

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

We were incorporated in the Cayman Islands as an exempted company with limited liability under Cayman Islands Law on August 21, 2012.

We have established a place of business in Hong Kong at 8/F., Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and have registered with the Registrar of Companies as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance. MOK, Ming Wai has been appointed as our agent for the acceptance of service of process and notices on behalf of us in Hong Kong at 8/F., Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong. As we are incorporated in the Cayman Islands, our corporate structure, as well as our Memorandum of Association and Articles of Association, are subject to the relevant laws of the Cayman Islands. A summary of relevant parts of Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Islands company law is set out in "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Companies Law" to this Prospectus.

No equity or debt securities of the Company are listed on any other stock exchange, nor is listing or permission to deal for such securities being sought.

2. Changes in the share capital of the Company

As of the date of our incorporation, our authorized share capital was US\$50,000, divided into 50,000 shares of nominal value of US\$1.00 each.

On August 21, 2012, a single share was allotted to the initial subscriber and then transferred to Nexteer Hong Kong.

In addition to the existing authorized share capital of US\$50,000 divided into 50,000 shares of nominal value of US\$1.00, on June 15, 2013, the authorized share capital was increased by HK\$400,000,000 divided into 4,000,000,000 shares of nominal value of HK\$0.10, and the Company issued one share of nominal value of HK\$0.10 to Nexteer Hong Kong. The existing single share of nominal value US\$1.00 was then repurchased by the Company, and the unissued authorized share capital of US\$50,000 was cancelled by the Company.

Immediately following completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the authorized share capital of our Company will be HK\$400,000,000 divided into 4,000,000,000 Shares, of which 2,400,000,000 Shares will be issued fully paid or credited as fully paid, and 1,600,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Resolutions of the Sole Shareholder of the Company passed on June 15, 2013" in this Appendix, we do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this Prospectus, there has been no alteration in our share capital within two years immediately preceding the date of this Prospectus.

3. Changes in the share capital of the Company's principal subsidiaries

The following sets forth the changes in share capital of the principal operating subsidiaries of the Company which have taken place within the two years preceding the date of this Prospectus:

In September 2011, the registered capital and total amount of investment of Nexteer Zhuozhou were increased from US\$15,000,000 and US\$21,294,000 to US\$22,000,000 and US\$38,794,000, respectively.

In November 2011, the registered capital and total amount of investment of Nexteer Wuhu were increased from US\$12,000,000 and US\$29,980,000 to US\$22,400,000 and US\$55,980,000, respectively.

In 2010, the registered capital and total amount of investment of Nexteer Suzhou were increased from US\$15,000,000 and US\$45,000,000 to US\$21,000,000 and US\$63,000,000, respectively.

4. Particulars of principal subsidiaries

For a summary of the corporate information of our principal subsidiaries, please refer to note 1 of the Accountant's Report in Appendix IA to this Prospectus.

5. Resolutions of the Sole Shareholder of the Company passed on June 15, 2013

Pursuant to the written resolutions dated June 15, 2013 passed by the then sole shareholder of our Company, among other matters:

- (a) our authorized share capital increased to an aggregate of HK\$400,000,000 and US\$50,000 by the creation of an additional 4,000,000,000 shares of HK\$0.10 nominal value each;
- (b) our authorized share capital was reduced by the cancellation of all 50,000 authorized but unissued shares of US\$1.00 nominal value each, such that the authorized share capital of the Company is HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.10 nominal value each;
- (c) conditional on (aa) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus; and (bb) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:
 - (i) the amended and restated Articles of Association were approved and adopted;
 - (ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;

- (d) conditional on our share premium account having sufficient balance, or otherwise being credited as a result of the Global Offering, our Directors were authorized to capitalize the sum of HK\$167,999,999.90 paying up in full at par 1,679,999,999 Shares for allotment and issue to holders of Shares whose names appear on the register of our members as at the close of business on July 2, 2013 in proportion to their then existing holdings in us and so that the Shares to be allotted and issued pursuant to this resolution should rank pari passu in all respects with the then existing issued Shares and our Directors were authorized to give effect to such capitalization;
- (e) the appointment or designation of Directors were approved with immediate effect;
- (f) a general unconditional mandate was given to our Directors to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require Shares to be allotted, issued or dealt with, with an aggregate nominal amount (otherwise than pursuant to, or in consequence of, the Capitalization Issue or the Global Offering, a rights issue or pursuant to the exercise of any subscription rights which may be granted under any share incentive scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our shareholders or an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association), not exceeding the sum of 20% of the aggregate nominal amount of our share capital in issue immediately following completion of the Capitalization Issue and the Global Offering but excluding any Shares, which may be issued pursuant to the exercise of the Over-allotment Option, until the conclusion of our next annual general meeting, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first;
- (g) a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors to exercise all powers of our Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering but excluding any Shares, which may be issued pursuant to the exercise of the Over-allotment Option until the conclusion of our next annual general meeting, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (h) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares, which may be purchased or repurchased pursuant to paragraph (g) above.

6. Repurchase by the Company of its Own Shares

This section sets out information required by the Hong Kong Stock Exchange to be included in this Prospectus concerning the repurchase by the Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association of the Company and the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, any repurchases by the Company may be made out of the Company's funds, which would otherwise be available for dividend or distribution, or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds, which would otherwise be available for dividend or distribution, or from sums standing to the credit of the Company's share premium account.

On the basis of the current financial position of us as disclosed in this Prospectus and taking into account the current working capital position of us, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of us as compared with the position disclosed in this Prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in these circumstances, have a material adverse effect on our working capital requirements or the gearing levels, which in the opinion of our Directors, are from time to time appropriate for us.

The exercise in full of the Repurchase Mandate, on the basis of 2,400,000,000 Shares in issue immediately after the Listing (assuming the Over-allotment Option is not exercised), would result in up to 240,000,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) Status of repurchased Shares

All repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be canceled and destroyed.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to the knowledge of the Company until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a “connected person,” that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(viii) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder’s proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

(b) Reasons for Repurchases

The Directors believe that it is in the best interest of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

B. CORPORATE ORGANIZATION

Please refer to the section headed “Our History and Reorganization” of this Prospectus.

C. FURTHER INFORMATION ABOUT THE COMPANY'S BUSINESS**1. Summary of the Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or its subsidiaries within the two years preceding the date of this Prospectus and are or may be material:

- (a) an assignment and assumption agreement (the "Assignment and Assumption Agreement") dated January 24, 2012 entered into between Steering Solutions IP Holding Corporation ("Steering Solutions") and Nexteer (Beijing) Technology Co., Ltd. ("Nexteer Beijing"), pursuant to which (i) Nexteer Beijing agreed to assign, transfer and set over unto Steering Solutions all its right, title and interest in, under and to certain intellectual property rights agreements; and (ii) Steering Solutions accepted the assignment and agreed to perform all of the terms and conditions of such intellectual property rights agreements to be performed on the part of Nexteer Beijing and assume all of the liabilities and obligation of Beijing Nexteer under such intellectual property rights agreements, in consideration of the mutual covenants contained in the Assignment and Assumption Agreement and other valuable consideration;
- (b) an assignment agreement dated January 26, 2012 entered into between Steering Solutions and Nexteer Beijing, pursuant to which Nexteer Beijing agreed to sell, assign, transfer and set over unto Steering Solutions, its legal representatives, successors, and assigns the entire right, title and interest in and to certain patents, and in and to certain patents which may be issued for good and valuable consideration;
- (c) a contribution agreement dated January 30, 2013 entered into among the Company, Nexteer Hong Kong and PCM China, pursuant to which PCM China, agreed to transfer, assign and deliver 35,000,001 ordinary shares in the issued and paid-up share capital of PCM (Singapore) Steering and all of its rights, dividends, title and interest in, to and under such shares to the Company for a consideration of one share valued at RMB537,142,800 issued by Nexteer Hong Kong to PCM China;
- (d) a contribution agreement dated January 30, 2013 entered into among the Company, Nexteer Hong Kong and PCM China, pursuant to which PCM China agreed to transfer, assign and deliver the entire outstanding common stock of PCM (US) Steering to the Company for a consideration of one share valued at RMB75,922,100 issued by Nexteer Hong Kong to PCM China;
- (e) a deed of indemnity dated June 15, 2013 entered into between the Company and PCM China, pursuant to which PCM China will indemnify the Company and members of our Group in respect of certain matters stated therein, details of which are set forth in the section headed " — E. Other Information — 1. Tax and other indemnities";

- (f) the cornerstone investment agreement dated June 16, 2013 entered into between the Company, Dongfeng Asset Management Co. Ltd., BOCI Asia Limited and J.P. Morgan Securities (Asia Pacific) Limited, details of which are set forth in the section entitled “Cornerstone Investor — Our Cornerstone Investor — Dongfeng Asset Management Co. Ltd.”; and
- (g) the Hong Kong Underwriting Agreement.

2. Key Intellectual Property Rights of our Group


Trademarks


As at the Latest Practicable Date, our key trademarks were as follows:

Trademark

Nexteer

Nexteer Automotive and design 

Nexteer Automotive and design with Chinese 

Nexteer in Chinese 

We have 43 trademark registrations and 26 applications for the above trademarks, and a number of trademark registrations and applications for other names and their respective logos, in various countries.

Patents

As at the Latest Practicable Date, our key patents were approximately 300 granted patents and approximately 100 pending patent applications relating to our electric power steering technologies, and approximately 300 granted patents and approximately 100 pending patent applications relating to our steering columns and intermediate shaft technologies, in various countries.

Domain names

As of the Latest Practicable Date, we had registered the following key domain names:

www.nexteer.com

D. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**1. Directors' service contracts and appointment letters***Executive Directors*

Each of the executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for a term of three years with effect from June 15, 2013, which shall be renewed as determined by the Board or the Shareholders of the Company. The office of a Director is liable to be vacated in certain circumstances pursuant to the Articles. The appointment of each of the executive Directors may be terminated by either party by giving at least three months' written notice to the other.

Non-Executive Directors

The non-executive Director has entered into a service contract with our Company pursuant to which he agreed to act as a non-executive Director for a term of three years with effect from June 15, 2013, which shall be renewed as determined by the Board or the Shareholders of the Company. The office of a Director is liable to be vacated in certain circumstances pursuant to the Articles. The appointment of the non-executive Director may be terminated by either party by giving at least three months' written notice to the other.

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for a term of three years commencing from June 15, 2013, which shall be renewed as determined by the Board or the Shareholders of the Company. The appointment of each of the independent non-executive Directors may be terminated by either party giving at least three months' written notice to the other. The appointments are subject to the provisions of the Articles of Association of the Company with regard to vacating the office of Directors, removal and retirement by rotation of Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

2. Directors' remuneration

The aggregate amount of remuneration (including salaries, housing and other allowances, discretionary bonuses, other benefits and contributions to pension schemes) which were paid to our Directors for the period from November 4, 2010 to December 31, 2010, and the years ended December 31, 2011 and 2012 were approximately US\$86,000, US\$1,055,000 and US\$1,425,000 respectively.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending December 31, 2013 to be approximately US\$3,200,000.

None of our Directors or any past Directors has been paid any sum of money for each of the three years ended December 31, 2010, 2011 and 2012 (i) as an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended December 31, 2010, 2011 and 2012.

3. Disclosure of Interests of Substantial Shareholders of Other Members of Our Group

So far as our Directors are aware, as of the Latest Practicable Date, the persons other than our Directors and our chief executive who were directly interested in 10% or more of the issued and outstanding share capital of our subsidiaries then in issue carrying rights to vote in all circumstances at general meetings of each relevant subsidiary, were as follows:

Member of our Group	Person with 10% or more interest (other than us)	Capacity	Percentage of the substantial shareholder's interest
Nexteer Zhuozhou	Lingyun Industrial	Registered owner	40%
Nexteer Wuhu	Lingyun Industrial	Registered owner	40%

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Options is not exercised, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of any other member of our Group.

4. Disclosure of interests of Directors and Chief Executive

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), none of the Directors will have the interests or short positions in the Shares and debentures of the Company or 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 he has taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

5. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$38,000 and are payable by our Company.

6. Disclaimers

Save as disclosed in this Prospectus and as at the Latest Practicable Date:

- (a) none of our Directors nor any of the parties listed in the section headed “— E. Other Information — 7. Consents of Experts” of this Appendix was interested, directly or indirectly, in the promotion of, or in any assets which have, within the two years immediately preceding the issue of this Prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (b) none of our Directors nor any of the parties listed in the section headed “— E. Other Information — 7. Consents of Experts” of this Appendix was materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our Company’s business;
- (c) none of the Directors or chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (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 he has taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange, in each case once the Shares are listed on the Hong Kong Stock Exchange;
- (d) so far as is known to any of the Directors or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (e) save in connection with Underwriting Agreements, none of the persons listed in the section headed “— E. Other Information — 6. Qualifications of Experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save for the Underwriting Agreements, none of the persons listed in the section headed “— E. Other Information — 6. Qualifications of Experts” below is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole;

- (g) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (h) so far as is known to the Directors, none of the Directors or their associates or any Shareholder of the Company (which to the knowledge of the Directors owns 5% or more of the issued share capital of the Company) has any interest in any of the five largest customers or the five largest suppliers of our Group.

E. OTHER INFORMATION

1. Tax and other indemnities

PCM China (the “Indemnifier”) has entered into the Deed of Indemnity with the Company in favor of each member of our Group (being the agreement referred to in paragraph (e) of the section headed “— C. Further Information about the Company’s Business — 1. Summary of the Material Contracts” above) to provide the following indemnities:

Under the Deed of Indemnity, the Indemnifier will indemnify in full and keep each of the members of our Group indemnified against:

- (a) any losses suffered or incurred by any member of our Group arising out of any non-tax claims against any member of our Group to the extent that such losses relate to acts or omission or transactions entered into by any member of our Group on or prior to the Listing Date;
- (b) any losses or liability including but not limited to, any diminution in value of assets or shares in any member of our Group suffered by any member of our Group or any payment made or required to be made by any member of our Group and any losses incurred, as a direct or indirect result of or in connection with any tax claim in any jurisdiction arising:
 - (i) in respect of or as a consequence of any act, omission or event which occurred or is deemed to have occurred on or before the Listing Date;
 - (ii) in respect of or with reference to any income, profits or gains which were earned, accrued or received on or before or in respect of a period ending on or before the Listing Date; or
 - (iii) as a result of any member of our Group receiving or being entitled to receive any payment under the Deed of Indemnity, whether alone or in conjunction with other circumstances and whether or not such taxation is chargeable against or attributable to any other person; and
- (c) any losses suffered by any member of our Group, directly or indirectly, arising out of or in connection with the claim brought by Landstar Express America, Inc., on March 19, 2013, against Nexteer Automotive Corporation as disclosed in the section headed “Business — Regulatory Compliance and Legal Proceedings — Landstar” in this Prospectus (the “**Landstar Lawsuit**”);

- (d) all costs (including all legal costs), expenses, interests, penalties or other liabilities which any member of our Group may properly incur in connection with:
 - (i) the investigation, assessment or the contesting of any tax claim or non-tax claim or Landstar Lawsuit;
 - (ii) the settlement of any tax claim or non-tax claim or Landstar Lawsuit;
 - (iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given in favor of any member of our Group; or
 - (iv) the enforcement of any such settlement or judgment.

For the purposes of this section, “non-tax claims” include, but are not limited to, any fine or penalty or other civil or administrative liabilities imposed by any government authorities in any jurisdictions as a result of (i) the sanctions administered or enforced by the United States Department of the Treasury’s Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority or (ii) any projects and operations in a country or territory that is the subject of any sanctions referred to in (i), including, without limitation, Iran, Cuba, Burma/Myanmar, Libya, North Korea, Sudan and Syria.

The Indemnifier, however, shall be under no liability in respect of any claims against any member of our Group:

- (a) to the extent that specific provision or reserve has been made in full for such claim in the combined financial statements as shown in the Accountant’s Report in Appendix IA to this Prospectus;
- (b) to the extent that such claim would not have arisen but for any act or omission of, or transactions entered into by any member of our Group within or outside the ordinary course of business (other than pursuant to a legally binding commitment, agreement or arrangement created on or before the Listing Date) after the Listing Date; or
- (c) to the extent that such claim arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any relevant authority in any part of the world having retrospective effect coming into force after the date hereof or in the case of tax claim, to the extent that such claim arises or is increased as a result only of any increase in rates of taxation or change in law made after the Listing Date with retrospective effect.

Hong Kong

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Dividends paid on shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax.

Consultation with professional tax advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

2. Litigation

Save as disclosed in this Prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on its results of operations or financial condition.

3. Application for Listing

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue pursuant to the Global Offering and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in our Group's financial or trading position or prospects since December 31, 2012 (being the date to which the Company's latest audited financial statements were made up).

5. Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance insofar as applicable.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice contained in this Prospectus:

Name	Qualification
BOCI Asia Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, acting as one of the Joint Sponsors of the Global Offering
J.P. Morgan Securities (Far East) Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, acting as one of the Joint Sponsors of the Global Offering
Jia Yuan Law Offices	PRC legal advisors
PricewaterhouseCoopers	Certified public accountants
Maples and Calder	Cayman Islands legal advisors
Ipsos Hong Kong Limited	Industry consultants

7. Consents of experts

Each of BOCI Asia Limited, J.P. Morgan Securities (Far East) Limited, Jia Yuan Law Offices, PricewaterhouseCoopers, Maples and Calder and Ipsos Hong Kong Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

8. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Miscellaneous

Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus:

- (a) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither the Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (e) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in the Company;
- (f) there were no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (g) the Company has no outstanding convertible debt securities;
- (h) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (i) no company within our Group is presently listed on any stock exchange or traded in any trading system;
- (j) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (k) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this Prospectus.

10. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.