

**SUNFONDA GROUP HOLDINGS LTD:
THIS COMPANY IS GOING PUBLIC WITH THE HELP OF BEIJING**

About 47 percent of the total amount of money in respect of the Global Offering of Sunfonda Group Holdings Ltd () (Code: 1771, Main Board, The Stock Exchange of Hongkong Ltd) will be supplied by just three Cornerstone Investors.

One of these Cornerstone Investors is an insurance group, owned (and, obviously, controlled) by the Government of the People's Republic of China (PRC), while another one is about 59 percent owned by the PRC Government.

The third Cornerstone Investor is an entity of the PRC Government, also.

Ergo: The PRC Government is the éminence grise behind this flotation, putting up \$US28 million (about \$HK218 million) to guarantee a proper send-off of Sunfonda Group Holdings Ltd.

They are:

1. CIG Trustees Ltd (), the ultimate controlling shareholder, being China Taiping Insurance Group Company (). CIG Trustees Ltd has agreed to invest \$US10 million in this motor-vehicle purveyor in the PRC;
2. Beijing Hua Yuan Ying Fu Investment Company Ltd (), a wholly owned subsidiary of Beijing Yun Tong Guo Rong Investment Company Ltd () is an entity, either partially or completely, controlled by the PRC Government. This company has, also, agreed to invest \$US10 million in this motor-vehicle purveyor in the PRC; and,
3. GAC Capital Company Ltd (), a wholly owned subsidiary of Guangzhou Automobile Group Company Ltd () (Code: 2238, Main Board, The Stock Exchange of Hongkong Ltd). This company is owned as to about 59 percent by the PRC Government. GAC Capital has agreed to invest \$US8 million in Sunfonda Group Holdings Ltd.

Sunfonda Group is the latest **Initial Public Offering (IPO)** to go public on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the PRC and, unlike WH Group Ltd (), which withdrew its proposed listing, last Thursday, Sunfonda Group is highly unlikely to withdraw its listing for a number of very valid reasons.

The IPO

Sunfonda Group is Offering 150 million, \$US0.0001 New Shares at the Offer Price Per Share of \$HK3.61.

Management is expecting to raise about \$HK466.30 million from this cash-raising exercise, that amount of money to be used for the following purposes:

- About 85 percent of the net proceeds (about \$HK396.40 million) to expand the Company's outlet network. Between today and the end of this calendar year, the Company is planning to open 11 new outlets;
- About five percent of the net proceeds (about \$HK23.30 million) to upgrade maintenance and the refurbishment of existing outlets; and,

- About 10 percent of the net Proceeds (about \$HK46.60 million) to be used as additional Working Capital.

Sunfonda Group is in the business of selling motor cars in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

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