
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

BOCI Asia Limited
J.P. Morgan Securities (Asia Pacific) Limited
Guotai Junan Securities (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this Prospectus and the Application Forms at the Offer Price. One of the conditions is that the Offer Price must be agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters). For applicants applying under the Hong Kong Public Offering, this Prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed.

Subject to the listing of and permission to deal in our Shares in issue and to be issued as mentioned in this Prospectus being granted by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers to subscribe for their respective applicable portions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on, and subject to, the terms and conditions of this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the obligations of the International Underwriters under the International Underwriting Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for Termination

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to the termination with immediate effect by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) by notice in writing to our Company prior to 8:00 a.m. (Hong Kong time) on the Listing Date if any of the following events shall occur prior to such time:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency, calamity, crisis, epidemics, pandemics, outbreaks of diseases, economic sanction, strikes, lock-outs, fire, explosion, flooding, civil

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commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Mexico or any other jurisdiction in which any member of our Group conducts business (each a “Relevant Jurisdiction”); or

- (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets, investment markets and credit markets) in or affecting any Relevant Jurisdiction; or
- (iii) any moratorium, suspension or restriction on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Market, or a devaluation of the Hong Kong dollar or the United States dollar or the Renminbi against any foreign currencies; or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the European Union, the PRC, Japan, the Cayman Islands or any Relevant Jurisdiction, or there is a disruption in commercial banking, foreign exchange trading or securities settlement or clearance services in those places; or
- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or
- (vi) a change or development involving a prospective change in taxes or exchange control, currency exchange rates or foreign investment regulations or the implementation of any exchange control in any Relevant Jurisdiction, in each case adversely affecting an investment in the Shares; or
- (vii) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of our Group which is not disclosed or referred to in the section headed “Business — Regulatory Compliance and Legal Proceedings” in this Prospectus; or
- (viii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (ix) the chairman or Chief Executive Officer of the Company vacating his or her office; or
- (x) a contravention by any member of our Group of the Listing Rules or applicable laws which is not disclosed or referred to in the section headed “Business — Regulatory Compliance and Legal Proceedings” in this Prospectus; or

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- (xi) a prohibition on the Company for whatever reason from allotting or selling any of the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or
- (xii) a non-compliance of this Prospectus or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xiii) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group;

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (1) has or will or may have a material adverse effect on the business, results of operations, financial or other condition or prospects of our Group as a whole, or (2) has or will have or may have a material adverse effect on the completion of the Global Offering or the level of applications under the Hong Kong Public Offering and the level of interest under the International Offering, or (3) makes it or will or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering, or (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Global Coordinators:
 - (i) that any statement contained in this Prospectus and the Application Forms and/or any announcement or advertisement issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation expressed in this Prospectus and the Application Forms and/or any announcements or advertisements issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was made, not made in good faith in any respect; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission therefrom; or
 - (iii) any material breach of any of the obligations of the Company, AVIC Auto, PCM China or Nexteer Hong Kong under the Hong Kong Underwriting Agreement; or

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- (iv) any event, act or omission which gives or is likely to give rise to any material liability of the Company, AVIC Auto, PCM China or Nexteer Hong Kong pursuant to the indemnification provisions in the Hong Kong Underwriting Agreement; or
- (v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, conditions, business affairs, prospects, profits, losses, results of operations or financial or trading position or performance of our Group as a whole; or
- (vi) any breach of, or any event rendering untrue or incorrect or misleading, any of the warranties in the Hong Kong Underwriting Agreement; or
- (vii) that the Company withdraws this Prospectus (or any other documents used in connection with the contemplated offer of the Shares) or the Global Offering; or
- (viii) any expert whose consent is required for the issue of this Prospectus with inclusion of its reports and/or letters (as the case may be) and references to its name in the form and context in which they appear has withdrawn its consent to the issue of this Prospectus (other than the withdrawal of consent by any Joint Sponsor without a reason).

Undertakings

Undertaking by our Company to the Hong Kong Stock Exchange Pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our Shares commence dealing on the Hong Kong Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing) except:

- (a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or
- (b) pursuant to the Global Offering (including the Over-allotment Option).

Undertaking by the Controlling Shareholders to the Hong Kong Stock Exchange Pursuant to the Listing Rules

Pursuant to Rule 10.07(1) of the Listing Rules, each Controlling Shareholder has undertaken to each of the Hong Kong Stock Exchange and our Company that, except pursuant to the Global Offering (including the Over-allotment Option) or the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder(s) (if any) shall not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the Listing Rules:

- (i) in the period commencing on the date of this Prospectus and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in

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respect of, any of our Shares in respect of which it is shown by this Prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the “Relevant Securities”); and

- (ii) in the period of six months commencing from the expiry of the period referred to in paragraph (i) above, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder (as defined in the Listing Rules) of the Company.

In addition, in accordance with Note 3 to Rule 10.07 of the Listing Rules, each Controlling Shareholder has undertaken to the Hong Kong Stock Exchange and our Company that, during the period commencing on the date of this Prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it pledges or charges any Shares beneficially owned by the Controlling Shareholders in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Undertakings by our Company Pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers (in respect of the Hong Kong Public Offering) and the Hong Kong Underwriters that, except pursuant to the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option) or pursuant to any transaction or arrangement contemplated in this Prospectus, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is six months after the Listing Date (the “First Six-Month Period”), we will not, and will procure that the members of our Group will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or any other securities of other members of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or any other securities of our Company or any shares or any other securities of other members of our Group, as applicable); or

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- (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of other members of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or any other securities of our Company or any shares or any other securities of other members of our Group, as applicable);
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to do any of the foregoing or announce any intention of our Company to enter into the transaction described in (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company or shares or any other securities of other members of our Group, as applicable, or in cash or otherwise (whether or not such allotment or issue of the Shares or securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (“Second Six-Month Period”), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in our Shares or any other securities of our Company.

Undertakings by certain Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement

Each of AVIC Auto, PCM China and Nexteer Hong Kong has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers (in respect of the Hong Kong Public Offering) and the Hong Kong Underwriters that, save as pursuant to the Capitalization Issue, the Global Offering, and the Stock Borrowing Agreement without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it will not and, will procure that none of its affiliates will (save as pursuant to the Global Offering, including pursuant to the Stock Borrowing Agreement), at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge (other than any mortgage, pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong)) not involving a change of legal ownership of such Shares other than on enforcement) for a bona fide commercial loan in compliance with the Listing Rules), hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly,

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conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company, as applicable), or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period);

- (ii) it will not, and shall procure that none of its affiliates will, at any time during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (i)(a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder of the Company; and
- (iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraphs (i)(a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of our Company.

Without limiting the above, each of AVIC Auto, PCM China and Nexteer Hong Kong has further undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers (in respect of the Hong Kong Public Offering) and the Hong Kong Underwriters that, it will, at any time during the Second Six-Month Period:

- (i) if it intends to create in favor of any third party any pledge or charge over any Shares or securities or interests in our Shares or securities of our Company beneficially owned by it, immediately inform our Company, the Joint Sponsors and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or securities so pledged or charged prior to entering into such arrangement; and

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- (ii) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company, the Joint Sponsors and the Joint Global Coordinators in writing of such indications.

The International Offering

In connection with the International Offering, it is expected that our Company, AVIC Auto, PCM China and Nexteer Hong Kong will enter into the International Underwriting Agreement with the International Underwriters and other parties named therein. Under the International Underwriting Agreement, our Company will offer the International Offer Shares to the International Underwriters, or to certain professional, institutional and other investors procured by the International Underwriters, at the Offer Price, on and subject to the terms and conditions set out in the International Underwriting Agreement. The International Underwriters will agree to severally underwrite the International Offer Shares.

Our Company intends to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until the 30th day after the last date for lodging applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 108,000,000 additional Shares, representing 15% of the total number of Shares initially available under the Global Offering, at the Offer Price in connection with over-allocations in the International Offering, if any.

Commission and Expenses

The Hong Kong Underwriters will receive a commission of 2.5% of the aggregate Offer Price of the Hong Kong Offer Shares underwritten by the Hong Kong Underwriters and the International Underwriters will receive an underwriting commission of 2.5% of the aggregate of the Offer Price of the International Offer Shares underwritten by the International Underwriters, out of which they will pay any sub-underwriting commissions.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$3.09 (being the mid-point of Offer Price range between HK\$2.60 per Offer Share and HK\$3.57 per Offer Share), the underwriting commission, financial advisory fees, listing fees, the Hong Kong Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$174 million in total.

Hong Kong Underwriters' Interests in our Company

Save as disclosed in this Prospectus and other than pursuant to the Underwriting Agreements, as of the Latest Practicable Date, none of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or the Underwriters was interested beneficially or non-beneficially in any shares in any member of our Group or had any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

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Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

Stamp Taxes

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offer Price.

Indemnity

Our Company, AVIC Auto, PCM China and Nexteer Hong Kong have agreed to indemnify, among others, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us, AVIC Auto, PCM China and Nexteer Hong Kong of the Hong Kong Underwriting Agreement, as the case may be.

The Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

On December 11, 2012, Bank of China, Los Angeles Branch (“BOCLA”) issued a letter of intent pursuant to which BOCLA agreed to provide a loan of up to US\$426 million to our Company for a term of up to five year, the availability of which shall be conditional upon the compliance with applicable laws and regulations and compliance requirements, BOCLA’s internal approval procedure and finalization of loan covenants that are acceptable to BOCLA. For more information, please refer to the section headed “Relationship with Our Controlling Shareholders — Ability to Obtain Independent Financing.” BOCLA is regarded as a member of the sponsor group of BOCI Asia Limited as defined under Rule 3A.01(9) of the Listing Rules. As at the Latest Practicable Date, our Company has not entered into any definitive agreement with BOCLA in relation to the aforesaid letter of intent and there is no amount due from our Company to BOCLA.

BOCI Asia Limited, despite the issue of the aforesaid letter of intent, satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Minimum Public Float

Our Directors will ensure that there will be a minimum of 25% of the total issued share capital of our Company in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.