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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The manufacturing, customer service and engineering facilities of our Group are located in North and South America, Europe and Asia. The business of our Group is primarily managed by senior management members who are based in the United States. At present, the executive Directors are not ordinarily resident in Hong Kong or based in Hong Kong. Our Company considers that it would be impracticable and commercially infeasible to appoint two Hong Kong residents as executive Directors or to relocate the existing executive Directors to Hong Kong considering that the operations of our Group are based outside of Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and have received, a waiver from strict compliance with the requirement of Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Hong Kong Stock Exchange, we have adopted or will adopt the following measures:

- (a) Our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Hong Kong Stock Exchange and will ensure that we comply with the Listing Rules at all times. The two authorized representatives are FAN, Yi and MOK Ming Wai, respectively. Ms. MOK is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Hong Kong Stock Exchange within a reasonable time frame upon the request of the Hong Kong Stock Exchange and will be readily contactable by telephone, e-mail and fax. Each of the two authorized representatives has been duly authorized to communicate on our Company's behalf with the Hong Kong Stock Exchange.
- (b) Both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times and when the Hong Kong Stock Exchange wishes to contact our Directors for any matters. Our Company will implement a policy whereby (i) the executive Directors will provide valid phone numbers or other means of communication to the authorized representatives when they are traveling; and (ii) each Director will provide his mobile phone number, office phone number, e-mail address and, where available, fax number to the Hong Kong Stock Exchange.
- (c) Our Company has appointed Somerley Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will act as our additional communication channel with the Hong Kong Stock Exchange and will be available to respond to enquires from the Hong Kong Stock Exchange.
- (d) All our executive Directors, non-executive Directors and independent non-executive Directors who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Hong Kong Stock Exchange within a reasonable period of time if required.

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### JOINT COMPANY SECRETARIES

Pursuant to Rule 3.28 of the Listing Rules, a new applicant for primary listing on the Hong Kong Stock Exchange must have a company secretary who is an individual and who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing “relevant experience,” the Hong Kong Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Under Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules.

We have appointed FAN, Yi and MOK Ming Wai as joint company secretaries.

We have appointed FAN, Yi as joint company secretary. Mr. FAN joined our Group in April 2011 and serves as a director and secretary to the board of directors in a number of our subsidiaries, including PCM (Singapore) Steering, PCM (US) Steering, Project Rhodes Holding Corporation, Rhodes Holding I S.A.R.L., Steering Solutions Corporation and Nexteer Automotive. While Mr. FAN does not possess the qualifications set out in Rule 3.28 of the Listing Rules, we believe it is in the best interests of our Company to appoint Mr. FAN as one of the joint company secretaries in light of his past management experience within our Group and his thorough understanding of the internal administration and business operations of our Group. We have also appointed MOK Ming Wai as joint company secretary. Ms. MOK is qualified to act as the company secretary of our Company as required under Rule 3.28 of the Listing Rules. Ms. MOK has over 15 years of professional and in-house experience in company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom. She currently acts as the joint company secretary of a number of Hong Kong listed companies. Please refer to the section headed “Directors and Senior Management” for further information of our joint company secretaries.

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As Mr. FAN does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and have received, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. FAN may be appointed as joint company secretary. The waiver was granted for a period of three years during which period Ms. MOK, as joint company secretary, will work closely with, and provide guidance and assistance to, Mr. FAN in the discharge of his duties as a company secretary. Should Ms. MOK cease to provide assistance to Mr. FAN in the discharge of his duties as a company secretary, the Hong Kong Stock Exchange shall revoke the waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with immediate effect. At the end of the three-year period, we will liaise with the Hong Kong Stock Exchange to enable it to assess whether Mr. FAN, having benefited from the guidance and assistance of Ms. MOK for the preceding three years, has acquired the skills necessary to carry out the duties of company secretary and the relevant experience (within the meaning of Rule 3.28 of the Listing Rules) so that a further waiver is not necessary.

### **CONTINUING CONNECTED TRANSACTIONS**

We have entered into certain transactions which would constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the completion of the Global Offering. We have applied to the Hong Kong Stock Exchange for, and have received, a waiver in respect of certain non-exempt continuing connected transactions. Please refer to the section headed “Connected Transactions” for further details of such non-exempt continuing connected transactions and the waiver.