

The JCEs of the Company are jointly controlled in each case by the Company and the relevant joint venture partner and do not constitute subsidiaries of the Company for legal or accounting purposes. The Listing Rules currently do not provide any provisions to regulate JCEs of a listed group. For the sole purpose of listing and applying the Listing Rules, however, the Stock Exchange has required, as one of the conditions to the listing of the Company, that its existing and future JCEs should in general be regulated in a manner consistent with the regulation of subsidiaries of a listed group for the purposes of applying the Listing Rules (apart from Rules 13.12 to 13.19 of the Listing Rules and to the extent of waivers granted by the Stock Exchange on specific matters as referred to in this prospectus). For the continuing connected transactions relating to the JCEs, the Company has applied for and the Stock Exchange has granted a waiver from compliance with written agreement (in respect of transactions described in paragraphs 3, 4, 6, 8-10 in the section of this prospectus headed “Business — Continuing connected transactions relating to the Joint-controlled Entities — Non-exempt continuing connected transaction-waiver from written agreement, announcement, independent shareholders’ approval and cap requirements”), cap requirements and the announcement and, where applicable, independent shareholders’ approval requirements relating to continuing connected transactions under the Listing Rules for the duration of the terms of the respective transactions. Please see further in the section of this prospectus headed “Business — Continuing Connected Transactions Relating to the Jointly-controlled Entities” of this prospectus. In relation to financial information for each of the material joint ventures, the Stock Exchange has considered that no further disclosure requirement is required to be imposed upon a JCE structure. In this regard, the Company should disclose financial information in accordance with the relevant provisions of the Listing Rules and applicable accounting standards. The JCE’s activities would also need to fall within the listed group’s sphere of activities, and as such subject to Rule 13.09(1) of the Listing Rules. For the purposes of Chapters 14 and 14A of the Listing Rules, the Stock Exchange has confirmed that the percentage ratio tests will be adjusted to include only the proportion of the transaction attributable to the Group in applying the percentage ratio tests. Transaction undertaken by the JCEs will be treated as transactions of the Company for purposes of the notifiable transaction rules in Chapter 14 of the Listing Rules. The JCEs will be considered part of the Company for purposes of applying the connected transaction requirements. Connected persons of the Group will include the directors and joint venture partners of the JCE and their respective associates. As a result, transactions between the Group (including the JCEs) on the one hand, and (A) the joint venture partners and their associates; (B) the directors of JCEs and their associates; and (C) the connected persons of the Group (e.g. the substantial shareholder and its associates), on the other hand, would be considered connected transactions. Further, the Stock Exchange may exercise discretion to deem transactions involving amendments to the terms of the joint venture to be connected transactions. The decision would involve an assessment of materiality and minority shareholders’ protection. In addition, as part of the conditions to listing, (i) for Chapter 13 of the Listing Rules on continuing obligations, the definition of “major subsidiary” will apply to JCEs; (ii) provisions of Chapter 15 of the Listing Rules on the issuance of options, rights and warrants will apply to an issue by the JCEs and their subsidiaries; (iii) Chapter 17 of the Listing Rules will apply to govern the share option schemes of the Company or any of its subsidiaries. The provisions will also apply to the subsidiaries of the JCEs; and (iv) Practice Note 15 of the Listing Rules will apply to proposals to affect the separate listing on the Stock Exchange or elsewhere of assets or businesses wholly or partly within the existing group of the Company (including operations conducted by JCEs).

The other conditions to the Listing include the following: the Company meets the market capitalisation test under Rule 8.05(3) of the Listing Rules; the JCE structure being common in the automotive industry or is a result of the regulatory environment; the joint venture partners have participation in managing the JCEs together with the Company and are able to make contributions

crucial to the operations and growth of the JCEs; sufficient safeguards are built into the joint venture agreements to ensure that the Company's share of the JCEs' profits cannot be distributed outside the Group without the Company's consent and the joint venture agreements should clearly set out the distribution of the JCE's assets upon termination of the joint venture agreement; the Company, in respect of its JCEs, would be in a position to comply with the above continuing obligations imposed as a condition of Listing; appropriate disclosure would be made to ensure investors have the necessary information to make an informed judgement concerning the Company (including appropriate disclosure on the terms of the joint ventures, historical dividend payment patterns and the JCE's dividend policies, and appropriate risk factors on the management and operation of the business); and this prospectus should disclose the dividend payment including the dividend policies of the JCEs, if applicable.

The Company has complied with the above conditions. In particular, the Jointly-controlled Entity structure is common in the PRC automotive industry, particularly amongst the largest PRC state-owned automotive manufacturers, to develop products, multi-brand management know-how, cost control capabilities, efficiency and flexibility. This stems from PRC governmental policies and regulations which are aimed at encouraging the participation of leading foreign automotive manufacturers in the PRC automotive industry in order to raise general industry, technological and product standards, whilst at the same time protecting the interests of local manufacturers by requiring that (i) foreign manufacturers only participate in the PRC automotive manufacturing industry through sino-foreign joint ventures and (ii) the maximum equity interest of the foreign manufacturer in the sino-foreign joint ventures engaging in vehicle manufacturing is limited to 50%, save for joint ventures incorporated in a Bonded Zone under applicable PRC law or regulation solely engaging in vehicle manufacturing for exporting which are not subject to this limitation.

Each of the Group's major joint venture partners is a leading international automotive manufacturer with unique strengths and capabilities. These strengths and capabilities include the ability production methods, technological expertise and restructuring capabilities. Being JCEs, these joint ventures are co-managed by the Company and the joint venture partners. Proportionate numbers of board members and senior management positions are appointed by the joint venture partners. Consequently, through its sino-foreign joint ventures, the Group is currently able to benefit from international automotive industry products, technology, know-how and management expertise and resources.

Sufficient safeguards are built into the joint venture agreements to ensure that the Company's share of the JCEs' profits cannot be distributed to entities other than the listed group without its consent. The joint venture agreements for each of the JCEs provide that the distribution of profits is in accordance with the capital contribution paid in by the joint venture partner in the relevant JCE and cannot be distributed without the approval of the Company. In addition, each of the principal joint venture agreements clearly sets out the distribution of the JCE's assets upon termination of the joint venture agreements such that each shareholder in a JCE is entitled to a share of the remaining assets of the JCE in proportion to its respective contribution to the registered capital of the relevant JCE.

As the board of each principal JCE in which the Company has a direct equity interest comprises directors from the JV partners and the Company in the same proportion as their respective equity holdings in the relevant JCE, certain JCE's transactions would require the consents of both the Company and its relevant joint venture partner. The principal JCEs have implemented internal control and reporting mechanisms which enable business developments and transactions which may be subject

to continuing obligations under the Listing Rules to be reported to their respective boards enabling both the Company and its relevant joint venture partner, through representatives on the board of the relevant JCE, to decide whether to provide consent to such business developments and transactions. As such, the Company is in a position to comply with the continuing ongoing obligations of the Listing Rules imposed on it as a condition of listing, including the post-listing conditions to be imposed as part of the condition for listing (subject to any applicable waivers). In addition, these internal mechanisms extend to all subsidiaries and all JCEs of the Company's JCEs. The Company has received a legal opinion from its PRC legal counsel which confirms that (i) the Company has obtained all necessary third party consents to the Listing as may be required under PRC law and regulations and under any contracts, undertakings or other obligations governed by PRC laws (including but not limited to consent from joint venture partners) and (ii) the Company will therefore be in a position to comply with ongoing obligations imposed on it (and the JCEs) under the Listing Rules. The Company further confirms that it will disclose in its annual reports the aggregate dividend payments received by it from its JCEs (as a whole) after the Listing in the format of disclosure currently contained in this prospectus.

Please see further the section head "Financial Information — Dividend Distribution by the Company's Jointly-controlled Entities" of this prospectus for further information concerning the payment of dividends including dividend policies of the JCEs.

The Stock Exchange agreed to grant a waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of certain immaterial JCEs subject to the following: (i) that such immaterial JCEs should not exceed 5% of the profit, revenue or asset percentage ratios for the relevant period (calculated on a proportionate basis), being the latest financial year before the date of the transaction in question. Where the 5% threshold is exceeded by an immaterial JCE, it would be required to comply with the ongoing obligations as a deemed subsidiary; and (ii) as the test is reviewed on a yearly basis, where an immaterial JCE is not exempt in any financial year as a result of exceeding the 5% threshold in the preceding financial year, it would be deemed as a subsidiary in the following year and be subject to the notifiable and connected transaction requirements in the following year. In the case of ongoing connected transaction entered into in a preceding year (where the immaterial JCE was exempted), Rule 14A.41 of the Listing Rules would apply to require reporting and disclosure requirements in the following year if the 5% threshold is exceeded. For the purpose of this waiver, an immaterial JCE would be one where all of the assets, revenue and profit ratios are below 5%.