

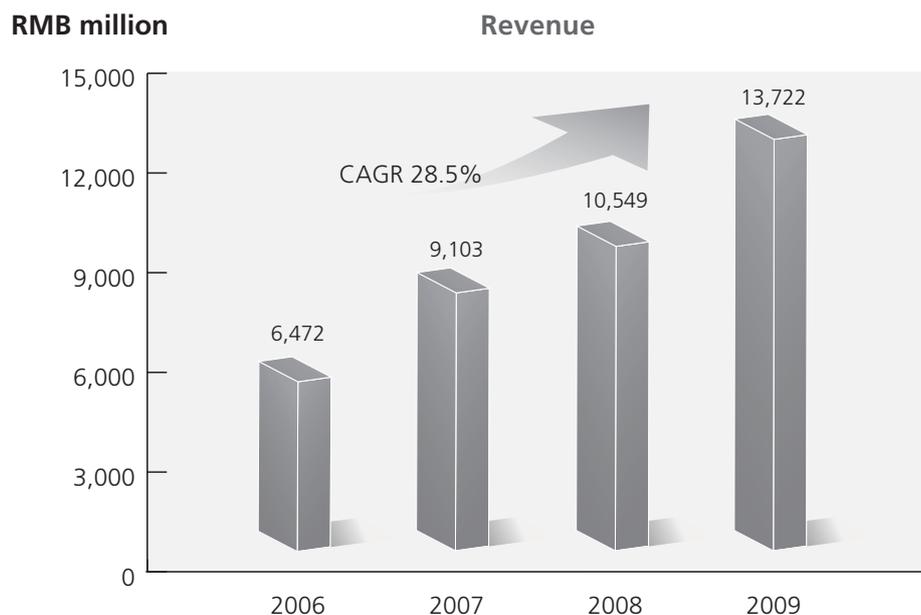
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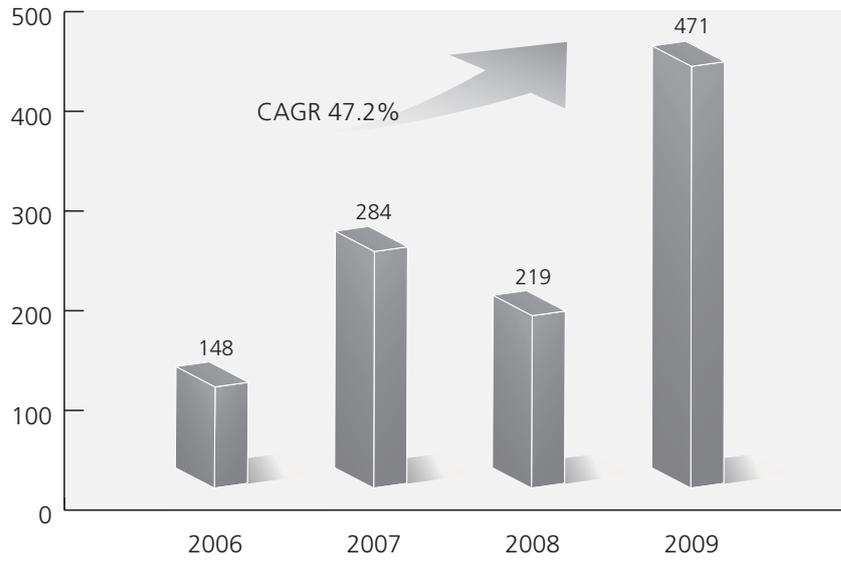
中升集團控股有限公司
Zhongsheng Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 881)

Announcement of Annual Results for the Year Ended 31 December 2009

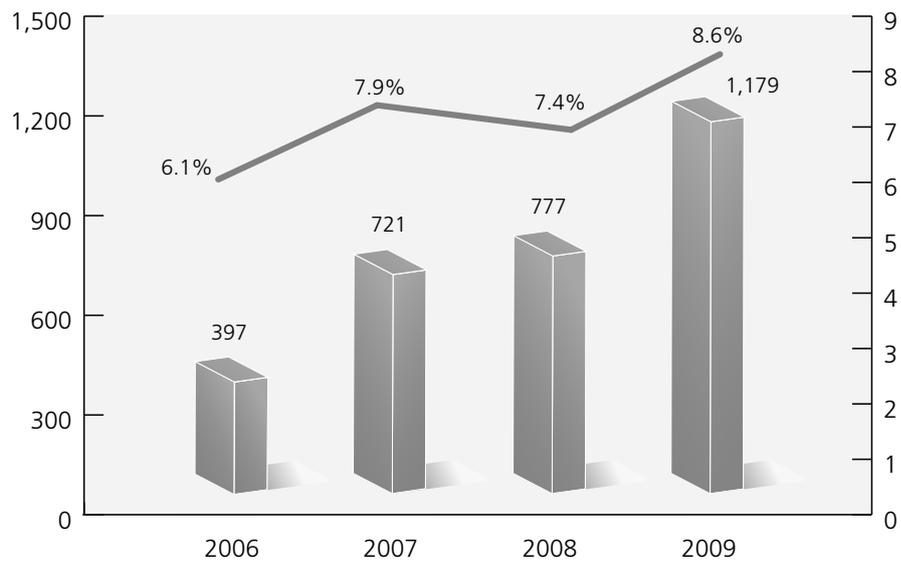
The board of directors (the "Board") of Zhongsheng Group Holdings Limited (the "Company") is pleased to announce the combined results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009, together with comparative figures for the year ended 31 December 2006, 2007 and 2008 as follows:



RMB million Profit attributable to equity holders of the Company

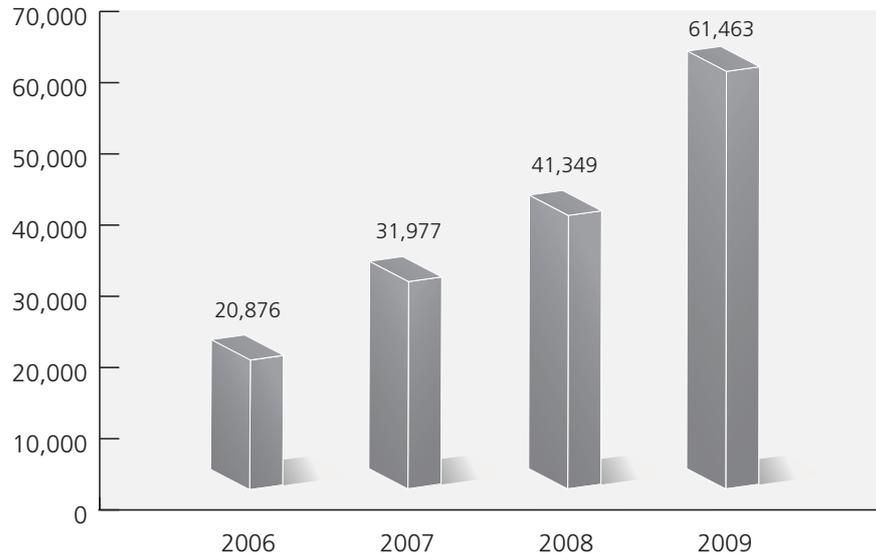


RMB million Gross profit and gross profit margin %



**Sale of motor vehicle
(units)**

2006-2009 new car sales volume



OVERVIEW

Zhongsheng is a leading national automobile dealership group in China by revenue. Our 4S dealerships are concentrated in cities with relatively affluent populations in the northeastern, eastern and southern coastal regions of China, as well as certain selected inland areas. We have grown rapidly from 30 4S dealerships as of 31 December 2008 to 47 4S dealerships as of 31 December 2009.

We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan, Honda and GM.

We were the first company being granted dealership rights by Toyota, and one of the first authorized dealerships for Lexus and Audi in China. We are one of the largest automobile dealership groups in China in terms of sales volume and number of 4S dealerships for Toyota and Lexus — Toyota and Lexus are our two largest automobile brands in terms of sales.

Through our “One-stop Automobile Shop” business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our 4S dealerships. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. Each of the new automobile sales business and after-sales businesses has its own features in terms of business model and revenue and profitability contributions to our Group.

Our after-sales businesses provide a wide range of services and products to our customers including repair, maintenance, detailing services and automobile accessories. Services under warranties are included in the after-sales business. The profit margins for our after-sales businesses are generally higher than our profit margins for our new automobile sales business.

For the year ended 31 December 2009, our revenue was RMB13,722.2 million, representing a growth of approximately 30.1% from last year. For the year ended 31 December 2009, revenue generated from the sales of our mid-to-high end automobile brands accounted for approximately 69.5% of our new automobile sales revenue for same period, while revenue generated from the sales of our luxury automobile brands accounted for approximately 30.5% of our new automobile sales revenue for the same period. The gross profit margin of our mid-to-high end brand automobiles was 4.5%, the gross profit margin of our luxury brand automobiles was 6.5%, and the gross profit margin of our after-sales businesses was 44.3% during the same periods, respectively. Revenue generated from our new automobile sales business accounted for approximately 90.8% and the revenue generated from our after-sales businesses accounted for approximately 9.2% of our revenue during the same periods. For the year ended 31 December 2009, our profit attributable to equity holders of the parent was RMB470.9 million, representing a growth of approximately 115.3% from last year.

The following table sets forth our combined income statements for the years indicated:

	Notes	Year ended 31 December	
		2009 (RMB'000)	2008 (RMB'000)
Revenue	4	13,722,185	10,548,577
Cost of sales and services provided		(12,542,762)	(9,771,214)
Gross profit		1,179,423	777,363
Other income and gains, net	4	69,203	33,412
Selling and distribution costs		(346,521)	(274,317)
Administrative expenses		(161,967)	(118,861)
Profit from operations		740,138	417,597
Finance costs		(80,688)	(104,443)
Share of profits of jointly-controlled entities		7,254	4,520
Profit before tax	5	666,704	317,674
Tax	6	(173,701)	(83,265)
Profit for the year		493,003	234,409
Attributable to:			
Equity holders of the parent		470,881	218,702
Non-controlling interests		22,122	15,707
		493,003	234,409
Earnings per share attributable to equity holders of the parent	7	N/A	N/A

The following table sets out our combined statements of financial position as at the dates indicated:

	Notes	31 December	
		2009 (RMB'000)	2008 (RMB'000)
Non-current assets			
Property, plant and equipment		838,379	548,779
Land use rights		422,899	256,987
Prepayments		56,271	33,273
Intangible assets		254,632	100,561
Goodwill		200,492	76,566
Interest in jointly-controlled entities		38,699	21,175
Available-for-sale investment		100	—
Held-to-maturity investments		5,283	5,291
Deferred tax assets		4,532	3,132
Total non-current assets		1,821,287	1,045,764
Current assets			
Inventories		1,024,240	1,133,415
Trade receivables	8	86,764	61,443
Prepayments, deposits and other receivables		1,113,186	724,823
Amounts due from related parties		556	459
Term deposits and pledged bank deposits		382,929	210,720
Cash in transit		44,542	29,690
Cash and cash equivalents		1,030,960	964,245
Total current assets		3,683,177	3,124,795
Current liabilities			
Bank loans and other borrowings		1,797,149	1,157,543
Trade and bills payables	9	1,093,013	835,699
Other payables and accruals		277,702	273,201
Amounts due to related parties		24,236	156,774
Income tax payable		60,012	27,733
Total current liabilities		3,252,112	2,450,950
Net current assets		431,065	673,845
Total assets less current liabilities		2,252,352	1,719,609

	31 December	
Notes	2009	2008
	(RMB'000)	(RMB'000)
Non-current liabilities		
Deferred tax liabilities	104,545	33,838
Net assets		
	2,147,807	1,685,771
Equity		
Equity attributable to equity holders of the parent		
Issued capital	—	—
Reserve	2,110,915	1,633,098
	2,110,915	1,633,098
Non-controlling interests	36,892	52,673
Total equity	2,147,807	1,685,771

Notes:

1. Basis of presentation

The combined financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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 disclosure requirements of the Hong Kong Companies Ordinance, except for those disclosed in the following paragraph. They have been prepared under the historical cost convention. These combined financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Through a group reorganisation (the "Reorganisation") as set out in the section headed "Our History and Reorganisation" in the Prospectus dated 16 March 2010 for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 22 February 2010. The shares of the Company were listed on the Stock Exchange on 26 March 2010.

As the Reorganisation took place on 22 February 2010, the Company together with its subsidiaries should only be regarded and accounted for as a continuing group in the preparation of the Group's financial statements commencing from the year ending 31 December 2010, as financial statements should not incorporate a combination which occurs after the reporting date. Nevertheless, for the benefit of the shareholders, the combined financial statements of the Group for the current year and the related notes thereto have been presented in these financial statements on the principle of merger accounting such that the Company was treated as the holding company of its subsidiaries for the financial years presented rather than from the subsequent date of its acquisition of the subsidiaries on 22 February 2010.

The combined financial statements have been prepared based on the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA, as if the Reorganisation had been completed as at the beginning of the year ended 31 December 2008 because the Company's acquisition of the companies now comprising the Group should be regarded as a business combination under common control as the Company and the companies now comprising the Group were under common control both before and after the completion of the Reorganisation, except for the subsidiaries acquired during the year, which are accounted for using the purchase method of accounting.

The combined financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended 31 December 2008 and 2009. As explained above, the acquisition of subsidiaries under common control has been accounted for using merger accounting. The acquisition of all other subsidiaries during the year is accounted for using the purchase method of accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

2. Changes in accounting policies and disclosures

For the purpose of these combined financial statements, the Group has adopted at the beginning of the financial years presented, all the HKFRSs that have been issued and effective for the financial years presented.

3. Segment information

The Group is engaged in the principal business of sale and service of motor vehicles. For management purposes, the 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 over 90% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

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

4. Revenue, Other income and Gains, Net

(a) *Revenue:*

	2009	2008
	RMB'000	RMB'000
Revenue from the sale of motor vehicles	12,466,358	9,695,464
Others	1,255,827	853,113
	13,722,185	10,548,577

(b) *Other income and gains, net:*

	2009 RMB'000	2008 RMB'000
Commission income	46,535	18,012
Advertisement support received from motor vehicle manufacturers	3,120	2,409
Rental income	2,682	1,441
Government grants	141	2,136
Interest income	10,100	8,795
Net gain on disposal of property, plant and equipment	3,933	625
Excess over the cost of a business combination recognised in the income statements	—	103
Loss on disposal of subsidiaries	—	(1,557)
Others	2,692	1,448
	69,203	33,412

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	2009 RMB'000	2008 RMB'000
(a) Employee benefit expense (including directors' remuneration)		
Wages and salaries	142,415	102,062
Pension scheme contributions	24,816	16,629
Other welfare	13,027	8,348
	180,258	127,039
(b) Cost of sales and services:		
Cost of sales of motor vehicles	11,843,413	9,261,487
Others	699,349	509,727
	12,542,762	9,771,214

	2009 RMB'000	2008 RMB'000
(c) Other items		
Depreciation and impairments of property, plant and equipment	67,765	50,854
Amortisation of land use rights	7,036	4,094
Amortisation of intangible assets	13,352	5,914
Auditors' remuneration	4,000	–
Lease expenses	20,184	9,568
Advertisement expenses	37,202	24,617
Office expenses	30,822	24,136
Logistics expenses	9,664	13,187
Business promotion expenses	26,723	20,229
Provision for impairment of trade receivables and other receivables	7	4,267
Net gain on disposal of property, plant and equipment	(3,933)	(625)

6. Tax

Tax in the combined income statements represents:

	2009 RMB'000	2008 RMB'000
Current Mainland China corporate income tax	151,898	72,501
Deferred tax	21,803	10,764
	173,701	83,265

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Subsidiaries incorporated in Hong Kong are subject to an income tax at the rates of 16.5% during the year (2008: 16.5%). No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

The National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 6 December 2007, which has been effective since 1 January 2008. According to the new CIT Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1 January 2008.

Certain subsidiaries of the Group enjoyed preferential CIT rates which were lower than 25% during the reporting period as approved by the relevant tax authorities or operated in designated areas with preferential CIT policies in the PRC.

Pursuant to the new CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 are exempted from the withholding tax.

7. Earnings per share

No earnings per share information is presented as its inclusion is not considered meaningful due to the preparation of the results for the year on a combined basis as disclosed in Note 1 above.

8. Trade receivables

	2009 RMB'000	2008 RMB'000
Trade receivables	87,054	61,933
Impairment	(290)	(490)
	86,764	61,443

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at each statement of financial position date (based on the invoice date) is as follows:

	2009 RMB'000	2008 RMB'000
Within 3 months	76,885	54,112
More than 3 months but less than 1 year	9,692	6,692
Over 1 year	187	639
	86,764	61,443

9. Trade and bills payables

	2009 RMB'000	2008 RMB'000
Trade payables	111,976	58,112
Bills payable	981,037	777,587
	1,093,013	835,699

An aged analysis of the trade and bills payables as at each statement of financial position date, based on the invoice date, is as follows:

	2009	2008
	RMB'000	RMB'000
Within 3 months	1,080,587	834,226
3 to 6 months	11,383	265
6 to 12 months	648	29
Over 12 months	395	1,179
	1,093,013	835,699

FINANCIAL REVIEW

Revenue. Revenue for the year ended 31 December 2009 was RMB13,722.2 million, an increase of RMB3,173.6 million, or 30.1% compared to the same period of 2008. This increase was primarily due to an increase of RMB2,770.9 million, or 28.6%, in new automobile sales compared to the same period of 2008. In addition, our revenue from our after-sales businesses increased by RMB402.7 million, or 47.2% compared to the same period of 2008, as a result of the expansion of our business and the growing recognition of our “Zhongsheng” brand.

Our new automobile sales business generated a substantial portion of our revenue, accounting for 90.8% of our revenue for the year ended 31 December 2009. The remaining portion of our revenue during the year was generated by our after-sales businesses. All of our revenue is derived from our operations in the PRC.

During the year ended 31 December 2009, revenue from sales of mid-to-high end brand automobiles was RMB8,679.6 million (2008: RMB6,386.7 million), accounting for 69.5% (2008: 65.8%) of our revenue from new automobile sales. Revenue from sales of our luxury brand automobiles was RMB3,802.5 million (2008: RMB3,315.3 million), accounting for 30.5% (2008: 34.2%) of our revenue from new automobile sales for the same periods.

Cost of sales and services. Cost of sales and services for the year ended 31 December 2009 was RMB12,542.8 million, an increase of RMB2,771.5 million, or 28.4% compared with the same period of 2008. The increase was attributable to the continuous expansion of our business, and was primarily due to our increased purchases of automobiles, spare parts and automobile accessories. Costs attributable to our new automobile sales business amounted to RMB11,843.4 million for the year ended 31 December 2009, an increase of RMB2,581.9 million, or 27.9%, from the same period in 2008. Costs attributable to our after-sales businesses amounted to RMB699.3 million for the year ended 31 December 2009, an increase of RMB189.6 million, or 37.2% from the same period in 2008.

Gross profit. Gross profit for the year ended 31 December 2009 was RMB1,179.4 million, an increase of RMB402.1 million, or 51.7% from the same period in 2008. Of which, the gross profit from new automobile sales business was RMB622.9 million, an increase of RMB189.0 million or 43.5% from the same period in 2008. Gross profit from after-sales services was RMB556.5 million, an increase of RMB213.1 million or 62.1% from the same period in 2008. As at 31 December 2009, the contribution to gross profit from after-sales services accounted for 47.2% of the total gross profit for the year. Our gross profit margin for the year ended 31 December 2009 was 8.6%, compared with 7.4% for the same period in 2008. Of which, the gross profit margin of new automobile sales business was 5.0% (2008: 4.5%). Gross profit margin of after-sales services was 44.3% (2008: 40.3%). The increase in gross profit margin in the year ended 31 December 2009 was primarily due to the increased market demand for automobiles, the increasing diversification in the range of after-sales business products, the increased proportion of after-sales services, as well as the increase in gross profit margin of both of our new automobile sales and after-sales services.

Profit from operations. Profit from operations for the year ended 31 December 2009 was RMB740.1 million, an increase of RMB322.5 million, or 77.2%, from the same period in 2008. Our operating profit margin for the year ended 31 December 2009 was 5.4% (2008: 4.0%).

Profit for the year. Our profit for the year ended 31 December 2009 was RMB493.0 million, an increase of RMB258.6 million, or 110.3%, from the same period in 2008. Our profit margin for the year ended 31 December 2009 was 3.6% (2008: 2.2%).

Profit attributable to equity holders of the parent. Our profit attributable to equity holders of our Company for the year ended 31 December 2009 was RMB470.9 million, an increase of RMB252.2 million, or 115.3%, from RMB218.7 million for the same period in 2008.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

Our primary uses of cash are to pay for purchases of new automobiles, spare parts and automobile accessories, to pay for our indebtedness, to fund our working capital and normal recurring expenses, and to establish new 4S dealerships and acquire additional 4S dealerships. We finance our liquidity requirements through a combination of cash flows generated from our operating activities and bank loans and other borrowings.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of the proceeds from this Global Offering, bank loans and other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time. For the year ended 31 December 2009, our net cash generated from operating activities, net cash used in investing activities and net cash generated from financing activities were RMB189.3 million (2008: RMB327.9 million), RMB436.0 million (2008: RMB545.7 million) and RMB316.8 million (2008: RMB833.0 million), respectively.

Net current assets and liabilities

As at 31 December 2009, we had net current assets of RMB431.1 million, representing a decrease of RMB242.7 million from our net current assets as at 31 December 2008. The decrease in our net current assets was primarily due to the capital expenditures incurred by us in the year ended 31 December 2009.

Capital expenditure and investment

Our capital expenditures comprised expenditures on property, plant and equipment and land use rights. During the year ended 31 December 2009, our total capital expenditures were RMB323.0 million.

Inventory analysis

Our inventories primarily consisted of new automobiles, spare parts and automobile accessories. Generally, each of our 4S dealerships individually manages the quotas and orders for new automobiles and after-sales products. We also coordinate and aggregate orders for automobile accessories and other automobile-related products across our 4S dealership network. We manage our quotas and inventory levels through our information technology systems, including our ERP system.

Our inventories decreased by 9.6 % from that as at 31 December 2008 to RMB1,024.2 million as at 31 December 2009, primarily due to an increase in our sales increased and the increased market demand during the year ended 31 December 2009, which facilitated a decrease in our inventory of new automobiles by RMB190.8 million, or 17.8 %, to RMB880.8 million as at 31 December 2009.

The following table sets forth our average inventory turnover days for the periods indicated:

	Years ended 31 December	
	2009	2008
Average inventory turnover days	31.4	34.3

Our average inventory turnover days in 2009 decreased to 31.4 days from 34.3 days in 2008, primarily due to the increased market demand during the year ended 31 December 2009.

Bank loans and other borrowings

Our bank loans and other borrowings as at 31 December 2009 were RMB1,797.1 million (2008: RMB1,157.5 million). Our bank loans and other borrowings increased during the year to finance our expanded operations.

Pledge of the Group's Assets

The Group had pledged its group assets for the securities of bank and other loans, banking facilities which were financing the daily business operation. As at 31 December 2009, the pledged group assets amounted to approximately RMB0.8 billion (2008: RMB0.6 billion).

CORPORATE REORGANISATION AND IPO

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 23 June 2008.

Through a series of the Group Reorganization procedures, the Company became the holding company of the Group on 22 February 2010.

Details of the Group Reorganisation are set out in the Company's prospectus dated 16 March 2010.

The Company's shares were listed on the Stock Exchange on 26 March 2010 (the "Listing Date").

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 23 June 2008. Our Group's operations are conducted in the PRC through its subsidiaries in the PRC. The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the sale and service of motor vehicles. There were no significant changes in the nature of our Group's principal activities during the year.

We are a leading national automobile dealership group in China. We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus and Audi and mid-to-high end automobile brands including Toyota, Nissan, Honda and GM. Through our "One-stop Automobile Shop" business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our 4S dealerships. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services.

FINAL DIVIDENDS

Our Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2009.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Company's initial public offering have been utilised in the manner consistent with that mentioned in the Prospectus under the section headed "Use of Proceeds".

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our Directors, the Company has maintained the amount of public float as approved by the Stock Exchange and as permitted under the Listing Rules as at the date of this announcement.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS

The Directors of the Company as at 26 March 2010, being the date of listing of the Company's shares and up to the date of this announcement are:

Executive Directors

Mr. Huang Yi (*chairman*)

Mr. Li Guoqiang (*vice-chairman and chief executive officer*)

Mr. Du Qingshan

Mr. Yu Guangming

Non-executive Director

Mr. Leng Xuesong

Independent Non-executive Directors

Mr. Shigeno Tomihei

Mr. Ng Yuk Keung

Mr. Shen Jinjun

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from their respective date of appointment unless terminated by not less than three months' notice in writing served by either the executive Directors or the Company. Each of the non-executive Director and independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment. The appointments are subject to the provisions of retirement and rotation of Directors under the articles of association.

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Shigeno Tomihei, Mr. Ng Yuk Keung and Mr. Shen Jinjun, the confirmation of their respective independence pursuant to rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointment to 31 December 2009 and remain so as of the date of this announcement.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, there were no interests or short positions in any shares or underlying shares of the Company which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") as the Company was not listed on the Stock Exchange on that date.

As at the date of this announcement, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”), were as follows:

(a) Long positions in the Company’s shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate percentage of shareholding (%)
Mr. Huang Yi ⁽¹⁾	Deemed interest, interest of controlled company	1,325,993,876 (long position)	69.48
Mr. Li Guoqiang ⁽²⁾	Deemed interest, interest of controlled company	1,325,993,876 (long position)	69.48

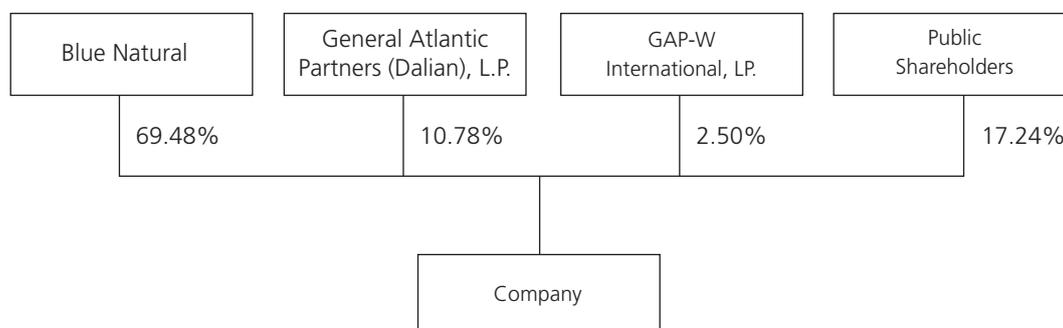
Notes:

- (1) Mr. Huang Yi’s interest in the Shares is held through his wholly-owned investment company, Light Yield Ltd. (“Light Yield”). Light Yield owns a 62.3% equity interest in Blue Natural Development Ltd. (“Blue Natural”). Accordingly, Mr. Huang Yi and Light Yield are deemed to be interested in the entire interest in the Company held by Blue Natural.
- (2) Mr. Li Guoqiang’s interest in the Shares is held through his wholly-owned investment company, Vest Sun Ltd. (“Vest Sun”). Vest Sun owns a 37.7% equity interest in Blue Natural. Accordingly, Mr. Li Guoqiang and Vest Sun are deemed to be interested in the entire interest in the Company held by Blue Natural.

Save as disclosed above, as at the date of this announcement, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

SHAREHOLDING STRUCTURE OF THE GROUP

As at the date of this announcement, the shareholding structure of the Group are as follows:



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this announcement, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate percentage of shareholding (%)
General Atlantic Partners (Dalian), L.P. ⁽¹⁾	Beneficial owner	205,759,648	10.78
GAP (Bermuda) Limited	Deemed interest, interest of controlled company	253,403,419	13.28
Blue Natural	Beneficial owner	1,325,993,876	69.48
Light Yield ⁽²⁾	Deemed interest, interest of controlled company	1,325,993,876	69.48
Vest Sun ⁽³⁾	Deemed interest, interest of controlled company	1,325,993,876	69.48

Notes:

- (1) The limited partners of General Atlantic Partners (Dalian), L.P. are General Atlantic Partners (Bermuda), L.P. ("GAP LP"), GapStar, LLC ("GapStar"), GAP Coinvestments III, LLC ("GAPCO III"), GAP Coinvestments IV, LLC ("GAPCO IV"), GAP Coinvestments CDA, L.P. ("GAPCO CDA") and GAPCO GmbH & Co. KG ("GAPCO KG"). The general partner of General Atlantic Partners (Dalian), L.P. is GAP (Bermuda) Limited ("GAP Bermuda Limited"). GAP Bermuda Limited is the general partner of General Atlantic GenPar (Bermuda), L.P. ("GAP Bermuda GenPar"), which is the general partner of GAP LP. GAP Bermuda GenPar is also the general partner of GAP-W International, LP, which directly owns 47,643,771 shares in the Company. General Atlantic LLC ("GA LLC") is the general partner of GAPCO CDA. There are 25 managing directors of GA LLC, including Mr. Leng Xuesong, one of the Company's Directors. The managing directors of GA LLC are the directors and executive officers of GAP Bermuda Limited. In addition, the managing members of GAPCO III and GAPCO IV are the managing directors of GA LLC and certain members of GapStar are managing directors of GA LLC. GAPCO Management GmbH ("GmbH Management") is the general partner of GAPCO KG. The Managing Directors of GA LLC make management and investment decisions relation to GAPCO KG and GmbH Management.
- (2) Mr. Huang Yi's interest in the Shares is held through his wholly-owned investment company, Light Yield. Light Yield owns a 62.3% equity interest in Blue Natural. Accordingly, Mr. Huang Yi and Light Yield are deemed to be interested in the entire interest in the Company held by Blue Natural.
- (3) Mr. Li Guoqiang's interest in the Shares is held through his wholly-owned investment company, Vest Sun. Vest Sun owns a 37.7% equity interest in Blue Natural. Accordingly, Mr. Li Guoqiang and Vest Sun are deemed to be interested in the entire interest in the Company held by Blue Natural.

Save as disclosed above, as at the date of this announcement, the Directors and the chief executives of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2009 and up to the date of this announcement, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2009 and up to the date of this announcement, none of the Directors and Controlling Shareholders (as defined in the Prospectus) of the Company was interested in any business which competes or is likely to compete with the businesses of our Group.

We have received an annual written confirmation from our Controlling Shareholders, including Mr. Huang Yi, and Mr. Li Guoqiang in respect of the compliance by and with the provisions of the non-competition deed entered into between the Company and our Controlling Shareholders (the "Non-competition Deed").

Our independent non-executive Directors have reviewed the compliance with the Non-competition Deed during the financial year ended 31 December 2009 and up to the date of this announcement based on information and confirmation provided by or obtained from Controlling Shareholders, and were satisfied that our Controlling Shareholders, including Mr. Huang Yi, and Mr. Li Guoqiang, have duly complied with the Non-competition Deed.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2009 and up to the date of this announcement, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of rule 14A.45 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of our Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2009 and up to the date of this announcement.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board with reference to Directors' duties, responsibilities and performance and the results of our Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year and up to the date of this announcement.

SHARE OPTION SCHEME

The Share Option Scheme (as defined in the Prospectus) was conditionally approved by a resolution of the shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. Unless it is terminated by the Board or our shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of ten years on the date which it becomes unconditional. After the period, no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of this ten year period or otherwise as handled in accordance with the provisions of the Share Option Scheme. The amount payable by a participant upon of a grant of option is HKD1.00.

The Board may, at its absolute discretion, offer any employee, management member or director of the Company, or any of our subsidiaries and third party service providers the options to subscribe for shares on the terms set out in the Share Option Scheme. The purpose of the Share Option Scheme is to attract and retain skilled and experienced personnel, to incentivize them to remain with us and to give effect to our customer-focused corporate culture, and to motivate them to strive for our future development and expansion, by providing them with the opportunity to acquire equity interests in the Company.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the share in issue as at the date of approval of the Share Options Scheme. No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to that person in any 12 month period up to the date of the latest grant exceeds 1% of our issued share capital from time to time, unless the approval of our shareholders is obtained.

The amount payable for each share to be subscribed for under an option upon exercise shall be determined by the Board and notified to a proposed beneficiary at the time of offer of the option and shall be not less than the higher of: (a) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares. The Share Option Scheme does not contain any minimum period(s) for which a option must be held before it can be exercised. However, at the time of grant of the options, the Company may specify any such minimum period(s).

As at the date of this announcement, no options have been granted pursuant to the Share Option Scheme.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales. The respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 37% and 88%.

None of our directors or any of their associates or any shareholders (which to the best knowledge of our directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest customers and suppliers.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the shares of the Company have been listed on the Stock Exchange on 26 March 2010, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2009.

COMPLIANCE WITH THE CG CODE

The Company has applied the principles as set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“stock Exchange”) (“Listing Rules”). As the Company was not yet listed on the Stock Exchange during the period under review, the CG Code was not applicable to the Company for the period. Since the Listing Date on 26 March 2010, the Company is in compliance with the mandatory code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2009.

AUDIT COMMITTEE

The Company’s annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee on 20 April 2010.

PUBLICATION OF FINAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of Stock Exchange and the Company. The annual report for the year containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published in the websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to our Board members and management team, and to all the employees, business partners, customers and shareholders of the Group, for their support and contribution to the Group.

By Order of the Board
Huang Yi
Chairman

Hong Kong, 20 April 2010

As at the date of this announcement, the executive directors of the Company are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Du Qingshan and Mr. Yu Guangming, the non-executive director of the Company is Mr. Leng Xuesong, and the independent non-executive directors of the Company are Mr. Shigeno Tomihei, Mr. Ng Yuk Keung, and Mr. Shen Jinjun.