province, which is a main automobile sales market in China. The Acquisition will enable the Company to establish a leading position in Shenzhen and help it enter into new markets such as Tianjin, Fujian and Hainan, and thus expand its geographic coverage in both affluent cities and rapidly developing regions.

Furthermore, the Target Group's management team is also of rich experience in the automobile dealership industry and management of an automobile dealership group such as the Target Group. After Completion, the extensive experience of the management team in the Target Group related to the expansion and consolidation of the premium brands, cultivation and maintenance of quality customers, and development and management of the Target Group, are also inspiring and complementary to the Group.

The Company may finance the remaining portion of the Consideration through bank borrowing or other form of debt financing.

RISK FACTORS IN RELATION TO THE TARGET GROUP

The non-compliance in relation to historical transfers of certain shareholdings of two subsidiaries of the Target Group

A. *non-compliance in relation to the approval for the transfer of the 4% equity-holdings of Shenzhen Yema in 2010*

Until December 2010, Shenzhen Yema was engaged in the business of sale of automobiles. Based on the due diligence results so far conducted, it is noted that certain approval required for the transfer of 4% equity-holdings in the past was not obtained at the material time. The Company is advised by its PRC legal advisers that the PRC law has not prescribed any penalty or other legal consequences for failure to obtain the relevant approval for the relevant equity transfer. Further, the Company's PRC legal advisers have conducted a consultation with officials of the competent authority, and was informed by such officials that:

(a) the authority considered that the relevant registration procedure has been completed, and therefore the relevant equity transfer has been completed and is effective; and

(b) the authority has no intention to impose any penalty on the relevant parties of the equity transfer for failure to obtain the relevant approval.

As advised by the Company's legal advisers as to PRC law in connection with the Acquisition, such 4% equity-holdings has belonged to the current equity-holder (namely, the WFOE) after the transfer, despite the said failure to obtain approval of the relevant transfer. In addition, from December 2010 onwards, the principal business of Shenzhen Yema has been changed to investment holding, and is not automobile dealership.

The Directors are of the view that even if there is title defect in respect of such 4% equity-interest, it does not have any material adverse impact on the operations of the Target Group.

B. non-compliance in relation to the valuation assessment regarding the transfer of the 55% equity-holdings of Tianjin Automobile Industry in 2002

Tianjin Automobile Industry is principally engaged in 4S dealership of the Jaguar, Land Rover and Volvo brand automobiles. In connection with transfer of 55% equity-interest in Tianjin Automobile Industry in 2002, the Company's PRC legal advisers are of the view that the documents so far received did not allow them to conclude that the State-owned assets valuation and confirmation steps required by PRC law were taken at the material time. Had the application for initiation of State-owned assets valuation project, State-owned assets valuation, confirmation and recording steps been followed in accordance with the relevant PRC law, the equity transfer would have been valid and effective.

Tianjin Automobile Industry accounted for about 7% of both the turnover and net profit of the Target Group for the year ended 31 December 2010, and accounted for about 3% of the net assets and 5% of the total assets of the Target Group as at 31 December 2011.

The Directors are of the view that if there were any title defects in such 55% equity-interest in Tianjin Automobile Industry, the impact on the entire Acquisition (i.e. from the perspective of the entire Target Group) is limited.

Non-compliance with certain filings or registration to the relevant PRC authorities by certain subsidiaries of the Target Group

A. Failure to make filings at the SAIC

According to 關於公佈品牌汽車銷售企業名單的通知 ("notice regarding the disclosure of the list of branded automobile distribution enterprises") published by the SAIC, 深圳市中汽南華汽車有限公司 ("**Shenzhen Zhongqi Nanhua**") authorized ten members of the Target Group (namely, Tianjin Automobile Industry, Tianjin SCAS, Shenzhen Electric Machinery, Guangdong SCAS, Dongguan SCAS, Zhuhai SCAS, Hunan SCAS, Fujian SCAS, Beijing SCAS and Beijing BWWR) as its authorised automobile sales dealers, and the prescribed scope of business for each of the said licencees was sale of Volvo (passenger cars) branded automobiles. The supplier which entered into Volvo branded automobiles and spare parts dealership agreements with the said Target Group companies were subsequently changed to 沃爾沃汽車銷售(上海)有限公司 (Volvo Car Sales (Shanghai) Limited*). So far, no related SAIC filing documents could be located by the Group in the due diligence process.

Dongguan SCAS , Hunan SCAS and Fujian SCAS have been registered at SAIC as an enterprise authorised by Shenzhen Zhongqi Nanhua to sell Jaguar branded automobiles. The supplier to Dongguan SCAS, Hunan SCAS and Fujian SCAS under the Jaguar and Land Rover branded automobiles and spare parts dealership agreements were subsequently changed to 捷豹路虎汽車貿易(上海)有限公司 (Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.*) ("**Jaguar Land Rover (Shanghai)**"). So far, no related SAIC filing documents could be located by the Group in the due diligence process.

Hainan SCAS has been registered at SAIC as an enterprise authorised by 深圳市中汽南方汽車有限公司 (Shenzhen Zhongqi Nanfang Automobile Limited*) to sell Jaguar branded automobiles. The supplier to Hainan SCAS under the Jaguar branded automobiles and spare parts dealership agreements were subsequently changed to Jaguar Land Rover (Shanghai). So far, no related SAIC filing documents could be located by the Group in the due diligence process.

Beijing BWWR has been registered at SAIC as an enterprise authorised by Shenzhen Zhongqi Nanhua to sell Volvo branded automobiles. The relevant licensor has been changed to 沃爾沃銷售(上海)有限公司 (Volvo Car Sales (Shanghai) Limited*). So far, Beijing BWWR has not yet applied for registration of such change.

The Company is advised by its PRC legal advisers that the PRC law has not prescribed any penalty or legal consequences for the suppliers' failure to properly make filings with the SAIC regarding change of automobile-related suppliers and licensors.

The Company is advised by its PRC legal advisers that the above Target Group companies should urge the suppliers to make appropriate filings at SAIC regarding the change of suppliers and is in the process of rectifying the same. The Company has been advised by the Target Group that the filing process is expected to be completed by June 2012.

The Directors are of the view that such failure would not have any material adverse impact on the operations of the Target Group.

B. Failure to include registered automobile brands in scope of business

The following Target Group companies have failed to include some of the registered automobile brands in the scope of business in such companies' respective business licences:

(1) Shenzhen Tenglong – Faw Volkswagen brand;

(2) Beijing SCAS – Changan Volvo and imported Volvo brands;

(3) Beijing Dewanlong – Land Rover brand;

(4) Hainan SCAS – Land Rover brand;

(5) Shenzhen Changfu – Ford brand.

The Company is advised by its PRC legal advisers that for automobile dealers registered at SAIC, such dealers should arrange with the local administrations for industry and commerce for amending the scope of business in their respective business licences of such dealers to include the brands so authorized. If such brands are not registered in accordance with relevant laws, the company registration authorities have power to order submission of an application for registration within a specified period, and if such order is not complied with, the relevant authorities have power to impose a fine of RMB10,000 to RMB100,000 for each offence. There is a risk that the Target Group may be so penalised for the above non-compliances. The Company has been advised by the Target Group that the latter is in the process of rectifying the same, which is expected to be completed by February 2012.

The Directors are of the view that such failure would not have any material adverse impact on the operations of the Target Group.

C. Failure to amend the scope of business

Eight members of the Target Group (namely, Shenzhen Electric Machinery, Shenzhen Automobile Maintenance, Shenzhen Infiniti, Shenzhen Tengtian, Shenzhen Tengxing, Zhuhai SCAS, Fujian SCAS and Tianjin Automobile Industry) have not registered their insurance agency operations in their scope of business.

The Company is advised by its PRC legal advisers that for changes in the scope of business in the business licence of PRC enterprises which involves items requiring prior governmental approval under accordance with the relevant laws, regulations or State Council decisions, application for registration of such changes should be made within 30 days from the date of approval of such changes by the relevant State authorities. If a change in such item is not registered in accordance with relevant laws, the company registration authorities have power to order submission of an application for registration within a specified period, and if such order is not complied with, the relevant authorities have power to impose a fine of RMB10,000 to RMB100,000 for each offence. There is a risk that the Target Group may be so penalised for the above non-compliances. The Company has been advised by the Target Group that the latter is in the process of rectifying the same, which is expected to be completed by December 2012.

In the event that any of the above non-compliance matters fails to be rectified, the operations of such subsidiaries may be materially and adversely affected, which may adversely affect the financial position of the Target Group, although the Directors consider that such impact will be limited.

Non-compliance with the relevant laws of the PRC in relation to certain properties of Target Group

(1) Use of property in breach of user designated in relevant town planning

A number of premises were used by the Target Group companies for sale of automobiles in breach of user prescribed in relevant town planning. The premises rented by Hainan SCAS was designated for residential use, while the respective premises rented by Qingyuan Toyota and Qingyuan SCAS Hezhong were designated for medical and sanitary use.

The Company is advised by its PRC legal advisers that use of properties for sale, repair of automobiles and related services by the above Target Group companies is non-conforming with the respective designated users and therefore in breach of relevant laws. The relevant land administration authorities may re-enter the land and impose a fine at RMB10 to RMB30 per square metre of the land so used in breach of designated users. There is a risk that the Target Group may be so penalized for the above non-compliances. The Directors consider that in the event that the relevant premises are re-entered by the relevant authorities, such disruption to the operation of the relevant companies of the Target Group would be temporary only, and therefore its effect on the operations of the Target Group as a whole would not be significant.

(2) Use of premises built on collectively-owned land for commercial use

Each of Guangdong SCAS, Dongguan SCAS, Fujian SCAS, Tianjin Automobile Industry and Shenzhen Tengxing is using premises built on the rented collectively-owned land for sale and repair of automobiles and related uses. According to documents made available to the Company, such land belonged to agricultural collective economic organisations. Collectively-owned land ownership certificates and documents verifying legality of premises built on the said collectively-owned lands have not been provided.

The Company is advised by its PRC legal advisers that renting collectively-owned land for 4S dealership uses, failure to obtain construction approvals, and constructing buildings in breach of the terms of relevant construction approvals are considered breaches of relevant laws.

Renting collectively-owned land for non-agricultural construction without the relevant approval may render the relevant tenancy contract void and unenforceable. For failure to obtain construction approvals, and constructing buildings in breach of the terms of relevant construction approvals, the relevant town planning authorities have power to order to restrain continuation of the construction work. If measures are still possible to take to eliminate the impact, such authority shall order such measures to be taken within a certain time limit and impose a fine of 5% to 10% of the cost of such construction. If it is impossible to take measures to eliminate the impact, such authority may order dismantlement of the building within a certain time limit, or confiscate the building or the illegal gains in case dismantlement is impossible, and may also impose a fine not exceeding 10% the cost of such construction. There is a risk that the Target Group may be so penalised for the above non-compliances.

The Directors consider that in the event that the relevant tenancies are invalidated and the buildings confiscated or demolished by the relevant authorities, such disruption to the operation of the relevant companies of the Target Group would be temporary only, and therefore its effect on the operations of the Target Group as a whole would not be significant.

(3) Use of buildings on state-owned allocated lands for commercial use

Each of Beijing SCAS, Hunan SCAS, Qingyuan SCAS Hezhong and Qingyuan Toyota has used premises built on state-owned allocated lands for sale of automobiles and related uses. Hunan SCAS also failed to obtain any legal building approvals and documents for construction of such premises.

The Company is advised by its PRC legal advisers that use of state-owned allocated lands for 4S dealership uses was in breach of relevant laws; failure to obtain construction approvals, and constructing buildings in breach of the terms of relevant construction approvals are considered breaches of relevant laws. The tenancy agreement between the relevant Target Group companies and the respective landlords may be void and unenforceable. For failure to obtain construction approvals, and constructing buildings in breach of the terms of relevant construction approvals, the relevant town planning authorities have power to order to restrain continuation of the construction work. If measures are still possible to take to eliminate the impact, such authority shall order such measure to be taken within a certain time limit and impose a fine of 5% to 10% of the cost of such construction. If it is impossible to take measures to eliminate the impact, such authority may order dismantlement of the building within a certain time limit, or confiscate the building or the illegal gains in case dismantlement is impossible, and may also impose a fine not exceeding 10% the cost of such construction. There is a risk that the Target Group may be so penalised for the above non-compliances.

The Directors consider that in the event that the relevant tenancies are invalidated and the buildings confiscated or demolished by the relevant authorities, such disruption to the operation of the relevant companies of the Target Group would be temporary only, and therefore its effect on the operations of the Target Group as a whole would not be significant.

(4) Rental of temporary structures

Each of Shenzhen Electric Machinery, Shenzhen Tenglong, Shenzhen Tengtian, Shenzhen Changfu and Shenzhen Infiniti is renting a temporary structure pending demolition.

The Company is advised by its PRC legal advisers that the said temporary structure may be demolished by relevant city planning authorities, upon which Shenzhen Electric Machinery, Shenzhen Tenglong, Shenzhen Tengtian, Shenzhen Changfu and Shenzhen Infiniti may not be able to continue using such structure with associated risks of relocation or disruption of operations.

The Directors consider that in the event that the relevant temporary structures are demolished by the relevant authorities, such disruption to the operation of the relevant companies of the Target Group would be temporary only, and therefore its effect on the operations of the Target Group as a whole would not be significant.

The Company's PRC legal advisers have advised that for each of the breaches stated in (1) to (3) above can be remedied by application by the respective landlords of each of the properties involved to the relevant PRC authorities for change of land user to commercial user and ascertainment of legality and rights over the buildings thereon. For each of the breaches stated in (1) to (4) above, however, neither the Target Group nor the Group exercise any control over the administrative process of title ownership certificates, and there can be no assurance that the title ownership certificates for such properties can be obtained on a timely basis or at all. Such breaches may require the relevant subsidiaries of the Target Group to seek alternative premises for their business operation, and such relocation could disrupt the Target Group's operations and adversely affect the Target Group's results of operations and financial position, despite the Directors believe that any relocation costs would not be significant.

(5) Failure to provide permits for leasing, register tenancies and/or obtain title to certain properties

Regarding the premises rented by Hainan SCAS, the Company is advised by its PRC legal advisers that the leasing of such properties is governed by approval procedures from relevant real property administration authorities which issue permits for leasing of premises as well as procedures applicable to registration. In case of non-compliance with the said procedures, the relevant authorities are entitled to re-enter the premises. Since Hainan SCAS is unable to provide such permit, the tenancy in respect of the said premises may be terminated by re-entry.

The Directors consider that in the event that the relevant premises are re-entered by the relevant authorities, such disruption to the operation of Hainan SCAS would be temporary only, and therefore its effect on the operations of the Target Group as a whole would not be significant.

Tenancy registration filing documents regarding all premises leased by the Target Group companies have not been provided to the Company. The Company is advised by its PRC legal advisers that real estate administration authorities have the power to order the relevant tenants to apply for tenancy registration within a specified period. Failure to do so within the specified period attracts a fine ranging from RMB1,000 to RMB10,000. Further, a lessor's failure to duly obtain title to the property it has leased to the Target Group may potentially invalidate the relevant lease agreement. Should disputes arise due to encumbrances on the title of these lease properties, the Target Group may encounter difficulties in continuing to lease and using the properties. The Target Group is in the process of registering the tenancy agreements and such registration is expected to be completed by December 2012.

The Directors consider that in the event that the relevant tenancies are invalidated or difficulties are encountered in continuing the relevant leases, such disruption to the operation of the relevant companies of the Target Group would be temporary only, and therefore its effect on the operations of the Target Group as a whole would not be significant.

Under the SP Agreement, the Vendor is not obliged to indemnify the Company for any loss resulted from the existing non-compliances of the Target Group, including each of the major non-compliances listed above. Such factors have been taken into account of the negotiation and determination of the amount of Consideration by and between the Vendor and the Company.

If the Acquisition proceeds to Completion, the level of risk exposure encountered by the Group (then being the Enlarged Group) may be increased. Shareholders should be aware of the aforementioned risk factors, which may not be exhaustive, when considering whether to approve the Acquisition and the SP Agreement.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the Shareholders' approval at the EGM.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition. Such approval shall be obtained by way of a poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and therefore no Shareholder is required to abstain from voting for the resolutions to approve the Acquisition at the EGM.

Shareholders and investors should note that completion of the SP Agreement is subject to various conditions as stated in the section headed "Conditions Precedent" in this announcement and therefore the Acquisition may or may not complete. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.

EGM

The EGM will be convened and held at 9:00 a.m. on Thursday, 22 December 2011 at Victoria I, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong for the purpose of considering, and if thought fit, approving the SP Agreement and the transaction contemplated thereunder.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is enclosed in this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution approving the SP Agreement and the transactions contemplated thereby at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of Directors of
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
WANG Kunpeng
Chief Executive Officer and Executive Director

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

2 December 2011

The Directors
China ZhengTong Auto Services Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Top Globe Limited ("Top Globe") and its subsidiaries (hereinafter collectively referred to as the "Target Group") including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Target Group, for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 (the "Relevant Period"), and the consolidated balance sheets of the Target Group as at 31 December 2008, 2009 and 2010 and 30 June 2011, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular of China ZhengTong Auto Services Holdings Limited (the "Company") dated 2 December 2011 (the "Circular") in connection with the proposed acquisition of the Target Group by the Company.

The Target Group is engaged in the automobile 4S dealership businesses (collectively, the "Core Operations") in the People's Republic of China (the "PRC").

Top Globe was incorporated in the British Virgin Islands on 27 August 2007 as an exempted company with limited liability under the Business Companies Act of the British Virgin Islands (2004). Pursuant to a group reorganisation completed on 17 July 2009 (the "Reorganisation"), Top Globe became the holding company of the companies now comprising the Target Group, details of which are set out in Section A below.

As at the date of this report, no audited financial statements have been prepared for Top Globe, Zhongshan SCAS Automobile Sales Services Co., Ltd. and Qingyuan SCAS Heda Automobile Sales Services Co., Ltd., as they are either investment holding company and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation or have not carried on any business since the date of incorporation.

All companies comprising the Target Group have adopted 31 December as their financial year end date. Details of the subsidiaries of the Target Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in note l(b)(i) of Section C. The statutory financial statements of these companies were prepared either in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") or the Accounting Standards for Business Enterprise issued by the Ministry of Finance of the PRC.

The director of Top Globe has prepared the consolidated financial statements of the Target Group for the Relevant Period in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or not.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of Top Globe, its subsidiaries or the Target Group in respect of any period subsequent to 30 June 2011.

OPINION

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Section A below, gives a true and fair view of the Target Group's consolidated results and cash flows for the Relevant Period, and the state of affairs of the Target Group as at 31 December 2008, 2009 and 2010 and 30 June 2011.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Target Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2010, together with the notes thereon (the "Corresponding Financial Information"), for which the director of Top Globe is responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. BASIS OF PREPARATION

During the entire Relevant Period, the Target Group's Core Operations were conducted through various domestic companies established in the PRC, which were controlled indirectly by CHEN Yu, the controlling shareholder of the Target Group (the "Controlling Shareholder"), through her investment in a wholly owned subsidiary, namely Shenzhen TengHua Investment Co., Ltd. (深圳市騰華投資有限公司).

As part of the Reorganisation, on 17 July 2009, Shenzhen TengHua Investment Co., Ltd. transferred its entire interests in a subsidiary, namely Shenzhen SCAS Investment Group Co., Ltd., to Shenzhen Roadmate Technology Co., Ltd., an indirectly wholly owned subsidiary of Top Globe. All the companies comprising the Target Group that took part in the Reorganisation were ultimately controlled by the Controlling Shareholder during the Relevant Period (or where the entity was incorporated/established at a date later than 1 January 2008, for the period from the date of incorporation/establishment to 30 June 2011) and both before and after the Reorganisation. Since there was a continuation of the risks and benefits to the Controlling Shareholder, the Reorganisation is considered to be a combination of entities under common control. The Reorganisation has been accounted for in the Financial Information under the merger basis of accounting as if the Target Group structure upon completion of the Reorganisation had been in existence since the beginning of the Relevant Period. The net assets of the combining companies are recorded using the existing book values from the Controlling Shareholder's perspective.

During the Relevant Period, certain of the companies comprising the Target Group had controlling equity interests in a number of entities which were engaged in businesses delineated from the Target Group's Core Operations, which primarily included companies engaged in real estate development, media service and wholesale business of imported motor vehicles to PRC automobile 4S dealers (the "Carve-Out Entities"). The Carve-Out Entities maintain separate management personnel and accounting records. Pursuant to an equity transfer agreement dated 23 August 2011, entered into between Exactwin Limited as the vendor and the Company as the purchaser, the Company conditionally agreed to purchase all issued share capital in Top Globe save for the Carve-Out Entities (the "Acquisition"), which will be disposed before the Acquisition. Consequently, the Target Group's equity interests in these Carve-Out Entities were disposed on or before 9 November 2011.

The Financial Information excludes the assets, liabilities and results of operations of the Carve-Out Entities whose businesses are, in the opinion of the director of Top Globe, clearly delineated from the Core Operations of the Target Group and whose assets, liabilities, revenues and expenditures are clearly identifiable.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated cash flow statements of the Target Group for the Relevant Period as set out in Section B below have been prepared on a consolidated basis and include the results of operations of the companies comprising the Target Group for the Relevant Period (or where the companies were incorporated/established at a date later than 1 January

2008, for the period from the date of incorporation/establishment to 30 June 2011) as if the current Target Group structure had been in existence throughout the entire Relevant Period. The consolidated balance sheets of the Target Group as at 31 December 2008, 2009 and 2010 and 30 June 2011 as set out in Section B below have been prepared to present the state of affairs of the companies comprising the Target Group as at the respective dates as if the Reorganisation had occurred at the beginning of the Relevant Period (or where the companies were incorporated/established at a date later than 1 January 2008, as if the consolidation had occurred from the date when the companies first came under the control of the Controlling Shareholder).

All material intra-group transactions and balances have been eliminated on consolidation.

At the date of this report, Top Globe has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	*Note*	**Place and date of incorporation/ establishment**	**Registered capital/issued and fully paid up capital**	**Percentage of equity attributable to Top Globe**		**Principal activities**
				Direct	**Indirect**	
Wealth Fame Holdings Limited (佳名集團有限公司)		Hong Kong 19 July 2007	HKD1	100%	–	Investment holding
Shenzhen Roadmate Technology Co., Ltd. (深圳路美特科技有限公司)	*(i)*	PRC 15 March 2004	USD2,100,000	–	100%	Investment holding
Shenzhen SCAS Investment Group Co., Ltd. (深圳市中汽南方投資集團有限公司)	*(ii)*	PRC 21 May 2001	RMB50,000,000	–	100%	Investment holding
Shenzhen SCAS Electric Machinery Co., Ltd. (深圳市中汽南方機電設備有限公司)	*(iii)*	PRC 25 November 1996	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Automobile Maintenance Co., Ltd. (深圳市中汽南方汽車維修有限公司)	*(iii)*	PRC 14 August 2000	RMB2,000,000	–	100%	Provision of automobile maintenance services
Guangdong SCAS Automobile Sales Services Co., Ltd. (廣東中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 21 July 2004	RMB10,000,000	–	100%	Automobile dealership
Dongguan SCAS Automobile Sales Services Co., Ltd. (東莞中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 30 July 2004	RMB5,000,000	–	100%	Automobile dealership
Zhongshan SCAS Automobile Sales Services Co., Ltd. (中山中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 29 April 2011	RMB5,000,000	–	100%	Automobile dealership

Name of company	*Note*	Place and date of incorporation/ establishment	Registered capital/issued and fully paid up capital	Percentage of equity attributable to Top Globe Direct	Percentage of equity attributable to Top Globe Indirect	Principal activities
Zhuhai SCAS Automobile Sales Services Co., Ltd. (珠海中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 10 March 2005	RMB5,000,000	–	100%	Automobile dealership
Hunan SCAS Automobile Sales Services Co., Ltd. (湖南中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 26 May 2005	RMB10,000,000	–	90%	Automobile dealership
Hainan SCAS Automobile Sales Services Co., Ltd. (海南中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 23 May 2008	RMB1,000,000	–	100%	Automobile dealership
Fujian SCAS Automobile Sales Services Co., Ltd. (福建中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 29 April 2005	RMB10,000,000	–	100%	Automobile dealership
Shenzhen Yema Automobile Trading Co., Ltd. (深圳野馬汽車貿易有限公司)	*(iii)*	PRC 15 June 1993	RMB15,000,000	–	100%	Investment holding
Beijing SCAS North China Automobile Services Co., Ltd. (北京中汽南方華北汽車服務有限公司)	*(iii)*	PRC 2 July 2001	RMB10,000,000	–	100%	Automobile dealership
Beijing BWWR Automobile Sales Services Co., Ltd. (北京百旺沃瑞汽車銷售服務有限公司)	*(iii)*	PRC 27 March 2008	RMB5,000,000	–	100%	Automobile dealership
Beijing Dewanlong Trading Co., Ltd. (北京德萬隆經貿有限公司)	*(iii)*	PRC 9 September 1999	RMB10,000,000	–	100%	Automobile dealership
Beijing SCAS Zhongguan Automobile Sales Co., Ltd. (北京中汽南方中關汽車銷售有限公司)	*(iii)*	PRC 19 March 2010	RMB5,000,000	–	100%	Automobile dealership
Tianjin SCAS Automobile Sales Services Co., Ltd. (天津中汽南方汽車銷售服務有限公司)	*(iii)*	PRC 21 May 2004	RMB10,000,000	–	100%	Automobile dealership
Tianjin Automobile Industry SCAS Sales Co., Ltd. (天津汽車工業銷售深圳南方有限公司)	*(iii)*	PRC 28 November 1995	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tengxing Automobile Sales Services Co., Ltd. (深圳市南方騰星汽車銷售服務有限公司)	*(iii)*	PRC 15 May 2006	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Infiniti Automobile Sales Services Co., Ltd. (深圳市南方英菲尼迪汽車銷售服務有限公司)	*(iii)*	PRC 19 October 2006	RMB10,000,000	–	100%	Automobile dealership

Name of company	*Note*	Place and date of incorporation/ establishment	Registered capital/issued and fully paid up capital	Percentage of equity attributable to Top Globe Direct	Percentage of equity attributable to Top Globe Indirect	Principal activities
Shenzhen SCAS Changfu Automobile Sales Co., Ltd. (深圳市中汽南方長福汽車銷售有限公司)	*(iii)*	PRC 10 December 2004	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tengtian Automobile Sales Services Co., Ltd. (深圳市南方騰田汽車銷售服務有限公司)	*(iii)*	PRC 24 March 2006	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tenglong Automobile Sales Services Co., Ltd. (深圳市南方騰龍汽車銷售服務有限公司)	*(iii)*	PRC 5 December 2005	RMB5,000,000	–	100%	Automobile dealership
Shenzhen SCAS Toyota Automobile Sales Services Co., Ltd. (深圳南方豐田汽車銷售服務有限公司)	*(iii)*	PRC 9 April 2002	RMB10,000,000	–	100%	Automobile dealership
Qingyuan SCAS Hezhong Automobile Sales Services Co., Ltd. (清遠南方合眾汽車銷售服務有限公司)	*(iii)*	PRC 31 December 2009	RMB3,000,000	–	100%	Automobile dealership
Qingyuan SCAS Heda Automobile Sales Services Co., Ltd. (清遠南方合達汽車銷售服務有限公司)	*(iii)*	PRC 26 October 2010	RMB8,000,000	–	100%	Automobile dealership
Qingyuan SCAS Toyota Automobile Sales Services Co., Ltd. (清遠南方豐田汽車銷售服務有限公司)	*(iii)*	PRC 17 October 2008	RMB10,000,000	–	100%	Automobile dealership

Notes:

(i) This entity is incorporated in the PRC as a wholly foreign-owned enterprise by Wealth Fame Holdings Limited.

(ii) This entity is a subsidiary of Shenzhen Roadmate Technology Co., Ltd. incorporated in the PRC.

(iii) These are subsidiaries of Shenzhen SCAS Investment Group Co., Ltd. incorporated in the PRC.

(iv) Except for Top Globe Limited and Wealth Fame Holdings Limited, the English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

B CONSOLIDATED FINANCIAL INFORMATION

1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section C Note	Years ended 31 December 2008 *RMB'000*	2009 *RMB'000*	2010 *RMB'000*	Six months ended 30 June 2010 *RMB'000* (Unaudited)	2011 *RMB'000*
Turnover	*2*	4,306,985	5,085,872	8,373,215	4,167,232	4,999,172
Cost of sales		(3,927,451)	(4,651,052)	(7,656,068)	(3,855,872)	(4,464,681)
Gross profit		379,534	434,820	717,147	311,360	534,491
Other revenue	*3*	26,780	34,828	38,201	18,953	20,604
Other net income	*3*	5,106	12,565	26,889	11,411	4,028
Selling and distribution expenses		(154,179)	(150,213)	(211,761)	(106,556)	(138,936)
Administrative expenses		(92,197)	(97,672)	(126,982)	(62,471)	(88,206)
Profit from operations		165,044	234,328	443,494	172,697	331,981
Finance costs	*4(a)*	(511)	–	(3,800)	(104)	(15,044)
Profit before taxation	*4*	164,533	234,328	439,694	172,593	316,937
Income tax	*5(a)*	(31,366)	(65,402)	(110,215)	(38,440)	(78,437)
Profit for the year/period		133,167	168,926	329,479	134,153	238,500
Profit and total comprehensive income for the year/period		133,167	168,926	329,479	134,153	238,500

The accompanying notes form part of the Financial Information.

	Section C Note	Years ended 31 December			Six months ended 30 June	
		2008	**2009**	**2010**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Profit and total comprehensive income attributable to:						
Equity holder of Top Globe		121,284	150,999	297,631	121,801	214,057
Non-controlling interests		11,883	17,927	31,848	12,352	24,443
Profit and total comprehensive income for the year/period		133,167	168,926	329,479	134,153	238,500

The accompanying notes form part of the Financial Information.

2 CONSOLIDATED BALANCE SHEETS

	Section C Note	At 31 December 2008 *RMB'000*	2009 *RMB'000*	2010 *RMB'000*	At 30 June 2011 *RMB'000*
Non-current assets					
Property, plant and equipment	*11*	168,556	146,952	158,712	159,189
Lease prepayments	*12*	8,224	8,027	7,810	7,711
Deferred tax assets	*18*	2,463	2,821	1,969	6,218
		179,243	157,800	168,491	173,118
Current assets					
Inventories	*13*	268,048	674,486	979,100	1,280,962
Trade and other receivables	*14*	280,387	414,892	939,270	995,532
Time deposits		–	–	409,428	186,090
Cash and cash equivalents	*15*	442,303	276,936	187,488	612,769
		990,738	1,366,314	2,515,286	3,075,353
Current liabilities					
Loans and borrowings	*16*	–	–	470,000	770,000
Trade and other payables	*17*	293,086	834,450	1,186,928	1,710,259
Deferred revenue		101	5,905	12,353	16,421
Income tax payables	*5(c)*	8,267	33,610	81,553	103,729
		301,454	873,965	1,750,834	2,600,409
Net current assets		689,284	492,349	764,452	474,944
Total assets less current liabilities		868,527	650,149	932,943	648,062

The accompanying notes form part of the Financial Information.

	Section C Note	At 31 December 2008 *RMB'000*	2009 *RMB'000*	2010 *RMB'000*	At 30 June 2011 *RMB'000*
Non-current liabilities					
Deferred tax liabilities	*18*	4,342	19,019	15,153	2,370
		4,342	19,019	15,153	2,370
NET ASSETS		864,185	631,130	917,790	645,692
Equity					
Share capital	*19*	45,350	–	–	–
Reserves	*20*	737,863	597,080	883,637	579,656
Equity attributable to equity holder of Top Globe		783,213	597,080	883,637	579,656
Non-controlling interests		80,972	34,050	34,153	66,036
TOTAL EQUITY		864,185	631,130	917,790	645,692

The accompanying notes form part of the Financial Information.

3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holder of Top Globe						
	Share capital *RMB'000* *(note 19)*	**Capital reserves** *RMB'000* *(note 20(a))*	**PRC statutory reserves** *RMB'000* *(note 20(b))*	**Retained earnings** *RMB'000*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2008	45,350	(130,064)	42,544	704,099	661,929	70,989	732,918
Total comprehensive income for the year	–	–	–	121,284	121,284	11,883	133,167
Appropriation to reserves	–	–	6,538	(6,538)	–	–	–
Dividends *(note 8)*	–	–	–	–	–	(1,900)	(1,900)
Balance at 31 December 2008 and 1 January 2009	45,350	(130,064)	49,082	818,845	783,213	80,972	864,185
Capital reduction arising from the Reorganisation	(45,350)	–	–	–	(45,350)	–	(45,350)
Distribution to equity holder of Top Globe and non-controlling interests	–	(10,612)	–	–	(10,612)	(1,088)	(11,700)
Total comprehensive income for the year	–	–	–	150,999	150,999	17,927	168,926
Appropriation to reserves	–	–	16,262	(16,262)	–	–	–
Dividends *(note 8)*	–	–	–	(281,170)	(281,170)	(63,761)	(344,931)
Balance at 31 December 2009 and 1 January 2010	–	(140,676)	65,344	672,412	597,080	34,050	631,130
Distribution to equity holder of Top Globe and non-controlling interests	–	(10,884)	–	–	(10,884)	(1,116)	(12,000)
Acquisition of non-controlling interests in certain subsidiary	–	(695)	505	–	(190)	(3,210)	(3,400)
Total comprehensive income for the year	–	–	–	297,631	297,631	31,848	329,479
Appropriation to reserves	–	–	13,458	(13,458)	–	–	–
Dividends *(note 8)*	–	–	–	–	–	(27,419)	(27,419)
Balance at 31 December 2010 and 1 January 2011	–	(152,255)	79,307	956,585	883,637	34,153	917,790
Distribution to equity holder of Top Globe	–	(10,000)	–	–	(10,000)	–	(10,000)
Contribution by equity holder of Top Globe and non-controlling interests	–	63,490	–	–	63,490	6,510	70,000
Distribution to non-controlling interests	–	(930)	–	–	(930)	930	–
Total comprehensive income for the period	–	–	–	214,057	214,057	24,443	238,500
Dividends *(note 8)*	–	–	–	(570,598)	(570,598)	–	(570,598)
Balance at 30 June 2011	–	(99,695)	79,307	600,044	579,656	66,036	645,692
Unaudited:							
Balance at 1 January 2010	–	(140,676)	65,344	672,412	597,080	34,050	631,130
Acquisition of non-controlling interests in certain subsidiary	–	(695)	505	–	(190)	(3,210)	(3,400)
Total comprehensive income for the period	–	–	–	121,801	121,801	12,352	134,153
Balance at 30 June 2010	–	(141,371)	65,849	794,213	718,691	43,192	761,883

The accompanying notes form part of the Financial Information.

4 CONSOLIDATED CASH FLOW STATEMENTS

	Section C Note	Years ended 31 December 2008 RMB'000	2009 RMB'000	2010 RMB'000	Six months ended 30 June 2010 RMB'000 (Unaudited)	2011 RMB'000
Operating activities:						
Profit before taxation		164,533	234,328	439,694	172,593	316,937
Adjustments for:						
– Depreciation and amortisation	*4(c)*	36,583	37,219	39,614	22,848	22,798
– Net gain on disposal of property, plant and equipment	*3*	(1,342)	(4,549)	(10,230)	(6,112)	(6,523)
– Net gain on disposal of lease prepayments	*3*	(3,000)	–	–	–	–
– Net (gain)/loss on disposal of available-for-sale financial assets	*3*	(567)	(6,977)	(7,127)	(4,469)	3,570
– Finance costs	*4(a)*	511	–	3,800	104	15,044
– Interest income from bank deposits	*3*	(14,087)	(19,306)	(14,551)	(7,239)	(6,723)
Operating profit before changes in working capital		182,631	240,715	451,200	177,725	345,103
Decrease/(increase) in inventories		44,824	(406,438)	(304,614)	(47,389)	(301,862)
Decrease/(increase) in trade and other receivables		296,704	(218,277)	(395,618)	(236,334)	(3,660)
(Decrease)/increase in trade and other payables		(83,513)	225,590	165,070	244,894	52,130
Increase in deferred revenue		20	5,804	6,448	3,570	4,068
Cash generated from/(used in) operations		440,666	(152,606)	(77,514)	142,466	95,779
Income tax paid	*5(c)*	(33,068)	(24,493)	(49,436)	(30,604)	(62,342)
Withholding tax paid	*18*	–	(1,247)	(15,850)	(15,850)	(10,951)
Net cash generated from/(used in) operating activities		407,598	(178,346)	(142,800)	96,012	22,486

The accompanying notes form part of the Financial Information.

	Section C Note	Years ended 31 December 2008 RMB'000	2009 RMB'000	2010 RMB'000	Six months ended 30 June 2010 RMB'000 (Unaudited)	2011 RMB'000
Investing activities:						
Payment for purchase of property, plant and equipment		(41,417)	(18,461)	(80,926)	(41,916)	(42,682)
Proceeds from disposal of property, plant and equipment		5,652	9,586	38,005	7,521	26,029
Proceeds from disposal of lease prepayments		16,800	–	–	–	–
Acquisition of available-for-sale financial assets		(1,204)	(5,460)	(22,876)	(15,556)	(4,625)
Proceeds from sales of available-for-sale financial assets		1,771	12,437	30,003	20,025	1,055
Advances to related parties		(110,366)	(26,244)	(151,549)	(38,076)	(88,488)
Repayment of advances to related parties		12,340	110,016	22,789	13,996	35,886
(Increase)/decrease in time deposits		–	–	(409,428)	–	223,338
Interest received		14,087	19,306	14,551	7,239	6,723
Net cash (used in)/ generated from investing activities		(102,337)	101,180	(559,431)	(46,767)	157,236
Financing activities:						
Proceeds from loans and borrowings		–	–	470,000	–	300,000
Advances from related parties		92,533	361,216	322,619	222,282	81,585
Repayment of advances from related parties		(602,640)	(80,306)	(119,179)	(51,336)	(160,390)
Capital reduction arising from the Reorganisation		–	(45,350)	–	–	–
Distribution to equity holder of Top Globe and non-controlling interests		–	(11,700)	(12,000)	–	(10,000)
Contribution by equity holder of Top Globe and non-controlling interests		–	–	–	–	70,000
Acquisition of non-controlling interests in certain subsidiary		–	–	(3,400)	(3,400)	–
Dividends paid		(831)	(312,061)	(41,457)	(34,630)	(20,592)
Interest paid		(511)	–	(3,800)	(104)	(15,044)
Net cash (used in)/ generated from financing activities		(511,449)	(88,201)	612,783	132,812	245,559

The accompanying notes form part of the Financial Information.

	Section C Note	Years ended 31 December 2008 RMB'000	2009 RMB'000	2010 RMB'000	Six months ended 30 June 2010 RMB'000 (Unaudited)	2011 RMB'000
Net (decrease)/increase in cash and cash equivalents		(206,188)	(165,367)	(89,448)	182,057	425,281
Cash and cash equivalents at beginning of the year/period		648,491	442,303	276,936	276,936	187,488
Effect of foreign exchange rate changes		–	–	–	–	–
Cash and cash equivalents at end of the year/period	*15*	442,303	276,936	187,488	458,993	612,769

The accompanying notes form part of the Financial Information.

C NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Target Group is set out in the remainder of this section C.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Target Group has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting year ending 31 December 2011. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year ending 31 December 2011 are set out in note 26.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 30 June 2010 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation of the Financial Information

(i) Basis of preparation and presentation

The Financial Information comprises Top Globe and its subsidiaries (together referred to as the "Target Group") and has been prepared in accordance with the basis of preparation explained in Section A.

Details of the companies comprising the Target Group that are subject to statutory audit during the Relevant Period and the names of the respective auditors are set out below:

Name of company	Financial period	Statutory auditors
Wealth Fame Holdings Limited (佳名集團有限公司)	Years ended 31 December 2008, 2009 and 2010	H.T. Wong & Co. Limited, registered in Hong Kong (黃慶達會計師事務所有限公司)
Shenzhen Roadmate Technology Co., Ltd.* (深圳路美特科技有限公司)	Year ended 31 December 2008	Shenzhen Zhongli Certified Public Accountants*, registered in the PRC (深圳中立會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

Name of company	Financial period	Statutory auditors
Shenzhen SCAS Investment Group Co., Ltd.* (深圳市中汽南方投資集團有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen SCAS Electric Machinery Co., Ltd.* (深圳市中汽南方機電設備有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen SCAS Automobile Maintenance Co., Ltd.* (深圳市中汽南方汽車維修有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Guangdong SCAS Automobile Sales Services Co., Ltd.* (廣東中汽南方汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

Name of company	Financial period	Statutory auditors
Dongguan SCAS Automobile Sales Services Co., Ltd.* (東莞中汽南方汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Zhuhai SCAS Automobile Sales Services Co., Ltd.* (珠海中汽南方汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Hunan SCAS Automobile Sales Services Co., Ltd.* (湖南中汽南方汽車銷售服務有限公司)	Year ended 31 December 2008	Hunan Mingquan Unites Certified Public Accountant Firm*, registered in the PRC (湖南茗荃聯合會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Hainan SCAS Automobile Sales Services Co., Ltd.* (海南中汽南方汽車銷售服務有限公司)	Period from 23 May 2008 (date of incorporation) to 31 December 2008	Hainan Weixin Certified Public Accountants*, registered in the PRC (海南惟信會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

Name of company	Financial period	Statutory auditors
Fujian SCAS Automobile Sales Services Co., Ltd.* (福建中汽南方汽車銷售服務有限公司)	Year ended 31 December 2008	Fujian Haolong Certified Public Accountants Co., Ltd.*, registered in the PRC (福建浩隆會計師事務所有限公司)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen Yema Automobile Trading Co., Ltd.* (深圳野馬汽車貿易有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Beijing SCAS North China Automobile Services Co., Ltd.* (北京中汽南方華北汽車服務有限公司)	Year ended 31 December 2008	Beijing Zhongtianhuayi Certified Public Accountants Co., Ltd.*, registered in the PRC (北京中天華義會計師事務所有限公司)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Beijing BWWR Automobile Sales Services Co., Ltd.* (北京百旺沃瑞汽車銷售服務有限公司)	Period from 27 March 2008 (date of incorporation) to 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

Name of company	Financial period	Statutory auditors
Beijing Dewanlong Trading Co., Ltd.* (北京德萬隆經貿有限公司)	Year ended 31 December 2008	Beijing Zhongtianhuayi Certified Public Accountants Co., Ltd.*, registered in the PRC (北京中天華義會計師事務所有限公司)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Beijing SCAS Zhongguan Automobile Sales Co., Ltd.* (北京中汽南方中關汽車銷售有限公司)	Period from 19 March 2010 (date of incorporation) to 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Tianjin SCAS Automobile Sales Services Co., Ltd.* (天津中汽南方汽車銷售服務有限公司)	Year ended 31 December 2008	Tianjin XinHua Certified Public Accountants Co., Ltd.*, registered in the PRC (天津市新華有限責任會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Tianjin Jinbei Certified Public Accountants*, registered in the PRC (天津津北有限責任會計師事務所)
Tianjin Automobile Industry SCAS Sales Co., Ltd.* (天津汽車工業銷售深圳南方有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen SCAS Tengxing Automobile Sales Services Co., Ltd.* (深圳市南方騰星汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

Name of company	Financial period	Statutory auditors
Shenzhen SCAS Infiniti Automobile Sales Services Co., Ltd.* (深圳市南方英菲尼迪汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen SCAS Changfu Automobile Sales Co., Ltd.* (深圳市中汽南方長福汽車銷售有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen SCAS Tengtian Automobile Sales Services Co., Ltd.* (深圳市南方騰田汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Shenzhen SCAS Tenglong Automobile Sales Services Co., Ltd.* (深圳市南方騰龍汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

Name of company	Financial period	Statutory auditors
Shenzhen SCAS Toyota Automobile Sales Services Co., Ltd.* (深圳市南方豐田汽車銷售服務有限公司)	Year ended 31 December 2008	Shenzhen East Sea Certified Public Accountants*, registered in the PRC (深圳東海會計師事務所)
	Year ended 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Qingyuan SCAS Hezhong Automobile Sales Services Co., Ltd.* (清遠南方合眾汽車銷售服務有限公司)	Period from 31 December 2009 (date of incorporation) to 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)
Qingyuan SCAS Toyota Automobile Sales Services Co., Ltd.* (清遠南方豐田汽車銷售服務有限公司)	Period from 17 October 2008 (date of incorporation) to 31 December 2009	Shenzhen World Link Far East Certified Public Accountants*, registered in the PRC (深圳匯領遠東會計師事務所)
	Year ended 31 December 2010	Shenzhen Far East Certified Public Accountants*, registered in the PRC (深圳遠東會計師事務所)

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except for available-for-sale financial assets (see note 1(f)) which are stated at fair value.

(iii) Use of estimates and judgements

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 25.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Target Group. Control exists when the Target Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The Target Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The Target Group measures non-controlling interests at their proportionate share of the recognised amount of the identifiable net assets of the acquiree, at the acquisition date.

If the Target Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity holders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Target Group disposes of part of its interest in a subsidiary but still remains control, this transaction will be accounted for as a transaction with equity holders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Target Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests represent the portion of the net assets of subsidiaries attribute to interests that are not owned by the Target Group, whether directly or indirectly through subsidiaries, and in respect of which the Target Group has not agreed any additional terms with the holders of those interests which would result in the Target Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability. Non-controlling interests are presented in the consolidated balance sheets within equity, separately from equity attributable to the equity holder of Top Globe. Non-controlling interests in the result of the Target Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity holder of Top Globe.

Any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests.

(d) Business combinations involving entities under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the Controlling Shareholder.

The assets and liabilities of the combining entities or businesses are consolidated at the carrying amounts previously recognised in the respective Controlling Shareholder's financial statements.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is later.

(e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated balance sheets at cost less accumulated depreciation and impairment losses (see note 1(h)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(s)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Buildings situated on leasehold land	Over the shorter of the unexpired term of lease and their estimated useful lives, being 30-40 years after the date of completion.
–	Leasehold improvements	Over the shorter of the unexpired term of the lease and 5 years
–	Plant and machinery	10 years
–	Motor vehicles	5 years
–	Office equipment and furniture	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent expenditures relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits embodied within the item will flow to the Target Group and the cost of the item can be measured reliably. Any other subsequent expenditure is recognised in profit or loss as an expense as incurred.

Construction in progress is stated at cost less impairment losses (see note 1(h)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets of their intended use are complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant PRC authorities.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

(f) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Subsequent to initial recognition at fair value, they are measured at fair value and changes therein, other than impairment losses (see note 1(h)(ii)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

The Target Group's investments in certain equity securities are classified as available-for-sale financial assets.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Target Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Target Group

Assets that are held by the Target Group under leases which transfer to the Target Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Target Group are classified as operating leases.

(ii) Lease prepayments

Lease prepayments represent the cost of acquiring land use rights paid to the PRC's governmental authorities. Lease prepayments are carried at cost less accumulated amortisation and impairment losses (see note 1(h)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(iii) Operating lease charges

Where the Target Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If any event or change in circumstances indicates that the carrying amount may not be recoverable, an impairment loss is determined and recognised as follows:

For trade and other receivable carried at cost or amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using a provision account. When the Target Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the provision account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the provision account are reversed against the provision account. Other changes in the provision account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– lease prepayments;

– available-for-sale financial assets; and

– investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated on specific identification or weighted average basis as appropriate and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expenses in the period in which the reversal occurs.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

The Target Group derecognises trade and other receivables when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on trade and other receivables in a transaction in which substantially all the risks and rewards of ownership of trade and other receivables are transferred.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Interest-bearing borrowings are derecognised when the Target Group's contractual obligations are discharged, cancelled or expire.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Trade and other payables are derecognised when the Target Group's contractual obligations are discharged, cancelled or expire.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

(n) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution retirement plan

Obligation for contributions to defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in the consolidated statement of comprehensive income as incurred.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Target Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group or Top Globe has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of motor vehicles

Revenue arising from the sale of motor vehicles is recognised upon delivery of motor vehicles which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes any government taxes and is after deduction of any trade discounts.

(ii) Sales of motor spare parts

Revenue arising from the sale of motor spare parts is recognised when significant risks and rewards of ownership have been transferred to the buyers.

(iii) Maintenance services income

Revenue arising from maintenance services is recognised when the relevant service is rendered without further performance obligations.

(iv) Commission income

Commission income is recognised at the time when the services concerned are rendered to customers.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Target Group will comply with the conditions attaching to them. Grants that compensate the Target Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Target Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(r) Translation of foreign currencies

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Renminbi at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Target Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Target Group or exercise significant influence over the Target Group in making financial and operating policy decisions, or has joint control over the Target Group;

(ii) the Target Group and the party are subject to common control;

(iii) the party is an associate of the Target Group or a joint venture in which the Target Group is a venturer;

(iv) the party is a member of key management personnel of the Target Group or the Target Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Target Group or of any entity that is a related party of the Target Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to the Target Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The segment information is reported to the chief executive officer of Top Globe, who is the Target Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

2 TURNOVER

The Target Group is mainly engaged in sales of passenger automobiles, motor spare parts and provision of maintenance services. Turnover represents the sales of goods and services income rendered to customers.

The amount of each significant category of turnover recognised in the Relevant Period is as follows:

	Years ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sales of motor vehicles	3,931,701	4,667,392	7,815,471	3,900,800	4,650,634
Sales of motor spare parts	66,589	58,879	65,256	39,458	24,756
Provision of maintenance services	308,695	359,601	492,488	226,974	323,782
	4,306,985	5,085,872	8,373,215	4,167,232	4,999,172

3 OTHER REVENUE AND NET INCOME

	Years ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other revenue:					
Commission income	12,693	15,522	23,650	11,714	13,881
Interest income from bank deposits	14,087	19,306	14,551	7,239	6,723
	26,780	34,828	38,201	18,953	20,604
Other net income:					
Net gain on disposal of property, plant and equipment and lease prepayments	4,342	4,549	10,230	6,112	6,523
Net gain/(loss) on disposal of available-for-sale financial assets	567	6,977	7,127	4,469	(3,570)
Others	197	1,039	9,532	830	1,075
	5,106	12,565	26,889	11,411	4,028

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Years ended 31 December			Six months ended 30 June	
		2008	2009	2010	2010	2011
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
(a) **Finance costs:**						
Interest on loans and borrowings wholly repayable within 5 years		511	–	3,800	104	15,044
(b) **Staff costs:**						
Salaries, wages and other benefits		81,628	87,369	132,654	57,528	98,210
Contributions to defined contribution plans	*(i)*	2,562	2,759	3,831	1,916	3,702
		84,190	90,128	136,485	59,444	101,912

(i) Employees of the Target Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal governments. The Target Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal governments to the scheme to fund the retirement benefits of the employees.

The Target Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

	Years ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(c) **Other items:**					
Cost of inventories	3,904,610	4,624,779	7,622,259	3,840,026	4,441,138
Depreciation of property plant and equipment	36,345	37,022	39,397	22,749	22,699
Amortisation of lease prepayments	238	197	217	99	99
Operating lease charges	44,586	44,600	47,784	22,423	28,856
Auditors' remuneration	128	145	108	50	123

5 INCOME TAX

(a) Income tax in the consolidated statements of comprehensive income represents:

	Years ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax:					
Provision for PRC income tax for the year/period	29,287	49,836	97,379	39,055	84,518
Deferred tax:					
Origination and reversal of temporary differences *(note 18)*	2,079	15,566	12,836	(615)	(6,081)
	31,366	65,402	110,215	38,440	78,437

(i) Pursuant to the rules and regulations of the British Virgin Islands, the Target Group is not subject to any income tax in the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as the subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the Relevant Period. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) On 16 March 2007, the PRC government enacted new Enterprise Income Tax law ("new EIT law"), which unified the income tax rate to 25% for all companies effective 1 January 2008. Consequently, the Target Group's PRC subsidiaries are subject to income tax at 25% since 1 January 2008 onwards, except for:

- Shenzhen Roadmate Technology Co., Ltd., which as a qualified production-oriented foreign invested enterprises, is subject to income tax of 9%, 15%, 15% and 15% for each of the years ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011; and

- Certain other subsidiaries registered in Shenzhen and Zhuhai, PRC, which enjoy a 5-year transitional period pursuant to the Guofa [2007] No.39 in connection with the implementation of the new EIT law, is subject to income tax of 18%, 20%, 22% and 24% for each of the years ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011.

(iv) The new EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Arrangement between the Mainland of China and Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, or China-HK Tax Arrangement, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding rate of 5%.

On 27 October 2009, the State Administration of Taxation issued Guoshuihan [2009] No. 601 on "How to understand and recognise the "Beneficial Owner" in Double Taxation Agreements" ("Circular 601"). Circular 601 clarifies the general rules and the onus of proof in determining whether a tax relief applicant qualifies as a "beneficial owner". Pursuant to Circular 601, a beneficial owner under a tax treaty is determined not purely by its place of legal registration but also by other factors which are depending on the specific facts and circumstances and significant judgment may be involved.

The Target Group's subsidiaries in the PRC are directly or indirectly held by the Target Group's intermediate holding company, Wealth Fame Holdings Limited ("Wealth Fame"), a Hong Kong tax resident. Since the Target Group can control the quantity and timing of distribution of profits of the Target Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before taxation	164,533	234,328	439,694	172,593	316,937
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	41,133	58,582	109,924	43,148	79,235
Non-deductible expenses	353	231	1,213	179	713
Tax effect of tax concessions	(11,038)	(7,391)	(8,914)	(3,812)	(2,321)
Withholding tax for recognition of deferred tax liabilities of profit appropriation from PRC subsidiaries	1,247	15,850	10,951	–	–
Non-taxable income/loss in respect of disposal of available-for-sale financial assets	(142)	(1,744)	(1,782)	(1,117)	893
Effect of change in tax rate	(223)	(139)	(104)	(57)	(52)
Others	36	13	(1,073)	99	(31)
Income tax	31,366	65,402	110,215	38,440	78,437

(c) Income tax payables in the consolidated balance sheets represent:

	Years ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Balance at beginning of the year/period	12,048	8,267	33,610	33,610	81,553
Provision for current income tax for the year/period	29,287	49,836	97,379	39,055	84,518
Payment during the year/period	(33,068)	(24,493)	(49,436)	(30,604)	(62,342)
Income tax payables at the end of the year/period	8,267	33,610	81,553	42,061	103,729

6 DIRECTORS' REMUNERATION

During the years ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011, no fees, salary, bonuses, retirement scheme contribution, allowances or benefits in kind was paid or payable by the Top Globe to the director.

During the years ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011, no amount was paid or payable by the Target Group to the director or any of the five highest paid individuals set out in note 7 below as an inducement to join or upon joining the Target Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Target Group during the Relevant Period, none of them are directors of Top Globe. The aggregate of the emoluments in respect of five highest paid individuals are as follows:

	Years ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, allowance and benefits in kind	1,643	1,691	1,943	913	903
Discretionary bonuses	92	96	2,120	1,018	–
Contributions to retirement benefit schemes	10	10	11	5	6
	1,745	1,797	4,074	1,936	909

The above individuals' emoluments are within the band of Nil to HK$1,000,000.

8 DIVIDENDS

Dividends for the Relevant Period represent dividends declared by subsidiaries to their then equity holders and non-controlling interests:

	Years ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Dividends declared to:					
Shenzhen Tenghua Investment Co., Ltd.	–	281,170	–	–	–
Exactwin Limited	–	–	–	–	570,598
Non-controlling interests	1,900	63,761	27,419	–	–
	1,900	344,931	27,419	–	570,598

Dividends of RMB281,170,000 were declared by Shenzhen SCAS Investment Group Co., Ltd in 2009 to Shenzhen Tenghua Investment Co., Ltd, the then equity shareholder.

9 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

10 SEGMENT REPORTING

The Target Group manages its businesses by divisions, which are organised by business lines and in a manner consistent with the way in which information is reported internally to the Target Group's most senior executive management for the purposes of resource allocation and performance assessment.

The Target Group is engaged in the principal business of sales of motor vehicles, motor spare parts and provision of maintenance services. For management purposes, the Target Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since all of the Target Group's revenue and operating profit were generated from sales of motor vehicles, motor spare parts and provision of maintenance services in Mainland China and all of the Target Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 Operating Segments.

Information about major customers

Since none of the Target Group's sales to a single customer amounted to 10% or more of the Target Group's revenue during the Relevant Period, no major customers segment information is presented in accordance with HKFRS 8 Operating Segments.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment and furniture	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2008	87,835	65,580	34,930	17,820	16,120	1,652	223,937
Additions	14,723	8,562	8,345	5,699	4,088	–	41,417
Transfer	–	1,652	–	–	–	(1,652)	–
Disposals	–	–	(1,446)	(5,447)	(727)	–	(7,620)
At 31 December 2008	102,558	75,794	41,829	18,072	19,481	–	257,734
At 1 January 2009	102,558	75,794	41,829	18,072	19,481	–	257,734
Additions	–	1,801	7,024	8,085	3,545	–	20,455
Disposals	–	–	(93)	(5,298)	(591)	–	(5,982)
At 31 December 2009	102,558	77,595	48,760	20,859	22,435	–	272,207
At 1 January 2010	102,558	77,595	48,760	20,859	22,435	–	272,207
Additions	3,599	1,726	5,720	59,151	4,830	3,906	78,932
Disposals	–	–	(374)	(28,779)	(218)	–	(29,371)
At 31 December 2010	106,157	79,321	54,106	51,231	27,047	3,906	321,768

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and furniture RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2011	106,157	79,321	54,106	51,231	27,047	3,906	321,768
Additions	–	6,913	2,598	28,333	3,141	1,697	42,682
Transfer	–	4,968	–	–	–	(4,968)	–
Disposals	–	–	(387)	(25,845)	(706)	–	(26,938)
At 30 June 2011	106,157	91,202	56,317	53,719	29,482	635	337,512
Accumulated depreciation:							
At 1 January 2008	(16,972)	(13,400)	(14,403)	(5,760)	(5,608)	–	(56,143)
Charge for the year	(3,704)	(18,800)	(6,589)	(3,892)	(3,360)	–	(36,345)
Written back on disposals	–	–	1,132	1,779	399	–	3,310
At 31 December 2008	(20,676)	(32,200)	(19,860)	(7,873)	(8,569)	–	(89,178)
At 1 January 2009	(20,676)	(32,200)	(19,860)	(7,873)	(8,569)	–	(89,178)
Charge for the year	(4,058)	(17,328)	(7,386)	(3,750)	(4,500)	–	(37,022)
Written back on disposals	–	–	64	466	415	–	945
At 31 December 2009	(24,734)	(49,528)	(27,182)	(11,157)	(12,654)	–	(125,255)
At 1 January 2010	(24,734)	(49,528)	(27,182)	(11,157)	(12,654)	–	(125,255)
Charge for the year	(4,336)	(16,792)	(7,958)	(5,290)	(5,021)	–	(39,397)
Written back on disposals	–	–	140	1,259	197	–	1,596
At 31 December 2010	(29,070)	(66,320)	(35,000)	(15,188)	(17,478)	–	(163,056)
At 1 January 2011	(29,070)	(66,320)	(35,000)	(15,188)	(17,478)	–	(163,056)
Charge for the period	(1,579)	(8,881)	(3,751)	(5,635)	(2,853)	–	(22,699)
Written back on disposals	–	–	29	6,957	446	–	7,432
At 30 June 2011	(30,649)	(75,201)	(38,722)	(13,866)	(19,885)	–	(178,323)
Net book value:							
At 31 December 2008	81,882	43,594	21,969	10,199	10,912	–	168,556
At 31 December 2009	77,824	28,067	21,578	9,702	9,781	–	146,952
At 31 December 2010	77,087	13,001	19,106	36,043	9,569	3,906	158,712
At 30 June 2011	75,508	16,001	17,595	39,853	9,597	635	159,189

All the Target Group's property, plant and equipment are located in the PRC.

The Target Group has yet to obtain property ownership certificates of certain buildings with an aggregate net book value of RMB48,881,000, RMB47,792,000, RMB50,024,000 and RMB49,835,000 as at 31 December 2008, 2009 and 2010 and 30 June 2011, respectively. Notwithstanding this, the director is of the opinion that the Target Group owned the beneficial title to these buildings as at 31 December 2008, 2009 and 2010 and 30 June 2011, respectively.

12 LEASE PREPAYMENTS

	At 31 December 2008	2009	2010	At 30 June 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	24,274	9,332	9,332	9,332
Disposals	(14,942)	–	–	–
At 31 December/30 June	9,332	9,332	9,332	9,332
Accumulated amortisation:				
At 1 January	(2,012)	(1,108)	(1,305)	(1,522)
Charge for the year/period	(238)	(197)	(217)	(99)
Written back on disposals	1,142	–	–	–
At 31 December/30 June	(1,108)	(1,305)	(1,522)	(1,621)
Net book value:				
At 31 December/30 June	8,224	8,027	7,810	7,711

Lease prepayments represent cost of land use rights in respect of land located in the PRC with a lease period of 40 to 50 years when granted.

13 INVENTORIES

(a) Inventories in the consolidated balance sheets comprise:

	At 31 December 2008	2009	2010	At 30 June 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Motor vehicles	234,294	632,673	913,789	1,220,710
Automobile spare parts	33,754	41,813	65,311	60,252
	268,048	674,486	979,100	1,280,962

At 31 December 2008, 2009 and 2010 and 30 June 2011, inventories carried at net realisable value amounted to approximately RMB2,171,000, RMB3,269,000, RMB3,765,000 and RMB3,765,000, respectively.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December 2008	2009	2010	As at 30 June 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	3,902,439	4,623,681	7,621,763	4,441,138
Write down of inventories	2,171	1,098	496	–
	3,904,610	4,624,779	7,622,259	4,441,138

14 TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	18,094	45,077	67,971	91,138
Prepayments	53,114	150,450	410,607	405,993
Other receivables and deposits	82,122	190,265	305,338	290,445
Receivables due from third parties	153,330	385,792	783,916	787,576
Receivables due from related parties *(note 24(b))*	127,057	29,100	155,354	207,956
Trade and other receivables	280,387	414,892	939,270	995,532

All of the trade and other receivables are expected to be recovered within one year.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	18,094	45,077	67,971	91,138

Details on the Target Group's credit policy are set out in note 21(a).

15 CASH AND CASH EQUIVALENTS

	As at 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposit with banks within 3 months of maturity	–	–	575	167,000
Cash at banks and on hand	442,303	276,936	186,913	445,769
Cash and cash equivalents in consolidated cash flow statements	442,303	276,936	187,488	612,769

16 LOANS AND BORROWINGS

The analysis of the carrying amount of loans and borrowings is as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured bank loans (i)	–	–	–	300,000
Unsecured loans from related parties (ii)	–	–	470,000	470,000
	–	–	470,000	770,000

(i) Unsecured bank loans carried interest at annual rate of 7.26% as at 30 June 2011.

(ii) Unsecured loans from related parties carried interest at annual rates ranging from 5.31% to 5.81%, and of 6.31% as at 31 December 2010 and 30 June 2011, respectively.

17 TRADE AND OTHER PAYABLES

	At 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	51,256	70,170	121,047	148,229
Receipts in advance	41,914	231,659	323,145	333,904
Other payables and accruals	30,196	51,117	75,534	88,509
Payables due to third parties	123,366	352,946	519,726	570,642
Dividend payables	1,760	34,630	20,592	570,598
Payables due to related parties *(note 24(b))*	167,960	446,874	646,610	569,019
Trade and other payables	293,086	834,450	1,186,928	1,710,259

All trade and other payables are expected to be settled within one year.

An ageing analysis of trade payables is as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 3 months	51,256	70,170	121,047	148,229
Due after 3 months but within 6 months	–	–	–	–
	51,256	70,170	121,047	148,229

18 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheets and the movements during the Relevant Period are as follows:

	Depreciation allowances in excess of depreciation charges	Future benefits of tax losses	Profit appropriation from PRC subsidiaries	Inventory provision	Deferred revenue	Accrued expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets/(liabilities) arising from:							
At 1 January 2008	(1,684)	1,884	–	–	–	–	200
(Charged)/credited to profit or loss *(note 5(a))*	(2,334)	981	(1,247)	502	19	–	(2,079)
At 31 December 2008	(4,018)	2,865	(1,247)	502	19	–	(1,879)
At 1 January 2009	(4,018)	2,865	(1,247)	502	19	–	(1,879)
Settlement	–	–	1,247	–	–	–	1,247
(Charged)/credited to profit or loss *(note 5(a))*	(2,440)	1,053	(15,850)	286	1,385	–	(15,566)
At 31 December 2009	(6,458)	3,918	(15,850)	788	1,404	–	(16,198)
At 1 January 2010	(6,458)	3,918	(15,850)	788	1,404	–	(16,198)
Settlement	–	–	15,850	–	–	–	15,850
(Charged)/credited to profit or loss *(note 5(a))*	(725)	(2,912)	(10,951)	130	1,622	–	(12,836)
At 31 December 2010	(7,183)	1,006	(10,951)	918	3,026	–	(13,184)
At 1 January 2011	(7,183)	1,006	(10,951)	918	3,026	–	(13,184)
Settlement	–	–	10,951	–	–	–	10,951
Credited/(charged) to profit or loss *(note 5(a))*	11	(112)	–	–	1,079	5,103	6,081
At 30 June 2011	(7,172)	894	–	918	4,105	5,103	3,848

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Representing:				
Net deferred tax assets	2,463	2,821	1,969	6,218
Net deferred tax liabilities	(4,342)	(19,019)	(15,153)	(2,370)
	(1,879)	(16,198)	(13,184)	3,848

19 SHARE CAPITAL

For the purpose of the Financial Information, the share capital of the Target Group as at 31 December 2008 represents the aggregate amount of the paid-in capital of all the entities then comprising the Target Group, after elimination of investments in subsidiaries.

Pursuant to the Reorganisation completed on 17 July 2009, Top Globe became the holding company of the Target Group. The share capital of the Target Group as at 31 December 2009 and 2010 and 30 June 2011 represents the issued capital of Top Globe at the respective balance sheet dates.

20 RESERVES

(a) Capital reserves

As further explained in Section A, the Financial Information excludes the assets, liabilities and results of operations of the Carve-Out Entities. For purposes of the consolidated statements of changes in equity, the equity accounts of the Carve-Out Entities as at 1 January 2008 have been excluded from the Target Group's consolidated equity and have been reflected as a reduction in the opening capital reserve of RMB130,064,000 as at 1 January 2008.

During the Relevant Period, the Target Group has increased its investment in the Carve-Out Entities which is reflected as a distribution to the Controlling Shareholder. In addition, the disposals of investment in these Carve-Out Entities during the Relevant Period have been reflected as contributions from the Controlling Shareholder and recorded in capital reserve in the respective periods of disposals.

(b) PRC statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Target Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(c) Capital risk management

The Target Group's primary objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Target Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Target Group monitors its capital structure on the basis of a debt-to-equity ratio. For this purpose the Target Group defines net debt as interest-bearing borrowings, bills payables less cash, and capital is defined as the total equity. As at 31 December 2008, 2009 and 2010 and 30 June 2011, the Target Group has cash in excess of interest-bearing borrowings. It is the management's intention to restrict the ratio at a range considered as reasonable by management.

Neither Top Globe nor any of its subsidiaries are subject to externally imposed capital requirements.

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Financial assets of the Target Group include cash and cash equivalent, trade and other receivables. Financial liabilities of the Target Group include loans and borrowings, and trade and other payables.

The Target Group has exposure to the following risks from its use of financial instruments:

– credit risk

– liquidity risk

– interest rate risk

– foreign currency risk

– fair value

Top Globe's board of directors (the "Board") has overall responsibility for the establishment and oversight of the Target Group's risk management framework, and developing and monitoring the Target Group's risk management policies.

The Target Group's risk management policies are established to identify and analyse the risks faced by the Target Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Target Group's activities. The Target Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risks are mitigated by various measures as disclosed below.

(a) Credit risk

The Target Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent mortgage granted by major financial institutions to customers of the Target Group, which is normally settled within one month directly by major financial institutions. Normally, the Target Group does not obtain collateral from customers.

At the respective balance sheet dates, the Target Group has certain concentration of credit risk as prepayments to vendors and other receivables due from vendors constitute a large portion of trade and other receivables. The receivables from the five largest debtors at 31 December 2008, 2009 and 2010 and 30 June 2011 represented 47%, 51%, 50% and 60% of the total trade and other receivables respectively, while 11%, 15%, 17% and 16% of the total trade and other receivables were due from the largest single debtor respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets. The Target Group or Top Globe does not provide any other guarantees which would expose the Target Group or Top Globe to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligations as they fall due.

The Target Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Target Group's reputation.

The Target Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutes to meet its liquidity requirements in the short and longer term.

The Target Group had net current assets of RMB689,284,000, RMB492,349,000, RMB764,452,000 and RMB474,944,000 as at 31 December 2008, 2009 and 2010 and 30 June 2011, respectively. The Target Group had net cash generated from/(used in) operating activities amounting to RMB407,598,000, RMB(178,346,000), RMB(142,800,000) and RMB22,486,000 for the Relevant Period. Based on the working capital forecast of the Target Group for the year ending 31 December 2012, of the anticipated ability of the Target Group to obtain continued bank financing to finance its continuing operation, the Target Group will have necessary liquid funds to finance its working capital and capital expenditure requirements.

The following are the contractual maturities of the Target Group's financial liabilities at the respective balance sheet dates, which are based on contractual undiscounted cash flows and the earliest date the Target Group can be required to pay.

	At 31 December 2008			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	**More than 1 year but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	–	–	–	–
Trade and other payables	293,086	–	293,086	293,086
	293,086	–	293,086	293,086

	At 31 December 2009			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	**More than 1 year but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	–	–	–	–
Trade and other payables	834,450	–	834,450	834,450
	834,450	–	834,450	834,450

	At 31 December 2010			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	**More than 1 year but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	483,188	–	483,188	470,000
Trade and other payables	1,186,928	–	1,186,928	1,186,928
	1,670,116	–	1,670,116	1,656,928

	At 30 June 2011 Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	793,682	–	793,682	770,000
Trade and other payables	1,710,259	–	1,710,259	1,710,259
	2,503,941	–	2,503,941	2,480,259

(c) Interest rate risk

(i) Interest rate profile

Cash at bank and interest-bearing borrowings are the major types of the Target Group's financial instruments subject to interest rate risk. Cash at bank are with fixed interest rates ranging from 0.36% to 2.2% per annum as at 31 December 2008, 2009 and 2010 and 30 June 2011 respectively.

The Target Group's interest-bearing borrowings and interest rates as at 31 December 2008, 2009 and 2010 and 30 June 2011 are set as follows:

		At 31 December			At 30 June
	Interest Rate	2008	2009	2010	2011
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	–	–	–	–	–
Variable rate borrowings	5.31%-7.26%	–	–	470,000	770,000
		–	–	470,000	770,000

(ii) Sensitivity analysis

The Target Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A general increase/decrease of 100 basis points in interest rates prevailing at the reporting dates, with all other variables held constant, would decrease/increase the Target Group's profit after tax and retained earnings by approximately RMB nil, RMB nil, RMB705,000 and RMB1,762,500, as of 31 December 2008, 2009 and 2010 and 30 June 2011, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the Relevant Period.

(d) Foreign currency risk

The Target Group's businesses are principally conducted in RMB and most of the Target Group's monetary assets and liabilities are denominated in RMB. Accordingly, the director of Top Globe considered the Target Group's exposure to foreign currency risk is not significant. The Target Group does not employ any financial instruments for hedging purposes.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Target Group from satisfying sufficient foreign currency demands and the Target Group may not be able to pay dividend in foreign currencies to its shareholders.

(e) Fair values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2008, 2009 and 2010 and 30 June 2011, except for the amounts from/to related parties and loans from the related parties which have no fixed repayment terms. Given these terms, it is not meaningful to disclose the fair value of such balances.

22 COMMITMENTS

(a) Capital commitments

Capital commitments of the Target Group in respect of property, plant and equipment outstanding at each of the balance sheet dates not provided for in the Financial Information were as follows:

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	–	1,566	4,627	6,721
Authorised but not contracted for	–	–	–	–
	–	1,566	4,627	6,721

(b) Operating lease commitments

At each of the balance sheet dates, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	43,042	44,103	54,973	64,842
After 1 year but within 5 years	98,583	161,438	204,261	223,904
After 5 years	97,507	66,972	145,795	165,052
	239,132	272,513	405,029	453,798

The Target Group leases a number of warehouses, lease prepayments and office premises under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the leases after that date. Lease prepayments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

23 CONTINGENT LIABILITIES

At 30 June 2011, the Target Group did not have any significant contingent liabilities.

24 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the Financial Information, the Target Group entered into the following material related party transactions.

During the Relevant Period, the director of Top Globe is of the view that the following individual/companies are related parties of the Target Group:

Name of party	Relationship
CHEN Yu	the Controlling Shareholder
Shenzhen Chuanglan Media Services Co., Ltd. ("Shenzhen Chuanglan") 深圳市創嵐傳媒服務有限公司	Controlled by the Controlling Shareholder
Jiangxi SCAS Automobile Sales and Services Co., Ltd. ("Jiangxi SCAS") 江西中汽南方汽車銷售服務有限公司	Controlled by the Controlling Shareholder
Huizhou SCAS Automobile Sales and Services Co., Ltd. ("Huizhou SCAS") 惠州中汽南方汽車銷售服務有限公司	Controlled by the Controlling Shareholder
Yingde SCAS Automobile Sales and Services Co., Ltd. ("Yingde SCAS") 英德中汽南方汽車銷售服務有限公司	Controlled by the Controlling Shareholder
Shenzhen Nanhua Property Co., Ltd. ("Shenzhen Nanhua") 深圳市南華置業有限公司	Controlled by the Controlling Shareholder
Shenzhen South Shenling Automobile Sales and Services Co., Ltd. ("Shenzhen South Shenling") 深圳市南方深菱汽車銷售有限公司	Controlled by the Controlling Shareholder
Shenzhen SCAS Automobile Supporting Services Co., Ltd. ("Shenzhen SCAS Supporting") 深圳市中汽南方汽車配套服務有限公司	Controlled by the Controlling Shareholder
Shenzhen SCAS Automobile Sales and Services Co., Ltd. ("Shenzhen SCAS") 深圳市中汽南方汽車銷售有限公司	Controlled by the Controlling Shareholder
Shenzhen Zhongqi Nanhua Automobile Services Co., Ltd. ("Shenzhen Zhongqi Nanhua Service") 深圳市中汽南華汽車服務有限公司	Controlled by the Controlling Shareholder
Shenzhen Zhongqi Nanhua Automobile Services Co., Ltd. ("Shenzhen Zhongqi Nanhua") 深圳市中汽南華汽車有限公司	Controlled by the Controlling Shareholder
Qingyuan SCAS International Automobile Co., Ltd. ("Qingyuan SCAS") 清遠市中汽南方國際汽車城有限公司	Controlled by the Controlling Shareholder
Shenzhen Tenghua Investment Co., Ltd. ("Shenzhen Tenghua") 深圳市騰華投資有限公司	Controlled by the Controlling Shareholder

Notes: The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

(a) Transactions with related parties

	Years ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Purchase of spare parts:					
Shenzhen SCAS Supporting	129,394	135,044	65,822	56,365	–
Purchase of motor vehicle					
Shenzhen Zhongqi Nanhua	2,784,867	1,856,564	2,216,331	1,921,429	–
Sales of spare parts					
Shenzhen SCAS Supporting	8,906	5,868	6	6	–
Shenzhen Zhongqi Nanhua	50,332	28,810	24,501	21,958	5
	59,238	34,678	24,507	21,964	5
Payment on behalf of:					
Shenzhen Chuanglan	23,862	85,480	129,390	61,104	71,028
Advance to related parties:					
Controlling Shareholder	–	8,149	111,310	–	59,357
Shenzhen Chuanglan	350	5,210	4,344	4,344	13,441
Yingde SCAS	–	–	3	–	–
Shenzhen Nanhua	–	105	–	–	–
Shenzhen Zhongqi Nanhua	110,016	–	–	–	–
Qingyuan SCAS	–	12,780	35,892	33,732	–
Shenzhen Tenghua	–	–	–	–	15,690
	110,366	26,244	151,549	38,076	88,488
Repayment of advance to related parties:					
Shenzhen Chuanglan	–	–	9,904	1,216	–
Yingde SCAS	–	–	–	–	3
Shenzhen Nanhua	–	–	105	–	–
Shenzhen SCAS Supporting	12,340	–	–	–	–
Shenzhen Zhongqi Nanhua	–	110,016	–	–	–
Qingyuan SCAS	–	–	12,780	12,780	35,883
	12,340	110,016	22,789	13,996	35,886

	Years ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Advance from related parties					
Controlling Shareholder	15,139	–	–	–	–
Shenzhen Chuanglan	–	–	1,506	–	–
Jiangxi SCAS	–	–	12,975	12,975	–
Huizhou SCAS	–	–	9,945	–	–
Yingde SCAS	–	–	–	–	1,995
Shenzhen Nanhua	–	579	181	181	60,000
Shenzhen South Shenling	2,450	10,319	–	–	9,700
Shenzhen SCAS Supporting	12,860	16,429	56,359	–	–
Shenzhen SCAS	–	13,520	10,276	10,276	–
Shenzhen Zhongqi Nanhua Service	84	5,644	10	–	9,890
Shenzhen Zhongqi Nanhua	–	314,725	227,914	198,850	–
Qingyuan SCAS	–	–	12	–	–
Shenzhen Tenghua	62,000	–	3,441	–	–
	92,533	361,216	322,619	222,282	81,585
Repayment of advance from related parties					
Controlling Shareholder	–	15,139	–	–	–
Shenzhen Chuanglan	–	–	–	–	1,506
Jiangxi SCAS	–	–	1,276	–	1,424
Huizhou SCAS	–	–	–	–	2
Shenzhen Nanhua	3,350	–	59,960	–	–
Shenzhen South Shenling	–	8,920	10,319	10,319	–
Shenzhen SCAS Supporting	–	–	29,289	29,289	51,835
Shenzhen SCAS	13,761	–	6,607	–	8,582
Shenzhen Zhongqi Nanhua Service	–	–	5,728	5,728	–
Shenzhen Zhongqi Nanhua	578,094	–	–	–	93,588
Qingyuan SCAS	7,435	247	–	–	12
Shenzhen Tenghua	–	56,000	6,000	6,000	3,441
	602,640	80,306	119,179	51,336	160,390
Loans from Shenzhen Tenghua	–	–	470,000	–	–

The advances from/to related parties of the Target Group are unsecured, interest-free and have no fixed term of repayment. Loans from Shenzhen Tenghua are unsecured and carried interest at annual rates ranging from 5.31% to 5.81%, and of 6.31% as at 31 December 2010 and 30 June 2011, respectively. The amounts disclosed above are also the maximum amounts due from the related parties during the Relevant Period.

(b) Balances with related parties

As at the respective balance sheet dates, the Target Group had the following balances with related parties:

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivable due from:				
Shenzhen SCAS Supporting	–	2,506	–	–
Shenzhen Zhongqi Nanhua	16,691	–	–	–
	16,691	2,506	–	–
Other receivable due from:				
Shenzhen Chuanglan	350	5,560	–	13,441
Yingde SCAS	–	–	3	–
Shenzhen Nanhua	–	105	–	–
Shenzhen Zhongqi Nanhua	110,016	–	–	–
Qingyuan SCAS	–	12,780	35,892	9
Shenzhen Tenghua	–	–	–	15,690
	110,366	18,445	35,895	29,140
Receivable due from Controlling Shareholder	–	8,149	119,459	178,816
Subtotal of receivables due from related parties	127,057	29,100	155,354	207,956
Trade payable due to:				
Shenzhen Chuanglan	245	673	779	1,080
Shenzhen SCAS Supporting	1,619	–	–	–
Shenzhen Zhongqi Nanhua	6,632	5,827	2,017	2,930
	8,496	6,500	2,796	4,010

	At 31 December			At 30 June
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payable due to:				
Shenzhen Chuanglan	–	–	1,506	–
Jiangxi SCAS	–	–	11,699	10,275
Huizhou SCAS	–	–	9,945	9,943
Yingde SCAS	–	–	–	1,995
Shenzhen Nanhua	59,200	59,779	–	60,000
Shenzhen South Shenling	8,920	10,319	–	9,700
Shenzhen SCAS Supporting	12,860	29,289	56,359	4,524
Shenzhen SCAS	1,014	14,534	18,203	9,621
Shenzhen Zhongqi Nanhua Service	84	5,728	10	9,900
Shenzhen Zhongqi Nanhua	–	314,725	542,639	449,051
Qingyuan SCAS	247	–	12	–
Shenzhen Tenghua	62,000	6,000	3,441	–
	144,325	440,374	643,814	565,009
Payable due to Controlling Shareholder	15,139	–	–	–
Subtotal of payables due to related parties	167,960	446,874	646,610	569,019
Loans and borrowings:				
Loans from Shenzhen Tenghua	–	–	470,000	470,000

(c) Key management personnel remuneration

Key management personnel remuneration is disclosed in note 6 and note 7.

25 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Target Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Depreciation

Investment properties and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Target Group reviews annually the useful life of an asset and its residual value, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Target Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(b) Impairment losses on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual customer. Any increase or decrease in the impairment losses for bad and doubtful debt would affect the consolidated statements of comprehensive income in future years.

(c) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Target Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(d) Provision for inventories

The Target Group reviews the carrying amounts of the inventories at each balance sheet date to determine whether the inventories are carried at lower of cost and net realisable value. Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Target Group's net asset value.

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIOD

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Period and which have not been adopted in the Financial Information.

		Effective for accounting periods beginning on or after
Amendment to HKAS 12	Income taxes	1 January 2012
Amendment to HKAS 1	Presentation of financial statements	1 July 2012
HKFRS 9	Financial instruments	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HKAS 27	Separate financial statements (2011)	1 January 2013
Revised HKAS 19	Employee benefits	1 January 2013

The director has confirmed that the Target Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Target Group's results of operations and financial position.

27 ULTIMATE HOLDING COMPANY

The director of Top Globe considers the ultimate holding company of the Target Group as at 30 June 2011 to be Exactwin Limited.

D SUBSEQUENT EVENTS

On 23 August 2011, the Target Group acquired all non-controlling interests, representing 9.3% equity interests, in Shenzhen SCAS Investment Group Co., Ltd. at a consideration of RMB29.76 million.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Top Globe and its subsidiaries in respect of any period subsequent to 30 June 2011.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

BUSINESS REVIEW

The Target Group is a leading automobile dealership group in the PRC and operates automobile brands, consisting of premium brands such as Land Rover, Jaguar, Volvo, Mercedes-Benz, Infiniti and Acura, and middle market brands such as FAW Toyota, FAW Volkswagen, FAW Mazda and Ford, with 22 4S dealership stores in 10 cities of affluent coastal regions or top tier cities such as Shenzhen, Guangzhou, Fuzhou and Beijing, as well as rapidly developing inland regions such as Changsha. In addition, the Target Group has authorisation for one more 4S dealership and one repair store which were under construction as at the Latest Practicable Date. According to ACMR, the Target Group ranked 9th in terms of turnover in 2010 in the highly fragmented PRC automobile dealership industry.

Similar to the Group's business, each of the Target Group's dealership store is a 4S dealership store that integrates four principal automobile-related businesses, i.e. sales, spare parts, service and survey, and offers a broad range of sales and services, including (i) sales of new automobiles, (ii) after-sales services, which include maintenance and repair services and sales of spare parts and accessories, and (iii) automobile agency services, which include automobile financing, insurance and registration agency services.

For the year ended 31 December 2009 compared to the year ended 31 December 2008

The Target Group's turnover increased by approximately 18.1% from approximately RMB4,307.0 million in 2008 to approximately RMB5,085.9 million in 2009. The increase in turnover was mainly due to the increase in the Target Group's sales of motor vehicles by approximately 18.7% from approximately RMB3,931.7 million in 2008 to approximately RMB4,667.4 million in 2009. The Target's Group income generated from maintenance services also increased by approximately 16.5% from RMB308.7 million in 2008 to approximately RMB359.6 million in 2009.

The costs of sales increased by approximately 18.4% from approximately RMB3,927.5 million in 2008 to approximately RMB4,651.1 million in 2009. The increase in cost of sales was mainly due to the increase in the Target Group's cost incurred in relation to the sales of motor vehicles by approximately 18.8% from approximately RMB3,697.1 million in 2008 to approximately RMB4,392.7 million in 2009. The Target's Group cost incurred from maintenance services also increased by approximately 15.4% from RMB191.1 million in 2008 to approximately RMB220.6 million in 2009.

The Target Group's gross profit increased by approximately 14.6% from approximately RMB379.5 million in 2008 to approximately RMB434.8 million in 2009. Such increase was mainly driven by the increase in the Target Group's automobile sales, particularly premium branded automobiles such as Volvo and Mercedes-Benz, and the provision of after-sales services.

In 2009, the selling and distribution expenses decreased by 2.6% from RMB154.2 million to RMB150.2 million which was mainly due to the decrease in the Target Group's marketing and advertising expenses by approximately 8.0% from approximately RMB51.0 million in 2008 to approximately RMB46.9 million in 2009, while the administrative expenses almost remained flat at approximately RMB97.7 million in 2009. The Target Group didn't incur any finance costs in 2009, and incurred only RMB65.4 million of income tax.

As a result, the Target Group's net profit increased by approximately 26.8% from approximately RMB133.2 million in 2008 to approximately RMB168.9 million in 2009, and net margin increased by 0.2% from 3.1% to 3.3%.

For the year ended 31 December 2010 compared to the year ended 31 December 2009

The Target Group's turnover increased by approximately 64.6% from approximately RMB5,085.9 million in 2009 to approximately RMB8,373.2 million in 2010. The increase in turnover was mainly due to the increase in the Target Group's sales of motor vehicles by approximately 67.4% from approximately RMB4,667.4 million in 2009 to approximately RMB7,815.5 million in 2010. The Target Group's sales of motor spare parts increased by approximately 10.7% from RMB58.9 million in 2009 to approximately RMB65.2 million in 2010. The Target Group's income generated from maintenance services also increased by approximately 37.0% from RMB359.6 million in 2009 to approximately RMB492.5 million in 2010.

The costs of sales increased by approximately 64.6% from approximately RMB4,651.1 million in 2009 to approximately RMB7,656.1 million in 2010. The increase in cost of sales was mainly due to the increase in the Target Group's costs incurred in relation to the sales of motor vehicles by approximately 66.7% from approximately RMB4,392.7 million in 2009 to approximately RMB7,323.3 million in 2010. The Target Group's cost of sales in respect of motor spare parts increased by approximately 21.7% from RMB37.8 million in 2009 to approximately RMB46.0 million in 2010. The Target's Group costs of sales incurred from its provision of maintenance services also increased by approximately 30.0% from RMB220.6 million in 2009 to approximately RMB286.8 million in 2010.

The Target Group's gross profit increased by approximately 64.9% from approximately RMB434.8 million in 2009 to approximately RMB717.1 million in 2010. Such increase was mainly due to the remarkable increase in the Target Group's automobile sales on the backdrop of strong economic recovery and high demand for premium-branded automobile such as Land Rover, as well as the provision of after-sales services.

In 2010, the selling and distribution expenses increased by 41.0% to approximately RMB211.8 million which was mainly due to the increase in the Target Group's staff cost for selling and distribution by approximately 61.9% from approximately RMB45.7 million in 2009 to approximately RMB74.0 million in 2010, while the administrative expenses increased by 30.0% to approximately RMB127.0 million which was mainly due to the increase in the Target

Group's staff cost for administration by approximately 49.8% from approximately RMB21.1 million in 2009 to approximately RMB31.6 million in 2010. The Target Group incurred a small amount of finance cost of RMB3.8 million and RMB110.2 million of income tax during such period.

As a result, the Target Group's net profit increased by approximately 95.1% from approximately RMB168.9 million in 2009 to approximately RMB329.5 million in 2010. In addition to the above grounds, since the Target Group commenced to source automobiles as inventory from manufacturers in connection with two of its dealership brands since July 2010 instead of sourcing from an automobile wholesaler prior to that, the Target Group's cost of sourcing such automobiles was lowered accordingly and therefore its net margin further increased from 3.3% in 2009 to 3.9% in 2010.

For the six months ended 30 June 2011 compared to the six months ended 30 June 2010

The Target Group's turnover increased by approximately 20.0% from approximately RMB4,167.2 million in the first half of 2010 to approximately RMB4,999.2 million in the first half of 2011. The increase in turnover was mainly due to the increase in the Target Group's sales of motor vehicles by approximately 19.2% from approximately RMB3,900.8 million in the first half of 2010 to approximately RMB4,650.6 million in the first half of 2011. The Target Group's income generated from maintenance services also increased by approximately 42.6% from RMB227.0 million in the first half of 2010 to approximately RMB323.8 million in the first half of 2011.

The cost of sales increased by approximately 15.8% from approximately RMB3,855.9 million in the first half of 2010 to approximately RMB4,464.7 million in the first half of 2011. The increase in cost of sales was mainly due to the increase in the Target Group's cost of sales of motor vehicles by approximately 15.5% from approximately RMB3,694.7 million in the first half of 2010 to approximately RMB4,266.8 million in the first half of 2011. The Target's Group costs of sales incurred from its provision of maintenance services also increased by approximately 36.1% from RMB132.8 million in the first half of 2010 to approximately RMB180.8 million in the first half of 2011.

The Target Group's gross profit increased by approximately 71.6% from approximately RMB311.4 million in the first half of 2010 to approximately RMB534.5 million in the first half of 2011. The increase in gross profit was mainly due to the increase in the Target Group's sales of automobiles of all brands, except for Citroen which the Target Group no longer operates, and to a lesser extent due to the provision of after-sales services.

For the six months period ended 30 June 2011, the Target Group's selling and distribution expenses increased by 30.3% to approximately RMB138.9 million which was mainly due to the increase in the Target Group's staff cost for selling and distribution by approximately 48.9% from approximately RMB32.7 million in the first half of 2010 to approximately RMB48.7

million in the first half of 2011, while administrative expenses increased by 41.1% to approximately RMB88.2 million which was mainly due to the increase in the Target Group's staff cost for administration by approximately 150.8% from approximately RMB12.4 million in the first half of 2010 to approximately RMB31.1 million in the first half of 2011. The Target Group's finance costs and income tax were approximately RMB15.0 million and RMB78.4 million respectively.

Despite the increases in selling and distribution expenses as well as administrative expenses, the Target Group's net profit increased by approximately 77.7% from approximately RMB134.2 million for the first half of 2010 to approximately RMB238.5 million for the first half of 2011. In addition to the above grounds, since the Target Group commenced to source automobiles from manufacturers in connection with two of its dealership brands since July 2010 instead of sourcing from an automobile wholesaler prior to that, the Target Group's cost of sourcing such automobiles was lowered accordingly and therefore its net margin increased from 3.2% to 4.8%.

PROSPECTS

The financial performance of the Target Group had been improving during the Relevant Period. It is expected that after the Completion, the horizontal integration of the 4S dealership business of the Target Group business and the Group would create benefit for the Group through economies of scale and a larger market share in the PRC premium automobile industry.

The Directors are of the view that as the living standard of the people in the PRC keeps improving following the continuous improvement of their overall household income, and together with the continuous growth of demand for high-end automobiles and replacement cars, premium and ultra-premium automobiles with well established brand images are seen as a symbol of prestige of the owners. The Directors therefore consider that the bloom in the premium and ultra-premium automobile dealership sector will persist in the future. Being a major 4S dealer in premium and ultra-premium automobile brands in the PRC, the Directors expect that performance of the Target Group and the Group will also benefit from the growth of the sector.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group had current assets of approximately RMB990.7 million, RMB1,366.3 million, RMB2,515.3 million and RMB3,075.4 million respectively.

The Target Group's current ratio is calculated based on current assets over current liabilities. As at 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group's current ratio was approximately 3.29, 1.56, 1.44 and 1.18 respectively.

The Target Group financed its operation primarily from internally generated resources and external bank overdraft financing. As at 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group had cash and cash equivalents of approximately RMB442.3 million, RMB276.9 million, RMB187.5 million and RMB612.8 million respectively.

The Target Group's gearing ratio is calculated based on total liabilities divided by total assets. As at 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group's gearing ration was approximately 0.26, 0.59, 0.66 and 0.80 respectively.

As of 31 December 2008, 2009, 2010 and 30 June 2011, the net asset of the Target Group were RMB864.2 million, RMB631.1 million, RMB917.8 million and RMB645.7 million respectively. The decrease in net assets of the Target Group as at 31 December 2009 and 30 June 2011 were due to distribution of substantial dividends to the Target Group's shareholders during the material periods.

The Target Group did not have any time deposit balance over 3 months of maturity as of 31 December 2008 and 31 December 2009. As of 31 December 2010 and 30 June 2011, the time deposit balance over 3 months of maturity of the Target Group were RMB409.4 million and RMB186.1 million respectively. The fluctuation represented the Target Group's efforts in making extra income out of the Target Group's idle cash at banks by converting part of such cash into time deposits from time to time. The balance therefore fluctuated along with the Target Group's projected cash needs at different times.

LOANS AND BORROWINGS

As at 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group had loans and borrowings of nil, nil, RMB470.0 million and RMB770.0 million respectively.

As stated above, the Target Group did not incur any finance costs in the year ended 31 December 2009. For the years ended 31 December 2010 and the six months ended 30 June 2011, the Target Group incurred finance costs of RMB3.8 million and RMB15.0 million respectively.

The increase in both loans and borrowings and finance costs of the Target Group in 2010 and 2011 were due to the Target group's change in policies in financing the Target Group's operations. Prior to 2010 the Target Group mainly relied on loans from its ultimate shareholders (which are normally interest-free) for finance, while in 2010 and 2011 the Target Group shifted its reliance to bank loans, and therefore incurred loan interests, to finance its operating expenses.

PLEDGED ASSETS OF THE TARGET GROUP

As at 30 June 2011, the Target Group had no pledged assets.

CREDIT POLICY

Credit risk in respect of trade receivables is limited since credit sales are offered in rare subject to high level management's approval. Trade receivables balances mainly represent mortgage granted by major financial institutions to customers of the Target Group, which is normally settled within one month directly by major financial institutions. Normally, the Target Group does not obtain collateral from customers.

CAPITAL EXPENDITURE AND INVESTMENT

The Target Group's capital expenditures comprised expenditures on property, plant and equipment and land use. For the years ended 31 December 2008, 2009 and 2010 the Target Group's total capital expenditures were approximately RMB41.4 million, RMB20.5 million and RMB78.9 million respectively. For the six months ended 30 June 2011, the Target Group's total capital expenditures were RMB42.7 million.

EXCHANGE RISKS

For the three years ended 31 December 2010 and the six months ended 30 June 2011, the Target Group conducted its business primarily in Renminbi and the majority of its monetary assets and liabilities were denominated in Renminbi. Accordingly, the sole director of the Target considered that the Target Group was not exposed to any material foreign exchange risks. The Target Group did not use any financial instruments for hedging purposes.

INVESTMENTS HELD IN FOREIGN CURRENCY AND HEDGING

For the three years ended 31 December 2010 and the six months ended 30 June 2011 , the Target Group did not hold any investments denominated in foreign currencies. Further, the Target Group's working capital or liquidity did not face any material difficulties or material impacts as a result of the movement in exchange rate. The Target Group did not employ any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group had a total of 1,520, 1,768, 2,369 and 2,548 employees.

The Target Group offered remuneration packages and welfare benefits, including pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Target Group had no material acquisition and disposal of subsidiaries and associated companies during the Relevant Period.

CONTINGENT LIABILITIES

As at 30 June 2011, the Target Group had no significant contingent liabilities.

Financial information of the Group for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.zhengtongauto.com):

- prospectus of the Company dated 29 November 2010 and published on 29 November 2010 (pages I-1 to I-80);

- annual report of the Company for the year ended 31 December 2010 dated 12 March 2011 and published on 30 March 2011 (pages 56-116); and

- interim report of the Company for the six months ended 30 June 2011 dated 29 August 2011 and published on 28 September 2011 (pages 24-50).

BUSINESS REVIEW

As a premium and ultra premium branded automobile dealership group, the Group capitalized on the potential in the premium and ultra premium branded automobile market in China. During the Relevant Period, apart from adopting its strategies to raise operation and management efficiency, the Group also implemented its strategy of placing focus on premium and ultra premium branded automobiles as always via active expansion of dealership network by means of mergers and acquisitions as well as new establishment. Upholding the concept for after-sales services of being customer-oriented as well as adhering to the basic profitability model under the coordinated development of diversified segments of automobile dealership together with lubricant oil and logistics business, the Group has achieved satisfactory results in respect of the above aspects.

For the year ended 31 December 2009 compared to the year ended 31 December 2008

The Group's turnover increased by approximately 63.6% from approximately RMB3,045.6 million in 2008 to approximately RMB4,981.2 million in 2009, and correspondingly the costs of sales increased by approximately 61.6% from approximately RMB2,825.3 million in 2008 to approximately RMB4,566.6 million in 2009. As a result, the Group's gross profit increased by approximately 88.2% from approximately RMB220.3 million in 2008 to approximately RMB414.5 million in 2009. The increase in the gross profit during such period was mainly driven by an increase in sales of new automobiles. In 2009, the selling and distribution expenses, administrative expenses, finance costs and income tax were approximately RMB138.3 million, RMB82.3 million, RMB31.5 million and RMB48.3 million respectively.

As a result, the Group's net profit increased by approximately 322.0% from approximately RMB35.5 million in 2008 to approximately RMB149.8 million in 2009.

For the year ended 31 December 2010 compared to the year ended 31 December 2009

The Group's turnover increased by approximately 61.3% from approximately RMB4,981.2 million in 2009 to approximately RMB8,034.2 million in 2010, and correspondingly the costs of sales increased by approximately 60.0% from approximately RMB4,566.6 million in 2009 to approximately RMB7,307.9 million in 2010. As a result, the Group's gross profit increased by approximately 75.2% from approximately RMB414.5 million in 2009 to approximately RMB726.3 million in 2010. The increase in the gross profit during such period was mainly due to the Group's focus on new automobile dealership, which facilitated the growth in turnover of automobile dealership business. In 2010, the selling and distribution expenses, administrative expenses, finance costs and income tax were approximately RMB192.0 million, RMB175.6 million, RMB56.1 million and RMB90.6 million respectively.

As a result, the Group's net profit increased by approximately 99.9% from approximately RMB149.8 million in 2009 to approximately RMB299.5 million in 2010.

For the six months ended 30 June 2011 compared to the six months ended 30 June 2010

The Group's turnover increased by approximately 92.3% from approximately RMB3,127.9 million in the first half of 2010 to approximately RMB6,016.4 million in the first half of 2011, and correspondingly the costs of sales increased by approximately 89.7% from approximately RMB2,838.7 million in the first half of 2010 to approximately RMB5,386.3 million in the first half of 2011. As a result, the Group's gross profit increased by approximately 117.9% from approximately RMB289.2 million in the first half of 2010 to approximately RMB630.1 million in the first half of 2011. The increase in gross profit was mainly driven by growth in the income from dealership business for new automobiles of the Group. For the first half of 2011, the selling and distribution expenses, administrative expenses, finance costs and income tax were approximately RMB113.8 million, RMB115.0 million, RMB45.4 million and RMB100.9 million respectively.

As a result, the Group's net profit increased by approximately 96.0% from approximately RMB158.4 million for the first half of 2010 to approximately RMB310.4 million for the first half of 2011.

PROSPECTS

As at the Latest Practicable Date, the Group is a major 4S dealership group in China focused on premium brands such as BMW, MINI and Audi, with a dealership network covering those cities with increasingly affluent populations in the Yangtze River Delta, Pearl River Delta Region, Bohai Economic Circle as well as selected inland areas of China.

As disclosed in the Group's 2011 interim report, the Group anticipates that gross domestic product (GDP) of the PRC will achieve sustainable growth, while the growth of the premium and ultra premium branded automobile markets will exceed that of the general automobile market. This will bring a tremendous business opportunity for the Group as it focuses on the sales of premium and ultra premium branded automobiles. The Group will actively implement its development strategies, and comprehensively cater for the keen demand in the premium and ultra premium automobile consumer markets in the PRC.

In view of the promising prospects of the premium and ultra premium brand market in the PRC, the Group will continuously consolidate and raise its leading position in the premium and ultra premium automobile brand dealership market in the PRC and reinforce its core automobile dealership business. Customer-oriented after-sales business will also be deepened to enable it to make a greater contribution to the Group's profit, and strive for a rapid development in respect of used automobiles, automobile accessories and automobile financing and insurance business, while adding a new profit growth point for the Group to ensure its stable and sustainable development. The Group will also better utilize its after-sales service channels and its good relationship with automobile manufacturers to accelerate the development of logistics and lubricant oil business, hence achieving excellent results.

The management believes that the Group will continue to maintain its leading position during the rapid growth of premium and ultra premium automobile market in the PRC, and it is determined to strive for the maximum return for the Shareholders. During such process, the Group will try its best to make the largest contribution to the development and continuous improvement of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2008, 2009, 2010 and 30 June 2011, the Group had current assets of approximately RMB998.3 million, RMB1,965.9 million, RMB6,010.2 million and RMB7,016.0 million respectively.

The Group's current ratio is calculated based on current assets over current liabilities. As at 31 December 2008, 2009, 2010 and 30 June 2011, the Group's current ratio was approximately 0.75, 0.96, 2.28 and 1.77 respectively.

The Group financed its operation primarily from internally generated resources and external bank financing. As at 31 December 2008, 2009, 2010 and 30 June 2011, the Group had cash and cash equivalents of approximately RMB54.8 million, RMB176.9 million, RMB3,432.1 million and RMB3,363.1 million respectively.

The Group's gearing ratio is calculated based on total liabilities divided by total assets. As at 31 December 2008, 2009, 2010 and 30 June 2011, the Group's gearing ratio was approximately 0.93, 0.82, 0.40 and 0.48 respectively.

LOANS AND BORROWINGS

As at 31 December 2008, 2009, 2010 and 30 June 2011, the Group had loans and borrowings of RMB337.6 million, RMB348.5 million, RMB721.3 million and RMB1,103.3 million respectively.

The respective interest rates of the Group's borrowings as at 30 June 2011 has been disclosed on page 39 of the Company's interim report for the half-year ended 30 June 2011.

PLEDGED ASSETS OF THE GROUP

The Group has pledged its corporate assets as the security for loans and borrowings as well as bank financings to be used as working capital for daily operations. As at 30 June 2011, the pledged assets of the group amounted to approximately RMB1,914.1 million (31 December 2010: approximately RMB1,429.1 million).

CREDIT POLICY

Credit risk in respect of trade receivables is limited since credit sales are offered in rare subject to high level management's approval. Trade receivables balances mainly represent mortgage granted by major financial institutions to customers of the Group, which is normally settled within one month directly by major financial institutions. Normally, the Group does not obtain collateral from customers.

As at 30 June 2011, all of the trade and other receivables are expected to be recovered within a year.

CAPITAL EXPENDITURE AND INVESTMENT

For the year ended 31 December 2009, the Group's capital expenditure was approximately RMB120.5 million (2008: RMB36.0 million).

For the year ended 31 December 2010, the Group's capital expenditure was approximately RMB234.4 million.

For the 6 months ended 30 June 2011, the Group's capital expenditure was approximately RMB679.1 million.

EXCHANGE RISKS

During the Relevant Period, the Group conducted its business primarily in Renminbi and the majority of its monetary assets and liabilities were denominated in Renminbi. Accordingly, the Directors considered that the Group was not exposed to any material foreign exchange risks. The Group did not use any financial instruments for hedging purposes.

INVESTMENTS HELD IN FOREIGN CURRENCY AND HEDGINGS

During the Relevant Period, the Group did not hold any investments denominated in foreign currencies. Further, the Group's working capital or liquidity did not face any material difficulties or material impacts as a result of the movement in exchange rate. The Group did not employ any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, 2009, 2010 and 30 June 2011, the Group had a total of 2,065, 2,521, 3,103 and 3,320 employees respectively.

The Group offered remuneration packages and welfare benefits, including pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as disclosed in the Company's prospectus dated 29 November 2010 and items (b), (c) and (d) of the part titled "Material Contracts" in Appendix VI of this circular, the Group had no material acquisition and disposal of subsidiaries and associated companies during the Relevant Period.

CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no material contingent liabilities or guarantees save as those assets pledged to the bank.

LITIGATION

As at 30 June 2011, the Group had no significant pending litigations. As at 30 June 2011, the Target Group had no significant pending litigations other than those set out in paragraph 10 of Appendix VI to this circular.

INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had aggregate banking facilities of approximately RMB6,214.5 million, among which approximately RMB2,109.8 million had been utilised by the Enlarged Group as at that date, comprising secured loans and borrowings of approximately RMB94.8 million and unsecured loans and borrowings of approximately RMB2,015.0 million.

The secured loans and borrowings of the Enlarged Group were secured by certain assets in an aggregate amount of approximately RMB86.2 million in forms of inventories and bank deposits pledged to banks.

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable in the ordinary course of the business, as at the close business on 30 September 2011, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors, after due and careful consideration and having taken into account the presently available financial resources, are of the opinion that the Enlarged Group has sufficient working capital for its present requirements in the next twelve months from the date of this circular.

MATERIAL ADVERSE CHANGES

The Directors confirmed that there was no material adverse change in the financial or trading position or prospects of the Enlarged Group since 30 June 2011(being the date to which the latest published unaudited consolidated financial statements of the Group have been made up) up to the Latest Practicable Date.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

2 December 2011

The Directors
China ZhengTong Auto Services Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Pro Forma Financial Information") of China ZhengTong Auto Services Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages V-3 to V-12 in Appendix V of the circular dated 2 December 2011 (the "Circular"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the acquisition of Top Globe Limited ("Top Globe") and its subsidiaries (collectively, the "Target Group") might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out on page V-3 of the Circular.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2011 or any future date; or
- the results and cash flows of the Group for the year ended 31 December 2010, the six months ended 30 June 2011 or any future periods.

OPINION

In our opinion:

a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) Introduction to the unaudited pro forma financial information

The following is the unaudited pro forma financial information of the Enlarged Group (being the Company and its subsidiaries (collectively, the "Group") together with Top Globe Limited ("Top Globe") and its subsidiaries (collectively, the "Target Group")) as if the acquisition of the entire issued share capital of Top Globe (the "Acquisition") had been completed on 30 June 2011 for the unaudited pro forma consolidated balance sheet or on 1 January 2010 for the unaudited pro forma consolidated income statements for the year ended 31 December 2010 and the six months ended 30 June 2011, the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2010 and the unaudited pro forma condensed consolidated cash flow statement for the six months ended 30 June 2011. The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the Acquisition. Details of the Acquisition are set out in the Letter from the Board contained in this Circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared in accordance with Paragraph 4.29(1) and Paragraph 14.69(4)(a)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). It has been prepared by the directors of the Company for illustrative purposes only.

The unaudited pro forma financial information of the Enlarged Group is based upon the audited consolidated financial statements of the Group as of and for the year ended 31 December 2010, which has been extracted from the Company's annual report for the year then ended as referred to in Appendix III to this Circular; the unaudited condensed consolidated financial statements of the Group as of and for the six months ended 30 June 2011, which has been extracted from the Company's interim report for the six months then ended as referred to in Appendix III to this Circular; the consolidated financial statements of the Target Group as extracted from the accountants' report thereon set out in Appendix I to this Circular, and adjusted on a pro forma basis to reflect the effect of the Acquisition. These pro forma adjustments are (i) directly attributable to the Acquisition and not relating to other future events and decision and (ii) factually supportable based on the terms of the SP Agreement.

The unaudited pro forma financial information of the Enlarged Group is based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the unaudited pro forma financial information of the Enlarged Group does not purport to describe the true picture of the financial position or results of operations of the Enlarged Group that would have been attained had the Acquisition been completed as at the specified dates. Further, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the future financial position or results of operations of the Enlarged Group.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the historical financial information of the Group set out in the annual report of the Company for the year ended 31 December 2010, interim report of the Company for the six months ended 30 June 2011 and other financial information included elsewhere in this Circular.

(2) Unaudited pro forma consolidated balance sheet as at 30 June 2011

	The Group	The Target Group	Total	Pro Forma Adjustments					The Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Non-current assets									
Property, plant and equipment	535,392	159,189	694,581						694,581
Lease prepayments	161,092	7,711	168,803						168,803
Intangible assets	404,565	–	404,565				3,493,000		3,897,565
Goodwill	217,852	–	217,852				2,103,247		2,321,099
Long term investment	–	–	–			5,500,000	(5,500,000)		–
Interest in a jointly controlled entity	127,815	–	127,815						127,815
Deferred tax assets	2,280	6,218	8,498						8,498
	1,448,996	173,118	1,622,114						7,218,361
Current assets									
Inventories	1,270,983	1,280,962	2,551,945						2,551,945
Trade and other receivables	1,240,729	995,532	2,236,261						2,236,261
Pledged bank deposits	1,141,198	–	1,141,198						1,141,198
Time deposits	–	186,090	186,090						186,090
Cash and cash equivalents	3,363,055	612,769	3,975,824	(29,760)	44,100	(5,500,000)		(35,000)	(1,544,836)
	7,015,965	3,075,353	10,091,318						4,570,658
Current liabilities									
Loans and borrowings	1,103,261	770,000	1,873,261						1,873,261
Trade and other payables	2,740,102	1,710,259	4,450,361		(63,000)				4,387,361
Deferred revenue	–	16,421	16,421						16,421
Income tax payables	124,624	103,729	228,353						228,353
	3,967,987	2,600,409	6,568,396						6,505,396
Net current assets/(liabilities)	3,047,978	474,944	3,522,922						(1,934,738)
Total assets less current liabilities	4,496,974	648,062	5,145,036						5,283,623
Non-current liabilities									
Deferred tax liabilities	105,200	2,370	107,570				782,500		890,070
	105,200	2,370	107,570						890,070
NET ASSETS	4,391,774	645,692	5,037,466						4,393,553
Equity									
Share capital	171,420	–	171,420						171,420
Reserves	4,155,433	579,656	4,735,089	28,531	107,100		(715,287)	(35,000)	4,120,433
Equity attributable to equity shareholders of the Company	4,326,853	579,656	4,906,509						4,291,853
Non-controlling interests	64,921	66,036	130,957	(58,291)			29,034		101,700
TOTAL EQUITY	4,391,774	645,692	5,037,466						4,393,553

(3) Unaudited pro forma consolidated income statement for the year ended 31 December 2010

	The Group	The Target Group	Total	Pro Forma Adjustments			The Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Note 1	*Note 4*	*Note 5*	
Turnover	8,034,249	8,373,215	16,407,464				16,407,464
Cost of sales	(7,307,933)	(7,656,068)	(14,964,001)				(14,964,001)
Gross profit	726,316	717,147	1,443,463				1,443,463
Other revenue	39,305	38,201	77,506				77,506
Other net income	7,300	26,889	34,189				34,189
Selling and distribution expenses	(191,993)	(211,761)	(403,754)				(403,754)
Administrative expenses	(175,557)	(126,982)	(302,539)		(164,000)	(35,000)	(501,539)
Profit from operations	405,371	443,494	848,865				649,865
Finance costs	(56,146)	(3,800)	(59,946)				(59,946)
Share of profit of an associate or a jointly controlled entity	10,355	–	10,355				10,355
Gain on remeasurement of previously held equity interest in a jointly controlled entity	3,177	–	3,177				3,177
Gain on bargain purchase	27,266	–	27,266				27,266
Profit before taxation	390,023	439,694	829,717				630,717
Income tax	(90,571)	(110,215)	(200,786)		41,000	8,750	(151,036)
Profit for the year	299,452	329,479	628,931				479,681
Profit attributable to:							
Equity holders	276,004	297,631	573,635	28,037			452,422
Non-controlling interests	23,448	31,848	55,296	(28,037)			27,259
Profit for the year	299,452	329,479	628,931				479,681

(4) Unaudited pro forma consolidated income statement for the six months ended 30 June 2011

	The Group	The Target Group	Total	Pro Forma Adjustments		The Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Note 1	*Note 4*	
Turnover	6,016,376	4,999,172	11,015,548			11,015,548
Cost of sales	(5,386,289)	(4,464,681)	(9,850,970)			(9,850,970)
Gross profit	630,087	534,491	1,164,578			1,164,578
Other revenue	38,111	20,604	58,715			58,715
Other net income	10,008	4,028	14,036			14,036
Selling and distribution expenses	(113,825)	(138,936)	(252,761)			(252,761)
Administrative expenses	(115,016)	(88,206)	(203,222)		(82,000)	(285,222)
Profit from operations	449,365	331,981	781,346			699,346
Finance costs	(45,368)	(15,044)	(60,412)			(60,412)
Share of profit of an associate or a jointly controlled entity	7,340	–	7,340			7,340
Profit before taxation	411,337	316,937	728,274			646,274
Income tax	(100,898)	(78,437)	(179,335)		20,500	(158,835)
Profit for the period	310,439	238,500	548,939			487,439
Profit attributable to:						
Equity shareholders of the Company	293,322	214,057	507,379	20,802		466,681
Non-controlling interests	17,117	24,443	41,560	(20,802)		20,758
Profit for the period	310,439	238,500	548,939			487,439

(5) Unaudited pro forma consolidated cash flow statement for the year ended 31 December 2010

	The Group	The Target Group	Total	Pro Forma Adjustments				The Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Note 1	*Note 2*	*Note 3*	*Note 5*	
Operating activities:								
Profit before taxation	390,023	439,694	829,717					829,717
Adjustments for:								
– Depreciation and amortisation	48,270	39,614	87,884					87,884
– Net gain on disposal of property, plant and equipment	(6,590)	(10,230)	(16,820)					(16,820)
– Net gain on disposal of available-for-sale financial assets	–	(7,127)	(7,127)					(7,127)
– Finance costs	56,146	3,800	59,946					59,946
– Share of profit of an associate or a jointly controlled entity	(10,355)	–	(10,355)					(10,355)
– Gain on remeasurement of previously held equity interest in a jointly controlled entity	(3,177)	–	(3,177)					(3,177)
– Gain on barging purchase	(27,266)	–	(27,266)					(27,266)
– Share-based payment transactions	5,944	–	5,944					5,944
– Interest income from bank deposits	(8,874)	(14,551)	(23,425)					(23,425)
Operating profit before changes in working capital	**444,121**	**451,200**	**895,321**					**895,321**
Increase in inventories	(404,346)	(304,614)	(708,960)					(708,960)
Increase in trade and other receivables	(290,140)	(395,618)	(685,758)					(685,758)
Increase in pledged bank deposits	(12,159)	–	(12,159)					(12,159)
Increase in trade and other payables	224,101	165,070	389,171					389,171
Increase in deferred revenue	–	6,448	6,448					6,448
Cash used in operations	(38,423)	(77,514)	(115,937)					(115,937)
Income tax paid	(85,184)	(49,436)	(134,620)					(134,620)
Withholding tax paid	–	(15,850)	(15,850)					(15,850)
Net cash used in operating activities	**(123,607)**	**(142,800)**	**(266,407)**					**(266,407)**

	The Group	The Target Group	Total	Pro Forma Adjustments				The Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Note 1	*Note 2*	*Note 3*	*Note 5*	
Investing activities:								
Payment for purchase of property, plant and equipment	(198,257)	(80,926)	(279,183)					(279,183)
Acquisition of available-for-sale securities	–	(22,876)	(22,876)					(22,876)
Proceeds from disposal of property, plant and equipment	21,047	38,005	59,052					59,052
Payment for purchase of lease prepayments	(17,940)	–	(17,940)					(17,940)
Proceeds from sales of available-for-sale securities	–	30,003	30,003					30,003
Acquisition of an associate and a jointly controlled entity	(41,000)	–	(41,000)					(41,000)
Net cash assumed in acquisition of a subsidiary	2,662	–	2,662					2,662
Advances to related parties	(464)	(151,549)	(152,013)					(152,013)
Repayment of advances to related parties	52,217	22,789	75,006					75,006
Decrease/(increase) in time deposits	–	(409,428)	(409,428)					(409,428)
Interest received	8,874	14,551	23,425					23,425
Acquisition of subsidiaries	–	–	–			(5,500,000)		(5,500,000)
Payment for transaction costs incurred for acquisition of subsidiaries	–	–	–				(35,000)	(35,000)
Net cash used in investing activities	**(172,861)**	**(559,431)**	**(732,292)**					**(6,267,292)**
Financing activities:								
Proceeds from loans and borrowings	1,823,227	470,000	2,293,227					2,293,227
Repayment of loans and borrowings	(1,367,257)	–	(1,367,257)					(1,367,257)
Issue of ordinary shares by initial public offering, net of issuance costs	3,015,689	–	3,015,689					3,015,689
Advances from related parties	59,479	322,619	382,098					382,098
Repayment of advances from related parties	(53,892)	(119,179)	(173,071)					(173,071)
Distribution to equity holder of the Company as a result of capital reduction	(25,000)	–	(25,000)					(25,000)
Contribution by equity holder of Top Globe and non-controlling interests	–	(12,000)	(12,000)					(12,000)
Capital injection from equity holder of the Company	154,500	–	154,500					154,500
Acquisition of non-controlling interests in certain subsidiary	–	(3,400)	(3,400)					(3,400)
Dividends paid	–	(41,457)	(41,457)					(41,457)
Interest paid	(56,146)	(3,800)	(59,946)					(59,946)
Payment for acquisition of non-controlling interests	–	–	–	(29,760)				(29,760)
Proceeds from disposal of investments in carve-out entities	–	–	–		44,100			44,100
Net cash generated from financing activities	**3,550,600**	**612,783**	**4,163,383**					**4,177,723**
Net increase/(decrease) in cash and cash equivalents	3,254,132	(89,448)	3,164,684					(2,355,976)
Cash and cash equivalents at 1 January	176,898	276,936	453,834					453,834
Effect of foreign exchange rate changes	1,030	–	1,030					1,030
Cash and cash equivalents at 31 December	**3,432,060**	**187,488**	**3,619,548**					**(1,901,112)**

(6) Unaudited pro forma condensed consolidated cash flow statement for the six months ended 30 June 2011

	The Group	The Target Group	Total	Pro Forma Adjustments	The Enlarged group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Note 1/2/3/5	
Net cash generated from operating activities	40,718	22,486	63,204		63,204
Net cash (used in)/generated from investing activities	(436,924)	157,236	(279,688)		(279,688)
Net cash generated from financing activities	326,197	245,559	571,756		571,756
Net (decrease)/increase in cash and cash equivalents	(70,009)	425,281	355,272		355,272
Cash and cash equivalents at 1 January	3,432,060	187,488	3,619,548	(5,520,660)	(1,901,112)
Effect of foreign exchange rate changes	1,004	–	1,004		1,004
Cash and cash equivalents at 30 June	3,363,055	612,769	3,975,824		(1,544,836)

(7) Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. This adjustment represents the acquisition by the Target Group of all non-controlling interests in Shenzhen SCAS Investment Group Co., Ltd., an indirect subsidiary of the Target Group, on 23 August 2011 at a total consideration of RMB29.76 million, as if the Acquisition of such non-controlling interest had been completed on 30 June 2011 for the unaudited pro forma consolidated balance sheet and on 1 January 2010 for the unaudited pro forma consolidated income statements and the unaudited pro forma consolidated/condensed consolidated cash flow statement for the relevant period.

   This adjustment does not have a continuing effect on the Enlarged Group.

2. This adjustment represents the disposal by the Target Group of all the long-term investments in the Carve-Out Entities to the equity holder of Top Globe for cash at RMB44.1 million and a reduction in the amount due to the equity holder of Top Globe by RMB63 million, as if the disposal had been completed on 30 June 2011 for the unaudited pro forma consolidated balance sheet and on 1 January 2010 for the unaudited pro forma consolidated income statements and the unaudited pro forma consolidated/condensed consolidated cash flow statement for the relevant period.

   This adjustment does not have a continuing effect on the Enlarged Group.

3. This adjustment represents the proposed Acquisition of the entire issued share capital of Top Globe by the Group, at a total consideration if RMB5.5 billion (equivalent to approximately HK$6.7 billion), as if the Acquisition had been completed on 30 June 2011 for the unaudited pro forma consolidated balance sheet and on 1 January 2010 for the unaudited pro forma consolidated income statements and the unaudited pro forma consolidated/condensed consolidated cash flow statement for the relevant period.

   Cash amounting to RMB550 million was already paid by the Group to the equity holder of Top Globe upon signing of the SP Agreement as deposit for and part payment of the consideration if completion of the Acquisition occurs.

   This adjustment does not have a continuing effect on the Enlarged Group.

4. Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard No. 3 (Revised), "Business Combinations".

For the purposes of the Unaudited Pro Forma Financial Information, the allocation of the purchase price is determined based on the Director's estimates of the fair value of the identifiable assets and liabilities of the Target Group as at 30 June 2011 and with reference to an independent valuer report dated 18 November 2011. The independent valuer report are prepared with reference/benchmark to the valuer's industry knowledge and past experience of comparable cases, as well as a high-level analysis on the proportions of potential intangible assets as compared to the business enterprise value implied by the purchase consideration.

The actual fair values of the assets and the liabilities will be determined as of the date of acquisition and may differ materially from the amounts disclosed in the unaudited pro forma financial information because of changes in fair values of the assets and liabilities to the date of the transaction, and as further analysis is completed. Consequently, the actual allocation of the purchase price will likely result in different amounts than those in the unaudited pro forma financial information.

This adjustment represents the recognition of identifiable intangible assets arising from the Acquisition at their respective fair value (namely car dealerships, favorable lease contracts and trade mark) of approximately RMB3,493 million in total and the recognition of related deferred tax liabilities of RMB782.5 million, as if the Acquisition had been completed on 30 June 2011 or 1 January 2010, as appropriate.

	RMB'000	*RMB'000*
Fair value of consideration		5,500,000
Net assets acquired:		
Net assets value of the Target Group	645,692	
Adjusted for subsequent acquisition of non-controlling interests of Shenzhen SCAS Investment Group Co., Ltd	(29,760)	
Adjusted for subsequent disposal of Carve-out entity by the Target Group to the equity holder of Top Globe	107,100	
Fair value adjustments as per an independent valuer report		
– intangible assets-car dealership	2,980,000	
– intangible assets-favourable lease contracts	150,000	
– intangible assets-trademark	363,000	
Effect of deferred tax liabilities estimated at the tax rate of 25%	(782,500)	
Non-controlling interests arising from the Acquisition	(36,779)	
Identified assets acquired and liabilities assumed	3,396,753	(3,396,753)
Goodwill arising from the Acquisition		2,103,247

According to the Group's accounting policies, all recognized dealerships shall be amortised on straight-line basis over their respective useful lives (generally 20 years which represent the best estimate made by the directors of the Company, considering the length of time the Company can maintain the dealerships and therefore get benefit from it). The favorable lease contracts are estimated to be amortised over the lease term of 10 years on a straight-line basis, while the trade mark is estimated to have an indefinite useful life.

The pro forma adjustments in relation to the increase in administrative expenses by RMB164 million and RMB82 million for the year ended 31 December 2010 and the six months ended 30 June 2011, respectively, relate to the amortisation of the car dealerships and the favourable lease contracts (i.e. intangibles with finite useful lives) for the relevant periods as if the Acquisition had been completed on 1 January 2010.

After assessment, the directors of the Company do not consider that there was any indication that the car dealerships, the favorable lease contract, the trade mark or the goodwill may be impaired.

This adjustment has a continuing effect on the Enlarged Group.

5. This adjustment represents payment for estimated acquisition-related costs (including fees to legal advisers, financial adviser, reporting accountants, valuer, printer and other expenses) of approximately RMB35,000,000 in cash, which would be expensed in the consolidated statement of comprehensive income in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3 (Revised)") issued by the HKICPA.

   This adjustment does not have a continuing effect on the Enlarged Group.

(8) Subsequent events

In July 2011, the Company placed new ordinary shares of 200,000,000 at HK$10.45 each. The net proceeds amounted to RMB1.6 billion (equivalent to approximately HK$2.0 billion) will be used as part of the payment for the consideration of the proposed Acquisition. The proceeds from the placement have not been reflected in the pro forma adjustment in the accompanying pro forma financial information.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Long position in Shares and underlying Shares

Name of Director	Capacity	Interest in Shares	Interest in underlying Shares of share options *(Note)*	Approximate percentage of the total issued Shares as at the Latest Practicable Date
Wang Muqing	Settlor of The Grand Glory Trust	1,364,987,500 Shares *(Note 1)*	–	62.04%
Wang Kunpeng	Beneficial owner	–	2,050,000 Shares *(Note 2)*	0.093%

Name of Director	Capacity	Interest in Shares	Interest in underlying Shares of share options *(Note)*	Approximate percentage of the total issued Shares as at the Latest Practicable Date
Li Zhubo	Beneficial owner	–	2,050,000 Shares *(Note 2)*	0. 093%
Liu Dongli	Beneficial owner	–	2,050,000 Shares *(Note 2)*	0. 093%

Notes:

1. These shares are directly held by Joy Capital Holdings Limited ("**Joy Capital**"). The entire issued share capital of Joy Capital is owned by Grand Glory Enterprises Limited ("**Grand Glory**"), whose entire issued share capital is the trust asset of The Grand Glory Trust, which was founded by Mr. Wang Muqing as settlor and managed by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Grand Glory Trust, which is a trust established in accordance with the Purpose Trust Act 2004 of Bahamas. The discretionary beneficiaries of The Grand Glory Trust include Mr. Wang and his family members.

2. These represent the maximum number of Shares which may be allotted and issued to such Directors upon the exercise of the Pre-IPO Share Options granted to each of them. In respect of these three Directors, the Pre-IPO Share Options may be exercised in three tranches: (i) The first tranche represents 50% of the total number of Shares which may be subscribed for upon the exercise of the Pre-IPO Share Option, and is exercisable during the period between 1 January 2012 to 10 August 2017. (ii) The second tranche represents 25% of the total number of Shares which may be subscribed for upon the exercise of the Pre-IPO Share Option, and is exercisable during the period between 1 January 2013 to 10 August 2017. (iii) The third tranche represents 25% of the total number of Shares which may be subscribed for upon the exercise of the Pre-IPO Share Option, and is exercisable during the period between 1 January 2014 to 10 August 2017. The exercise price for subscription of each Share upon the exercise of the Pre-IPO Share Options is RMB1.5.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which is required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. LONG POSITIONS IN THE ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Wang Muqing	Joy Capital	Settlor of The Grand Glory Trust *(Note 1)*	100%
Wang Muqing	Wuhan Kaitai Automobile Sales Services Co., Ltd. ("**Wuhan Kaitai**") *(Note 2)*	Interest of controlled corporations *(Note 3)*	100% *(Note 36)*
Wang Muqing	Yichang Baoze Automobile Sales Services Co., Ltd. ("**Yichang Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 4)*	100% *(Note 36)*
Wang Muqing	Hubei Xinrui Automobile Sales Services Co., Ltd. ("**Hubei Xinrui**") *(Note 2)*	Interest of controlled corporations *(Note 5)*	100% *(Note 36)*
Wang Muqing	Zhuhai Baoze Automobile Sales Services Co., Ltd. ("**Zhuhai Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 6)*	100% *(Note 36)*
Wang Muqing	Inner Mongolia Dingjie Automobile Trading Co., Ltd. ("**Inner Mongolia Dingjie**") *(Note 2)*	Interest of controlled corporations *(Note 7)*	100% *(Note 36)*
Wang Muqing	Hubei Dingjie Automobile Sales Services Co., Ltd. ("**Hubei Dingjie**") *(Note 2)*	Interest of controlled corporations *(Note 8)*	100% *(Note 36)*
Wang Muqing	Changsha Ruibao Automobile Sales Services Co., Ltd. ("**Changsha Ruibao**") *(Note 2)*	Interest of controlled corporations *(Note 9)*	100% *(Note 36)*
Wang Muqing	Beijing Baozehang Automobile Sales Services Co., Ltd. ("**Beijing Baozehang**") *(Note 2)*	Interest of controlled corporations *(Note 10)*	100% *(Note 36)*

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Wang Muqing	Wuhan Baoze Automobile Sales Services Co., Ltd. ("**Wuhan Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 11)*	100% *(Note 36)*
Wang Muqing	Shanghai Shenxie Automobile Trading Co., Ltd. ("**Shanghai Shenxie**") *(Note 2)*	Interest of controlled corporations *(Note 12)*	100% *(Note 36)*
Wang Muqing	Shantou Hongxiang Materials Co., Ltd. ("**Shantou Hongxiang**") *(Note 2)*	Interest of controlled corporations *(Note 13)*	80% *(Note 36)*
Wang Muqing	Chenzhou Ruibao Automobile Sales Services Co., Ltd. ("**Chenzhou Ruibao**") *(Note 2)*	Interest of controlled corporations *(Note 14)*	100% *(Note 36)*
Wang Muqing	Dongguan Jieyunhang Automobile Sales Services Co., Ltd. ("**Dongguan Jieyunhang**") *(Note 2)*	Interest of controlled corporations *(Note 15)*	75% *(Note 36)*
Wang Muqing	Shiyan Shenxie Automobile Trading Co., Ltd. ("**Shiyan Shenxie**") *(Note 2)*	Interest of controlled corporations *(Note 16)*	100% *(Note 36)*
Wang Muqing	Shanghai Shenxie Shentong Automobile Sales Services Co., Ltd. ("**Shenxie Shentong**") *(Note 2)*	Interest of controlled corporations *(Note 17)*	100% *(Note 36)*
Wang Muqing	Shanghai Luda Automobile Sales Services Co., Ltd. ("**Shanghai Luda**") *(Note 2)*	Interest of controlled corporations *(Note 18)*	100% *(Note 36)*
Wang Muqing	Shanghai Aohui Automobile Sales Services Co., Ltd. ("**Shanghai Aohui**") *(Note 2)*	Interest of controlled corporations *(Note 19)*	100% *(Note 36)*

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Wang Muqing	Inner Mongolia Dingze Automobile Sales Services Co., Ltd. ("**Inner Mongolia Dingze**") *(Note 2)*	Interest of controlled corporations *(Note 20)*	100% *(Note 36)*
Wang Muqing	Hubei Bocheng Automobile Sales Services Co., Ltd. ("**Hubei Bocheng**") *(Note 2)*	Interest of controlled corporations *(Note 21)*	100% *(Note 36)*
Wang Muqing	Hubei Jierui Automobile Sales Services Co., Ltd. ("**Hubei Jierui**") *(Note 2)*	Interest of controlled corporations *(Note 22)*	100% *(Note 36)*
Wang Muqing	Huhhot Qibao Automobile Sales Services Co., Ltd. ("**Huhhot Qibao**") *(Note 2)*	Interest of controlled corporations *(Note 23)*	100% *(Note 36)*
Wang Muqing	Baotou Baoze Automobile Sales Services Co., Ltd. ("**Baotou Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 24)*	70% *(Note 36)*
Wang Muqing	Nanchang Baoze Automobile Sales Services Co., Ltd. ("**Nanchang Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 25)*	100% *(Note 36)*
Wang Muqing	Guangzhou Baoze Automobile Sales Services Co., Ltd. ("**Guangzhou Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 26)*	100% *(Note 36)*
Wang Muqing	Foshan Zhong Tong Zhong Rui Automobile Sales Services Co., Ltd. ("**Foshan ZT**") *(Note 2)*	Interest of controlled corporations *(Note 27)*	100% *(Note 36)*
Wang Muqing	Shangrao City Baozo Automobile Sales Services Co., Ltd. ("**Shangrao Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 28)*	100% *(Note 36)*

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Wang Muqing	Xiangyang Baoze Automobile Sales Services Co., Ltd. ("**Xiangyang Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 29)*	100% *(Note 36)*
Wang Muqing	Chengdu Baoze Automobile Sales Services Co., Ltd. ("**Chengdu Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 30)*	100% *(Note 36)*
Wang Muqing	Xiangtan Baoze Automobile Sales Services Co., Ltd. ("**Xiangtan Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 31)*	100% *(Note 36)*
Wang Muqing	Wulanchabu City Ding Sheng Automobile Sales Services Co., Ltd. ("**Wulanchabu Ding Sheng**") *(Note 2)*	Interest of controlled corporations *(Note 32)*	100% *(Note 36)*
Wang Muqing	Ganzhou Baoze Automobile Sales Services Co., Ltd. ("**Ganzhou Baoze**") *(Note 2)*	Interest of controlled corporations *(Note 33)*	100% *(Note 36)*
Wang Muqing	Baotou Zhong Rui Automobile Sales Services Co., Ltd. ("**Baotou Zhong Rui**") *(Note 2)*	Interest of controlled corporations *(Note 34)*	100% *(Note 36)*
Wang Muqing	Jieyang Ding Jie Automobile Sales Services Co., Ltd. ("**Jieyang Dingjie**") *(Note 2)*	Interest of controlled corporations *(Note 35)*	80% *(Note 36)*

Notes:

1. Joy Capital is the direct owner of 1,364,987,500 Shares of the Company. The entire issued share capital of Joy Capital is owned by Grand Glory, whose entire issued share capital is the trust asset of The Grand Glory Trust, which was founded by Mr. Wang Muqing as settlor and managed by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Grand Glory Trust, which is a trust established in accordance with the Purpose Trust Act 2004 of Bahamas. The discretionary beneficiaries of The Grand Glory Trust include Mr. Wang and his family members.

2. This entity is one of the Group's operating entities in the PRC in which the Group does not have direct shareholding. By a series of contracts entered into by, among others, this entity and certain wholly-owned subsidiaries of the Company, the Group is given effective control over the financial and operational policies of this entity and is vested with the economic benefits and associated risks in connection with the operation and business of this entity. Details and effects of and rationale for these contracts or contracts of similar nature with respect to the operating entity of the Group in the PRC are set out in the section headed "Contractual Arrangements" of the prospectus dated 29 November 2010 published by the Company. By virtue of the legal rights and relationship created by these contracts, this entity constitutes a subsidiary of the Group and an associated corporation of the Company even though the Group does not have direct shareholding in it.

3. Yichang Baoze is held as to 100% by Wuhan Baoze, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Yichang Baoze held by Wuhan Baoze which is held by Hubei Shengze, all of which are his controlled corporations.

4. Wuhan Kaitai is held as to 100% by Hubei Dingjie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Wuhan Kaitai held by Hubei Dingjie which is held by Hubei Shengze, all of which are his controlled corporations.

5. Hubei Xinrui is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Hubei Xinrui held by Hubei Shengze, both of which are his controlled corporations.

6. Zhuhai Baoze is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Zhuhai Baoze held by Hubei Shengze, both of which are his controlled corporations.

7. Inner Mongolia Dingjie is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Inner Mongolia Dingjie held by Hubei Shengze, both of which are his controlled corporations.

8. Hubei Dingjie is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Hubei Dingjie held by Hubei Shengze, both of which are his controlled corporations.

9. Changsha Ruibao is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Changsha Ruibao held by Hubei Shengze, both of which are his controlled corporations.

10. Beijing Baozehang is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Beijing Baozehang held by Hubei Shengze, both of which are his controlled corporations.

11. Wuhan Baoze is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Wuhan Baoze held by Hubei Shengze, both of which are his controlled corporations.

12. Shanghai Shenxie is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Shenxie held by Hubei Shengze, both of which are his controlled corporations.

13. Shantou Hongxiang is held as to 80% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shantou Hongxiang held by Hubei Shengze, both of which are his controlled corporations.

14. Chenzhou Ruibao is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Chenzhou Ruibao held by Hubei Shengze, both of which are his controlled corporations.

15. Dongguan Jieyunhang is held as to 75% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Dongguan Jieyunhang held by Hubei Shengze, both of which are his controlled corporations.

16. Shiyan Shenxie is held as to 100% by Hubei Dingjie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shiyan Shenxie held by Hubei Dingjie which is held by Hubei Shengze, all of which are his controlled corporations.

17. Shenxie Shentong is held as to 100% by Shanghai Shenxie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shenxie Shentong held by Shanghai Shenxie which is held by Hubei Shengze, all of which are his controlled corporations.

18. Shanghai Luda is held as to 100% by Shanghai Shenxie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Luda held by Shanghai Shenxie which is held by Hubei Shengze, all of which are his controlled corporations.

19. Shanghai Aohui is held as to 100% by Shanghai Shenxie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Aohui held by Shanghai Shenxie which is held by Hubei Shengze, all of which are his controlled corporations.

20. Inner Mongolia Dingze is held as to 70% by Wuhan Kaitai, which is held by Hubei Dingjie and is in turn held by Hubei Shengze, and as to 30% by Inner Mongolia Dingjie, which is also held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Inner Mongolia Dingze held by Wuhan Kaitai, which is held by Hubei Dingjie and is in turn held by Hubei Shengze, and Inner Mongolia Dingjie, which is also held by Hubei Shengze, all of which are his controlled corporations.

21. Hubei Bocheng is held as to 100% by Shanghai Luda, which is held by Shanghai Shenxie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Hubei Bocheng held by Shenxie Shentong and further held by Shanghai Shenxie which is held by Hubei Shengze, all of which are his controlled corporations.

22. Hubei Jierui is held as to 100% by Hubei Bocheng, which is 100% held by Shanghai Luda, which is also 100% held by Shanghai Shenxie, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Hubei Jierui held by Hubei Bocheng, which is held by Shenxie Shentong and further held by Shanghai Shenxie which is held by Hubei Shengze, all of which are his controlled corporations.

23. Huhhot Qibao is held as to 100% by Wuhan Baoze, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Huhhoi Qibao held by Wuhan Baoze which is held by Hubei Shengze, all of which are his controlled corporations.

24. Baotou Baoze is held as to 70% by Huhhoi Qibao, which is held by Wuhan Baoze, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Baotou Baoze, which is held by Huhhoi Qibao held by Wuhan Baoze, which is further held by Hubei Shengze, all of which are his controlled corporations.

25. Nanchang Baoze is held as to 20% by Changsha Ruibao and as to 80% by Wuhan Baoze, the entire equity interest of which are held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Nanchang Baoze held by Changsha Ruibao and Wuhan Baoze, which are held by Hubei Shengze, all of which are his controlled corporations.

26. Guangzhou Baoze is held as to 40% by Changsha Ruibao and as to 60% by Wuhan Baoze, the entire equity interest of which are held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Guangzhou Baoze held by Changsha Ruibao and Wuhan Baoze, which are held by Hubei Shengze, all of which are his controlled corporations.

27. Foshan ZT is entirely held by Guangzhou Baoze, which is held as to 40% by Changsha Ruibao and as to 60% by Wuhan Baoze, the entire equity interest of which are held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Foshan ZT held by Guangzhou Baoze which is held by Changsha Ruibao and Wuhan Baoze, which are held by Hubei Shengze, all of which are his controlled corporations.

28. Shangrao Baoze is entirely held by Nanchang Baoze, which is held as to 20% by Changsha Ruibao and as to 80% by Wuhan Baoze, the entire equity interest of which are held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shangrao Baoze held by Nanchang Baoze which is held by Changsha Ruibao and Wuhan Baoze, which are held by Hubei Shengze, all of which are his controlled corporations.

29. Xiangyang Baoze is entirely held by Wuhan Baoze, which is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Xiangyang Baoze held by Wuhan Baoze which is held by Hubei Shengze, both of which are his controlled corporations.

30. Chengdu Baoze is entirely held by Beijing Baozehang, which is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Chengdu Baoze held by Beijing Baozehang which is held by Hubei Shengze, both of which are his controlled corporations.

31. Xiangtan Baoze is entirely held by Changsha Ruibao, which is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Xiangtan Baoze held by Changsha Ruibao which is held by Hubei Shengze, both of which are his controlled corporations.

32. Wulanchabu Ding Sheng is entirely held by Inner Mongolia Dingjie, which is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Wulanchabu Ding Sheng held by Inner Mongolia Dingjie which is held by Hubei Shengze, both of which are his controlled corporations.

33. Ganzhou Baoze is entirely held by Nanchang Baoze, which is held as to 20% by Changsha Ruibao and as to 80% by Wuhan Baoze, the entire equity interest of which is held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Ganzhou Baoze held by Nanchang Baoze which is held by Changsha Ruibao and Wuhan Baoze, which are held by Hubei Shengze, all of which are his controlled corporations.

34. Baotou Zhong Rui is held as to 100% by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Baotou Zhong Rui held by Hubei Shengze, which is his controlled corporation.

35. Jieyang Dingjie is held as to 80% by Hubei Dingjie which is held as to 100% held by Hubei Shengze, which in turn is held as to 70.4% by Wang Muqing and as to 29.6% by a financial institution of the PRC. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Jieyang Dingjie held by Hubei Dingjie and Hubei Shengze, which is his controlled corporation.

36. The percentage shareholding shown is the equity interest in the relevant subsidiary attributable to Hubei Shengze (or its wholly owned subsidiary). Wang Muqing is interested in approximately 70.4% of the entire registered capital in Hebei Shengze.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any of their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interest disclosed above in respect of the Directors, the following Shareholders have notified the Company of relevant interests and short positions in the Shares and underlying Shares:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of Shares	Number of underlying Shares	Total Interest	Approximate percentage of the total issued Shares as at the Latest Practicable Date
Substantial Shareholders					
Joy Capital	Beneficial owner *(Note)*	1,364,987,500	–	1,364,987,500	62.04%

Name of Shareholders	Capacity and nature of interest	Number of Shares	Number of underlying Shares	Total Interest	Approximate percentage of the total issued Shares as at the Latest Practicable Date
Grand Glory	Interest of a controlled corporation *(Note)*	1,364,987,500	–	1,364,987,500	62.04%

Note: Joy Capital is the direct owner of 1,364,987,500 Shares of the Company. The entire issued share capital of Joy Capital is owned by Grand Glory, whose entire issued share capital is the trust asset of The Grand Glory Trust, which was founded by Mr. Wang Muqing as settlor and managed by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Grand Glory Trust, which is a trust established in accordance with the Purpose Trust Act 2004 of Bahamas. The discretionary beneficiaries of The Grand Glory Trust include Mr. Wang and his family members.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at the Latest Practicable Date, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 & 3 of Part XV of the SFO.

5. SHARE OPTIONS

The Company has adopted a share option scheme ("**Share Option Scheme**") pursuant to a resolution in writing passed by the Shareholders on 17 November 2010, which enables the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 10 December 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of its adoption.

As at the Latest Practicable Date, the total number of shares of the Company available for issue under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commence on the Stock Exchange (the "**General Scheme Limit**"), i.e. 200,000,000 shares, representing 10% of the issued share capital of the Company as at the date of the Company's listing.

No option has been granted under the Share Option Scheme as at the date of this circular.

Pre-IPO Share Options Scheme

The Company has, based on a framework plan formulated on 9 August 2010, formally adopted a pre-initial public offering share option scheme ("**Pre-IPO Share Option Scheme**") pursuant to a resolution in writing passed by the shareholders on 17 November 2010, which enables the Company to recognise and reward the contribution of certain Directors, senior management and employees of the Group to the growth and development of the Group and the Listing.

Particulars of the Pre-IPO Share Options are set out below:

Grantees	Date of grant	Exercise price per share (RMB)	Exercise period	Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2011
Directors								
Wang Kunpeng	10/8/2010	1.50	01/01/2012-10/08/2017	1,025,000	0	0	0	1,025,000
	10/8/2010	1.50	01/01/2013-10/08/2017	512,500	0	0	0	512,500
	10/8/2010	1.50	01/01/2014-10/08/2017	512,500	0	0	0	512,500
				2,050,000				2,050,000
Li Zhubo	10/8/2010	1.50	01/01/2012-10/08/2017	1,025,000	0	0	0	1,025,000
	10/8/2010	1.50	01/01/2013-10/08/2017	512,500	0	0	0	512,500
	10/8/2010	1.50	01/01/2014-10/08/2017	512,500	0	0	0	512,500
				2,050,000				2,050,000
Liu Dongli	10/8/2010	1.50	01/01/2012-10/08/2017	1,025,000	0	0	0	1,025,000
	10/8/2010	1.50	01/01/2013-10/08/2017	512,500	0	0	0	512,500
	10/8/2010	1.50	01/01/2014-10/08/2017	512,500	0	0	0	512,500
				2,050,000				2,050,000
Subtotal				6,150,000				6,150,000
Employees and former employees	10/8/2010	1.50	01/01/2012-10/08/2017	5,695,350	0	0	144,700	5,550,650
	10/8/2010	1.50	01/01/2013-10/08/2017	2,847,675	0	0	72,350	2,775,325
	10/8/2010	1.50	01/01/2014-10/08/2017	2,847,675	0	0	72,350	2,775,325
				11,390,700			289,400	11,101,300
	10/8/2010	2.00	01/04/2012-10/08/2017	1,031,200	0	0	25,500	1,005,700
	10/8/2010	2.00	01/04/2013-10/08/2017	515,600	0	0	12,750	502,850
	10/8/2010	2.00	01/04/2014-10/08/2017	515,600	0	0	12,750	502,850
				2,062,400			51,000	2,011,400

Grantees	Date of grant	Exercise price per share (RMB)	Exercise period	Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2011
	10/8/2010	2.50	01/07/2012-10/08/2017	726,300	0	0	41,000	685,000
	10/8/2010	2.50	01/07/2013-10/08/2017	363,000	0	0	20,500	342,500
	10/8/2010	2.50	01/07/2014-10/08/2017	363,000	0	0	20,500	342,500
				1,452,000			82,000	1,370,000
	20/8/2010	2.50	01/07/2012-20/08/2017	1,009,400	0	0	98,000	911,400
	20/8/2010	2.50	01/07/2013-20/08/2017	504,700	0	0	49,000	455,700
	20/8/2010	2.50	01/07/2014-20/08/2017	504,700	0	0	49,000	455,700
				2,018,800			196,000	1,822,800
	17/11/2010	2.50	01/07/2012-17/11/2017	181,500	0	0	77,000	104,000
	17/11/2010	2.50	01/07/2013-17/11/2017	90,500	0	0	38,500	52,000
	17/11/2010	2.50	01/07/2014-17/11/2017	90,500	0	0	38,500	52,000
				362,000			154,000	208,000
Sub-total				17,285,900			772,400	16,513,500
Total				23,435,900	0	0	772,400	22,663,500

6. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Enlarged Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up.

8. COMPETING INTEREST

As at the Latest Practicable Date, save as disclosed herein, none of the Directors, controlling Shareholders or their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group, or any other conflict of interest with the Group.

9. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Group.

To the best knowledge of the Directors after reasonable enquiries, as of the Latest Practicable Date, the Target Group were involved in five pending litigations, in which the claim amounts in three of such pending litigations were below RMB100,000 and the Directors consider such cases have no material effect on the financial position and operation of the Target Group. The details of the other pending litigations of the Target Group are set out below:

A. Contractual disputes

(1) Contractual dispute with an automobile purchase agreement

An individual (who is an Independent Third Party) commenced proceedings against Shenzhen Electric Machinery (a member of the Target Group) under a sale and purchase agreement, and claimed refund of RMB550,000 by Shenzhen Electric Machinery plus damages at RMB76,943.45. On 23 August 2011, the parties entered into a settlement and non-disclosure agreement under which Shenzhen Electric Machinery conditionally agreed to replace the plaintiff’s vehicle and the plaintiff’s case shall be concluded by way of mediation. The case is pending issue of consent judgment by the relevant PRC court.

B. Tortious disputes

(1) Tortious dispute in connection with a personal injury arising from a traffic accident

An individual (who is an Independent Third Party) commenced proceedings against two individuals and Zhuhai SCAS (a member of the Target Group) in personal injury in a traffic accident. The plaintiff claimed a total amount of RMB168,386.09 and claimed Zhuhai SCAS in joint liability. The case is in progress at first instance.

On the other hand, Zhuhai SCAS commenced proceedings against a co-defendant for 30% of the fees and expenses already incurred by Zhuhai SCAS in this case. This case is also in progress at first instance.

11. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinion or advice, which is contained in this circular:

Name	Qualification
KPMG	Certified Public Accountants
Jingtian & Gongcheng	Qualified PRC lawyers

As at the Latest Practicable Date, KPMG and Jingtian & Gongcheng did not have any direct or indirect shareholdings in any member of the Enlarged Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Enlarged Group, or any interests, directly or indirectly, in any assets which have been acquired by, disposed of by or leased to or which are proposed to be acquired by, disposed of by or leased to any member of the Enlarged Group.

KPMG and Jingtian & Gongcheng have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their reports or statements (as the case maybe) and reference to their names in the form and context in which they appear.

12. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (being contracts entered into outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within the two years preceding the Latest Practicable Date:

(a) Each of the agreements numbered (1) to (121), (123), (125), (126) and (127) listed on pages VII-50 to VII-76 of the Company's IPO prospectus dated 29 November 2010;

(b) the agreement dated 25 April 2011 and entered into between 拉薩深藍汽貿有限公司 (La Sa Shen Lan Auto Trading Company Limited) and 西藏頂峰實業有限公司 (Xi Zang Ding Feng Assets Company Limited) as vendors and the Company as purchaser for the sale and purchase of the entire issued and paid-up share capital of 拉薩弘進汽貿有限公司 (Lasa Hong Jin Auto Trading Company Limited) ("**Lasa Hong Jin**") at a consideration of RMB167.2 million (equivalent to approximately HK$199 million), funded by the proceeds received from the Group's listing in December 2010.

At the time of the acquisition of Lasa Hong Jin by the Company, Lasa Hong Jin and its subsidiary, 江西德奧汽車銷售服務有限公司 (Jiang Xi De Ao Auto Sales Services Company Limited*), were principally engaged in the business of automobile dealership and after-sales services. Lasa Hong Jin was principally established in the PRC and its principal service was 4S dealership with Audi in Nanchang, Jiangxi Province, the PRC. Details of the agreement are set out in the Company's announcement dated 25 April 2011;

(c) the agreement dated 20 May 2011 and entered into between 湖北聖澤實業有限公司 (Hubei Shengze Industry Co Ltd*) as vendor and 武漢升通投資管理有限公司 (Wuhan Shengtong Investment Management Co Ltd*), a indirect wholly owned subsidiary of the Company as purchaser for the sale and purchase of the entire equity interest in 贛州益澤置業有限公司 (Ganzhou Yize Property Co Ltd*), 上饒市益澤置業有限公司 (Shangraoshi Yize Property Co Ltd*), 烏蘭察布市益澤置業有限公司 (Wulan Chabushi Yize Property Co Ltd*) and 湘潭益澤置業有限公司 (Xiangtan Yize Property Co Ltd*) (collectively as "**Acquired Companies**") at a total consideration of approximately RMB40 million (equivalent to approximately HK$47.6 million), funded by the proceeds received from the Group's listing in December 2010.

At the time of the acquisition of the Acquired Companies, each of the Acquired Companies was a holding company of certain land and principally established in the PRC. Being holding companies, the Acquired Companies themselves did not produce any products or services. Details of the agreement are set out in the Company's announcement dated 20 May 2011 and the Company's supplemental announcement dated 31 May 2011;

(d) the agreement dated 26 June 2011 and entered into between Ally Unity Limited ("**Ally Unity**") as vendor and the Company as purchaser for the sale and purchase of the entire issued and paid-up share capital of Acme Joy Group Limited ("**Acme Joy**") at a consideration of approximately RMB327.4 million (equivalent to approximately HK$389.8 million), funded by the proceeds received from the Group's listing in December 2010.

(For identification purpose only)*

At the time of the acquisition of Acme Joy by the Company, Acme Joy and its subsidiary (collectively "**Acme Joy Group**") were principally engaged in the business of automobile dealership and after-sales services. The Acme Joy Group was principally established in the PRC and owned one 4S dealership with Audi, which was an authorized dealer of Audi in Qingdao. Details of the agreement are set out in the Company's announcement dated 26 June 2011;

(e) the placing agreement dated 28 July 2011 entered into between Joy Capital Holdings Limited ("**Joy Capital**"), the direct controlling shareholder of the Company as vendor, Mr. Wang Muqing, an non-executive Director and the settlor of The Grand Glory Trust which in turn indirectly held the entire equity interest in Joy Capital Holdings Limited, J.P. Morgan Securities Ltd. ("**J.P. Morgan**") as placing agent and the Company, pursuant to which J.P. Morgan agreed to procure placees for purchase of a total of 200 million Shares owned by Joy Capital at HK$10.45 and Joy Capital conditionally agreed to subscribe for 200 million Shares at HK$10.45 per Share. Details of the agreement are set out in the Company's announcement dated 29 July 2011; and

(f) the SP Agreement.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong at Unit 5905, 59/F., The Center, 99 Queen's Road Central, Hong Kong, during normal business hours from the date of this circular up to and including 2 December 2011:

(a) the memorandum and articles of association of the Company;

(b) the annual report of the Company for the financial year ended 31 December 2010 and the interim report of the Company for the financial half year ended 30 June 2011;

(c) the financial information of the Target Group, the text of which is set out in Appendix I to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;

(e) the consent letters referred to in the section headed "Expert and Consent" in this appendix;

(f) the material contracts referred to in the section headed "Material Contracts" in this appendix; and

(g) this circular.

14. GENERAL

(1) The Company's company secretary is Mr. Liang, Current Tien Tzu. Mr. Liang is a member of the Canadian Institute of Chartered Accountants and a fellow of the Hong Kong Institute Certified Public Accountants. He held a Master of Professional Accounting degree from The Hong Kong Polytechnic University and a Bachelor of Commerce degree from Concordia University of Montreal, Canada.

(2) The Company's share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(3) The English text of this circular shall prevail over its Chinese text.

正 通

China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 1728)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China ZhengTong Auto Services Holdings Limited (the "**Company**") will be held at 9:00 a.m. on Thursday, 22 December 2011 at Victoria I, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION

"**THAT**:

(1) the transaction contemplated under the conditional sale and purchase agreement dated 23 August 2011 (the "**SP Agreement**") entered into between, among others, Exactwin Limited (確成有限公司) ("**Vendor**") as vendor and the Company as purchaser in relation to the acquisition ("**Acquisition**") by the Company of the entire issued capital of Top Globe Limited (同方有限公司) ("**Target**") at a cash consideration of RMB5.5 billion (equivalent to approximately HK$6.7 billion) as shown in the Company's circular dated 2 December 2011 be and the same is hereby approved, confirmed and ratified;

(2) the board of directors ("**Board**") of the Company be and is hereby authorised to take any step and execute whether under Common Seal of the Company or otherwise all such acts, matters, deeds, documents and to do all such acts or things as the Board consider necessary, appropriate, desirable or expedient in connection with:

(a) the Acquisition, the SP Agreement and all other transactions contemplated thereunder, and the closing and implementation thereof;

(b) securing the fulfilment of the conditions precedent of completion of the SP Agreement; and

(c) the approval of any amendments or variations to any of the documents tabled or the granting of waivers of any matters contemplated thereby that are, in the Board's opinion, not fundamental to the transactions contemplated thereby and are in the best interests of the Company, including without limitation the signing (under the Common Seal of the Company where required or expedient) of any supplemental or ancillary agreements and instruments and the giving of any undertakings and confirmations for any such purposes."

For and on behalf of the Board of Directors of
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
WANG Kunpeng
Chief Executive Officer and Executive Director

Hong Kong, 2 December 2011

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 5905, 59/F.
The Center
99 Queen's Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.

2. To be valid, the form of proxy and/or a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time of the meeting or any adjourned meeting.

3. Delivery of an instrument appointing a proxy should not preclude member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto to. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this circular, the Board comprises Mr. WANG Kunpeng (Chief Executive Officer), Mr. LI Zhubo, Mr. LIU Dongli, Mr. CHEN Tao and Mr. SHAO Yong Jun as Executive Directors; Mr. WANG Muqing as Non-Executive Director; and Dr. WONG Tin Yau, Kelvin, Mr. TAN Xiangyong and Mr. ZHANG Yansheng as Independent Non-Executive Directors.