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## CONNECTED TRANSACTIONS

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### OVERVIEW

We have entered into various transactions which will continue after Listing with various connected persons of ours. Details of such continuing connected transactions of our Company are as follows:

<u>Connected Person</u>	<u>Nature of Transaction</u>
<i>Exempt continuing connected transactions</i>	
1. Xinhua Combustion Engine	License of trademark to Mianyang Xinchun from Xinhua Combustion Engine
2. Xinhua Combustion Engine	Sale of our engine components to Xinhua Combustion Engine
3. Xinhua Combustion Engine	Procurement of equipment maintenance and repair services from Xinhua Combustion Engine
4. Mianyang Huarui	Procurement of engine components from Mianyang Huarui
<i>Continuing connected transactions exempt from the independent Shareholders' approval requirements</i>	
5. Mianyang Ruian	Purchase of engine components from Mianyang Ruian
6. Mianyang Jianmen Real Estate	Procurement of construction and building maintenance services from Mianyang Jianmen Real Estate
<i>Non-exempt continuing connected transactions</i>	
<i>A. Transactions with Brilliance China Group</i>	
7. Shenyang Jinbei and Xing Yuan Dong	Sale of our engines and engine components to Shenyang Jinbei, and our engines to Xing Yuan Dong
<i>B. Transactions with Wuliangye Group</i>	
8. Sichuan Pushi and Xinhua Combustion Engine	Purchase of crankshafts from Sichuan Pushi, and engine components from Xinhua Combustion Engine
<i>C. Transactions with Huachen Group</i>	
9. Huachen, Mianyang Huarui, Mianyang Huaxiang and Shenyang Brilliance Power	Sale of our engines and engine components to Huachen, Mianyang Huarui and Mianyang Huaxiang, and sale of our engines to Shenyang Brilliance Power

**CONTINUING CONNECTED TRANSACTIONS*****Exempt continuing connected transactions*****1. License of trademark from Xinhua Combustion Engine**

Xinhua Combustion Engine is a connected person of our Company since it is a substantial Shareholder of our Company. Xinhua Combustion Engine is primarily engaged in the manufacturing and sale of engine components for engines, sale of automobiles and provision of related services and logistic services. Xinhua Combustion Engine also provides equipment maintenance and repair services to us.

Pursuant to a trademark licence agreement (the “Trademark License Agreement”) entered into on December 10, 2012 between Xinhua Combustion Engine and Mianyang Xincheng, Xinhua Combustion Engine granted Mianyang Xincheng a non-exclusive licence, on a royalty-free basis, to use one of the trademarks of Xinhua Combustion Engine registered in the PRC under the name of Xinhua Combustion Engine (the “Trademark License”) on our engines. The Trademark License is valid for a term consistent with the expiration date of the validity period of the trademark (as renewed, as applicable). Mianyang Xincheng is allowed to use the trademark licensed under the Trademark License Agreement worldwide.

***Listing Rules Implications***

As the grant of the right to use the above trademark by Xinhua Combustion Engine to Mianyang Xincheng is on a royalty-free basis, each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules (including those for the three years ending December 31, 2015) on an annual basis was, and is expected to be, less than 0.1%. Accordingly, such continuing connected transaction is a de minimis transaction which is exempt from reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

**2. Sale of our engine components to Xinhua Combustion Engine**

Xinhua Combustion Engine is a connected person of our Company as set out in sub-section 1 above.

During the nine months ended September 30, 2012, we sold our engine components to Xinhua Combustion Engine for its after-sale automotive repair and maintenance business, and our aggregate sales amounts to Xinhua Combustion Engine amounted to approximately RMB182,000 during the same period. As such transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

***Listing Rules Implications***

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above transactions set out in this sub-section 2 (including the expected transaction amounts for the three years ending December 31, 2015) in aggregate on an annual basis was, and is expected to be, less than 0.1%, such continuing connected transactions are de minimis transactions which are exempt from reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

**3. Procurement of equipment maintenance and repair services from Xinhua Combustion Engine**

Xinhua Combustion Engine is a connected person of our Company as set out in sub-section 1 above.

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During the Track Record Period, we procured equipment maintenance and repair services from Xinhua Combustion Engine in respect of our machineries and equipment. For the three years ended December 31, 2011 and the nine months ended September 30, 2012, the aggregate procurement from Xinhua Combustion Engine amounted to approximately RMB0.2 million, RMB74,800, RMB1.2 million and RMB0.3 million, respectively. As these transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

### ***Listing Rules Implications***

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above transactions set out in this sub-section 3 (including the expected transaction amounts for the three years ending December 31, 2015) in aggregate on an annual basis was, and is expected to be, less than 0.1%, such continuing connected transactions are de minimis transactions which are exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **4. Procurement of engine components from Mianyang Huarui**

Mianyang Huarui is a connected person of our Company since it is a wholly owned subsidiary of Huachen. The principal business activities of Mianyang Huarui include the manufacture and sale of automotive components, sale of vehicles and provision of maintenance and repair services for vehicles. Mianyang Huarui purchases automotive engines and engine components from our Group, and it assembles those purchased engines with additional automotive components, such as transmission, into powertrains. Mianyang Huarui does not manufacture automotive engines.

Since 2011, we have been procuring engine components, which are not produced by us, from Mianyang Huarui for supplying to our repair and maintenance service providers for their provision of repair and maintenance services to their customers, and our aggregate procurement from Mianyang Huarui amounted to approximately RMB7,290 and RMB9,910 during the year ended December 31, 2011 and the nine months ended September 30, 2012. As such transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

### ***Listing Rules Implications***

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above transactions set out in this sub-section 4 (including the expected transaction amounts for the three years ending December 31, 2015) in aggregate on an annual basis was, and is expected to be, less than 0.1%, such continuing connected transactions are de minimis transactions which are exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Continuing connected transactions exempt from the independent Shareholders' approval requirements***

### **5. Purchase of engine components from Mianyang Ruian**

Mianyang Ruian is a connected person of our Company since it is a wholly-owned subsidiary of Brilliance China, a substantial Shareholder of our Company. The principal business activities of Mianyang Ruian include (i) the resale of automotive engines purchased from our Group to subsidiaries of Brilliance China; and (ii) the manufacture and sale of engine components to our Group and third parties. The engine components purchased by our Group from Mianyang Ruian are either for the production of our products or sold by our Group to our customers, including but not limited to Brilliance China Group, for repair and maintenance of our products. Mianyang Ruian had transferred its trading operations to Xing Yuan Dong in 2012, but remains as an engine component manufacturer.

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## CONNECTED TRANSACTIONS

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We purchased various types of engine components from Mianyang Ruian during the Track Record Period. For the three years ended December 31, 2011 and the nine months ended September 30, 2012, the aggregate purchase amounts were approximately RMB24.2 million, RMB36.0 million, RMB39.3 million and RMB35.4 million, respectively. As these transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

It is expected that our total purchases from Mianyang Ruian for the three years ending December 31, 2015 will not exceed RMB55.8 million, RMB65.6 million and RMB78.0 million, respectively. The proposed annual caps for the three years ending December 31, 2015 are determined with reference to (i) our 2013 production plan prepared based on the expected number of vehicles to be purchased by our customers from discussions with our customers regarding their plans in 2013 and/or the plans for 2013 furnished to us by our customers; (ii) the shift of our purchases of engine components from third party manufacturers to Mianyang Ruian starting from the end of 2012 as our Company considers that Mianyang Ruian produces better quality products and offers better services than other third party suppliers; (iii) the new structural design of our engines requires more camshafts which leads to an increase in demand of camshafts; and (iv) the anticipated increase in demand for the engine components manufactured by Mianyang Ruian in 2014 and 2015 for the production of our engines, with reference to the historical trend of our purchases from Mianyang Ruian, and the expected increase in demand for our products from our customers in light of the forecast increase in the PV and LCV engine sales in the PRC at a CAGR of 17.5% from 2012 to 2016 (please refer to “Industry Overview — Overview of the PRC PV and LCV Engine Market” of this prospectus).

### *Framework Agreement*

On February 25, 2013, we entered into a purchase agreement with Brilliance China (the “Brilliance China Purchase Agreement”), pursuant to which we will continue to purchase various types of engine components from Brilliance China Group for an initial period commencing from the Listing Date until December 31, 2015. Unless such agreement is terminated prior to its expiry date, the Brilliance China Purchase Agreement is renewable for additional terms of three years.

### *Listing Rules Implications*

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules of the above transactions set out in this sub-section 5 (including the expected transaction amounts for the three years ending December 31, 2015) on an annual basis exceeded 0.1% but was less than 5%, and is expected to be exceeding 0.1% but less than 5%, such transactions constitute continuing connected transactions for our Company which are subject to reporting, annual review and announcement requirements, but are exempt from independent Shareholders’ approval requirements under Rule 14A.34 of the Listing Rules.

## **6. Procurement of construction and building maintenance services from Mianyang Jianmen Real Estate**

Mianyang Jianmen Real Estate is a connected person of our Company since it is a wholly-owned subsidiary of Xinhua Combustion Engine, a substantial Shareholder of our Company. The principal business activities of Mianyang Jianmen Real Estate are development of real estate and civil construction and services.

During the Track Record Period, we procured construction services for the real properties at our production site, including roads and walls, as well as the maintenance of the same from Mianyang Jianmen Real Estate during the Track Record Period. Commencing from 2012, we have also been procuring from Mianyang Jianmen Real Estate construction and maintenance services in respect of our real properties at our new production site in the Mianyang High-Tech Development Zone in Sichuan

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## CONNECTED TRANSACTIONS

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Province. For the three years ended December 31, 2011 and the nine months ended September 30, 2012, the aggregate procurement from Mianyang Jianmen Real Estate amounted to approximately RMB2.5 million, RMB1.2 million, RMB4.4 million and RMB6.5 million, respectively. As these transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

It is expected that our total procurement from Mianyang Jianmen Real Estate for the three years ending December 31, 2015 will not exceed RMB12.7 million, RMB10.8 million and RMB10.8 million, respectively. The above proposed annual caps are determined with reference to (i) historical transaction values; (ii) our anticipated increase in demand for the services from Mianyang Jianmen Real Estate, in particular, Mianyang Jianmen Real Estate's provision of construction and maintenance services for some of our new projects in the Mianyang High-Tech Development Zone in Sichuan Province; and (iii) anticipated increases in prices of the services to be provided by Mianyang Jianmen Real Estate to us.

### *Framework Agreement*

On February 25, 2013, we entered into a procurement framework agreement with Wuliangye (the "Wuliangye Procurement Agreement"), pursuant to which we agreed to procure construction and maintenance services from Wuliangye Group for an initial period commencing from the Listing Date until December 31, 2015. Unless such agreement is terminated prior to its expiry date, the Wuliangye Procurement Agreement is renewable for additional terms of three years.

### *Listing Rules Implications*

As the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules of the above transactions set out in this sub-section 6 (including the expected transaction amounts for the three years ending December 31, 2015) on an annual basis exceeded 0.1% but was less than 5%, and is expected to be exceeding 0.1% but less than 5%, such transactions constitute continuing connected transactions for our Company which are subject to reporting, annual review and announcement requirements, but are exempt from independent Shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

### *Non-exempt continuing connected transactions*

#### **A. Transactions with Brilliance China Group**

##### **7. Sales of our engines and engine components to Shenyang Jinbei and our engines to Xing Yuan Dong**

Shenyang Jinbei is a connected person of our Company since it is a non wholly-owned subsidiary of Brilliance China, a substantial Shareholder of our Company. The principal business activities of Shenyang Jinbei include the manufacture and sale of minibuses and the provision of after-sale services. Shenyang Jinbei does not engage in the manufacture and sale of automotive engines. The automotive components produced by Shenyang Jinbei are solely for its own consumption.

Xing Yuan Dong is a connected person of our Company since it is a wholly-owned subsidiary of Brilliance China, a substantial Shareholder of our Company. The principal business activities of Xing Yuan Dong include the manufacture and sale of engine components and the sale of powertrains. It mainly purchases automotive engines from our Group and assembles them with additional automotive components, such as transmission, purchased from third parties and sells the end products directly to a subsidiary of Brilliance China. Mianyang Ruian, which used to purchase automotive engines from us

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## CONNECTED TRANSACTIONS

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and resell to the subsidiaries of Brilliance China, transferred its trading operations to Xing Yuan Dong in 2012.

During the Track Record Period, we supplied light-duty gasoline engines and various types of engine components to Shenyang Jinbei, and our 1.6L-2.5L gasoline engines to Xing Yuan Dong. In addition, we supplied 1.6L-2.5L gasoline engines to Mianyang Ruian during the Track Record Period. For the three years ended December 31, 2011 and the nine months ended September 30, 2012, the aggregate sales to Shenyang Jinbei, Xing Yuan Dong and Mianyang Ruian from our Group were approximately RMB386.6 million, RMB460.0 million, RMB416.2 million and RMB381.8 million, respectively. Due to the transfer of the trading operations from Mianyang Ruian to Xing Yuan Dong in 2012, we have been supplying our engines, which were previously supplied to Mianyang Ruian, to Xing Yuan Dong commencing from 2012. As these transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

It is expected that our total sales to Shenyang Jinbei and Xing Yuan Dong for each of the three years ending December 31, 2015 in aggregate will not exceed RMB501.0 million, RMB574.9 million and RMB667.6 million, respectively. The annual caps for the three years ending December 31, 2015 are determined with reference to (i) the estimated number of vehicles to be produced for each vehicle model, new vehicle models to be launched and vehicle models that will cease production in 2013 based on discussions with Brilliance China Group regarding its plans for 2013 and its plans for 2013 furnished to us; (ii) the anticipated increases in average unit price of our products due to the expected sale of more high-value engines to Brilliance China Group based on discussions with Brilliance China Group regarding its plans for 2013 and its plans for 2013 furnished to us; (iii) the historical trend of our sales to Brilliance China Group, in particular, our transacted amount during the nine months ended September 30, 2012 compared to that for the year ended December 31, 2011; and (iv) the expected increase in Brilliance China Group's demand for our engines in light of the forecast increase in the PV and LCV engine sales in the PRC at a CAGR of 17.5% from 2012 to 2016 (please refer to "Industry Overview — Overview of the PRC PV and LCV Engine Market" of this prospectus).

### ***Framework Agreement***

On February 25, 2013, we entered into a sale framework agreement with Brilliance China (the "Brilliance China Sale Agreement"), pursuant to which we agreed to sell engine components and engines to Brilliance China Group for an initial period commencing from the Listing Date until December 31, 2015. Unless such agreement is terminated prior to its expiry date, the Brilliance China Sale Agreement is renewable for additional terms of three years.

### ***Listing Rules Implications***

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above transactions set out in this sub-section 7 (including the expected transaction amounts for the three years ending December 31, 2015) in aggregate on an annual basis exceeded, and is expected to exceed, 5%, such transactions constitute non-exempt continuing connected transactions for our Company which are subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **B. Transactions with Wuliangye Group**

### **8. Purchases of crankshafts from Sichuan Pushi and engine components from Xinhua Combustion Engine**

Sichuan Pushi is a connected person of our Company since it is a direct wholly-owned subsidiary of Pushi Group, the holding company of Xinhua Combustion Engine, a substantial Shareholder of our

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## CONNECTED TRANSACTIONS

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Company. The principal business activities of Sichuan Pushi are the process and sale of automotive components and engine components. Xinhua Combustion Engine is also a connected person of our Company as set out in sub-section 1 above.

During the Track Record Period, we purchased crankshafts from Sichuan Pushi and various gasoline and diesel engine components such as crankshafts, exhaust manifolds, cylinder chambers and cylinder heads from Xinhua Combustion Engine. For the three years ended December 31, 2011 and the nine months ended September 30, 2012, the aggregate purchase amounts from Sichuan Pushi and Xinhua Combustion Engine were approximately RMB109.7 million, RMB162.7 million, RMB154.6 million and RMB107.4 million, respectively. As these transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

It is expected that our total purchases from Sichuan Pushi and Xinhua Combustion Engine for the three years ending December 31, 2015 will not exceed RMB192.9 million, RMB231.8 million and RMB268.7 million, respectively. The above proposed annual caps are determined with reference to (i) historical transaction values; (ii) our 2013 production plan prepared based on discussions with our customers regarding their plans in 2013 and/or the plans for 2013 furnished to us by our customers, pursuant to which we anticipate that there will be an increase in our demand for their products in 2013 for the production of our engines; (iii) the historical trend of our purchases from Sichuan Pushi and Xinhua Combustion Engine; and (iv) our expected increase in purchases of their products in 2014 and 2015 due to the anticipated growth in our sales in light of the forecast increase in the PV and LCV engine sales in the PRC at a CAGR of 17.5% from 2012 to 2016 (please refer to “Industry Overview — Overview of the PRC PV and LCV Engine Market” of this prospectus); and (v) anticipated prices of the products to be supplied to us.

### ***Framework Agreement***

On February 25, 2013, we entered into a purchase framework agreement with Wuliangye (the “Wuliangye Purchase Agreement”), pursuant to which we agreed to purchase various gasoline and diesel engine components such as crankshafts, exhaust manifolds, cylinder chambers and cylinder heads from Wuliangye Group for an initial period commencing from the Listing Date until December 31, 2015. Unless such agreement is terminated prior to its expiry date, the Wuliangye Purchase Agreement is renewable for additional terms of three years.

### ***Listing Rules Implications***

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above transactions set out in this sub-section 8 (including the expected transaction amounts for the three years ending December 31, 2015) in aggregate on an annual basis exceeded, and is expected to exceed, 5%, such transactions constitute non-exempt continuing connected transactions for our Company which are subject to reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **C. Transactions with Huachen Group**

### **9. Sale of our engines and engine components to Huachen, Mianyang Huarui and Mianyang Huaxiang and sale of our engines to Shenyang Brilliance Power**

Huachen is deemed as a connected person of our Company under Rule 14A.06 of the Listing Rules by the Stock Exchange.

Mianyang Huarui is a connected person of our Company as set out in sub-section 4 above.

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## CONNECTED TRANSACTIONS

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Mianyang Huaxiang is a connected person of our Company since it is an indirect wholly-owned subsidiary of Huachen. The principal business activities of Mianyang Huaxiang include the manufacture and sale of automotive components. Mianyang Huaxiang purchases automotive engines and engine components from our Group, and it assembles those purchased engines with additional automotive components, such as transmission, into powertrains. Mianyang Huaxiang does not manufacture automotive engines.

Shenyang Brilliance Power is a connected person of our Company since it is a non-wholly owned subsidiary of Huachen. The principal business activities of Shenyang Brilliance Power include the trading of automotive engines. Shenyang Brilliance Power purchases automotive engines from our Group and engages Shenyang ChenFa to assemble additional automotive components to the engines, such as transmission. Shenyang Brilliance Power then sells the end products assembled by Shenyang ChenFa to Huachen Group, the end-user of such products. Shenyang Brilliance Power does not possess automotive engine manufacturing capabilities.

During the Track Record Period, we supplied (i) our gasoline engines with less than 1.6L displacement to Shenyang Brilliance Power and Mianyang Huaxiang; (ii) 1.6L-3.0L gasoline engines to Mianyang Huarui; and (iii) 2.0-2.5L gasoline engines to Huachen. We also supplied engine components to Huachen, Mianyang Huarui and Mianyang Huaxiang during the same period. For the three years ended December 31, 2011 and the nine months ended September 30, 2012, our aggregate sales to Huachen, Mianyang Huarui, Mianyang Huaxiang and Shenyang Brilliance Power were approximately RMB36.4 million, RMB270.4 million, RMB661.6 million and RMB485.4 million, respectively. As these transactions will continue after Listing, they will constitute continuing connected transactions for our Company upon Listing.

It is expected that our total sales to Huachen, Mianyang Huarui, Mianyang Huaxiang and Shenyang Brilliance Power for each of the three years ending December 31, 2015 in aggregate will not exceed RMB774.1 million, RMB868.6 million and RMB1,044.3 million, respectively. The annual caps for the three years ending December 31, 2015 are determined with reference to (i) the estimated number of vehicles to be produced for each vehicle model, new vehicle models to be launched by Huachen Group and vehicle models that will cease production in 2013 based on discussions with Huachen Group regarding its plans for 2013 and Huachen Group's plans for 2013 furnished to us; (ii) the historical trend of our sales to Huachen Group in the recent years, which shows that there had been an overall increase in our sales to Huachen Group in 2011 as compared to that in 2010; and (iii) the expected increase in Huachen Group's demand for our engines in light of the forecast increase in the PV and LCV engine sales in the PRC at a CAGR of 17.5% from 2012 to 2016 (please refer to "Industry Overview — Overview of the PRC PV and LCV Engine Market" of this prospectus).

### ***Framework Agreement***

On February 25, 2013, we entered into a sale framework agreement with Huachen (the "Huachen Sale Agreement"), pursuant to which we agreed to sell engines and engine components to Huachen Group for an initial period commencing from the Listing Date until December 31, 2015. Unless such agreement is terminated prior to its expiry date, the Huachen Sale Agreement is renewable for additional terms of three years.

### ***Listing Rules Implications***

As each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above transactions set out in this sub-section 9 (including the expected transaction amounts for the three years ending December 31, 2015) in aggregate on an annual basis exceeded, and is expected to exceed, 5%, such transactions constitute non-exempt continuing connected transactions



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## CONNECTED TRANSACTIONS

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for our Company which are subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### CONFIRMATIONS

#### Directors' Confirmation

Our Directors (including the independent non-executive Directors) confirmed that the above continuing connected transactions 5, 6, 7, 8 and 9 have been entered into in the ordinary and usual course of our Group's business, on normal commercial terms or on terms no less favorable to our Company than those available to or from (as appropriate) independent third parties, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including the independent non-executive Directors) further confirmed that the proposed annual caps in respect of the above continuing connected transactions 5, 6, 7, 8 and 9 are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

#### Sole Sponsor's Confirmation

The Sole Sponsor has confirmed to us that it is of the opinion that the above continuing connected transactions 5, 6, 7, 8 and 9 have been entered into in the ordinary and usual course of our Group's business, on normal commercial terms or on terms no less favorable to our Company than those available to or from (as appropriate) independent third parties, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Sole Sponsor further confirmed that the proposed annual caps in respect of the above continuing connected transactions 5, 6, 7, 8 and 9 are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### WAIVER FROM THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the requirements under (i) Rule 14A.47 of the Listing Rules in respect of transactions 5 and 6; and (ii) Rule 14A.47 to Rule 14A.54 of the Listing Rules in respect of transactions 7, 8 and 9. We will comply with the relevant requirements of Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules, after Listing.

### Anticipated Future Continuing Connected Transactions

Pursuant to the engine assembly license agreement dated December 12, 2012 entered into among PVM, BMW Brilliance Automotive and us, and related agreements, we will procure related engine parts and components from BMW Brilliance Automotive and BMW Brilliance Automotive will provide technical consulting and advisory services to us. The engine assembled from such parts and components will then be supplied by us to Shenyang Jinbei for installation into a Jinbei MPV model.

Shenyang Jinbei is a connected person of our Company as set out in sub-section 7 above. BMW Brilliance Automotive is a connected person of our Company since it is an associate of Brilliance China, a substantial Shareholder of our Company. The above transactions between us and each of Shenyang Jinbei and BMW Brilliance Automotive will constitute continuing connected transactions for our Company when each of them commences. Since the entire arrangement is very preliminary at this stage, further details of each of the above transactions are yet to be finalized. As this is a tentative project we have undertaken with PVM, we are currently not able to assess the expected transaction values. We will however undertake to comply with all the relevant requirements under Chapter 14A of the Listing Rules as and when appropriate, including disclosure and obtain prior independent Shareholders' approval if the relevant percentage threshold has been exceeded.