
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalization Issue (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Scheme or any options which may be granted under the Share Option Scheme), Master Alliance will hold approximately 75% of our issued share capital. Since 100% of the total issued share capital of Master Alliance is owned by Mr. Dong, both Master Alliance and Mr. Dong are our Controlling Shareholders.

EXCLUDED BUSINESS

Mr. Dong operates other businesses apart from that of our Group in the following two lines of business:

- (i) manufacturing and sales of electronic products, chargers, converters, power supply products, plastic products and related parts; and
- (ii) manufacturing of electric vehicles, mini-electric cars and electric scooters.

Set out below are the details of the key operating companies, apart from members of our Group, owned by Mr. Dong.

Name of Company	Principal Business
Shenzhen Marshall Green Power	Manufacturing of electric vehicles and related products
Shenzhen Marshall Power Supply	Trading of electronic products, electric vehicles and related products
Shanghai Donmin Vehicle Co. Ltd.	Manufacturing of electric vehicles and related products
Shenzhen Marxon Power Supply Co. Ltd.	Manufacturing of electronic products
Leoch International (H.K.) Ltd	Trading of electronic products, electric vehicles and related products

Neither of these businesses is included into our Group, as they are fundamentally different businesses from the lead-acid battery operations of our Group. None of the above businesses involve the manufacturing or developing of lead-acid batteries. The core management personnel of each of the above businesses are independent from those of our Group. Given our different business focus, different customer base and different target markets, we believe there is clear business delineation and that there is no direct competition between the business of our Group and those listed above. As of the Latest Practicable Date, Mr. Dong has no intention to inject the above excluded businesses into our Group in the future.

During the Track Record Period, D&P International Research and Development Corp and Marshall International Inc, both of which are investment holding and non-operating companies incorporated in the United States and wholly owned by Mr. Dong, received cash on behalf of our Group which represented settlement of trade receivables of our customers because some of our overseas customers prefer to make payment to a U.S. entity rather than entities in other countries. As of the Latest Practicable Date, we have ceased such settlement arrangement and payments will be made directly to us. Our Directors confirm that there had not been any misappropriation of assets during the Track Record Period due to the settlement arrangement and there were no material impact on our operations after cessation of such settlement arrangement.

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INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Management Independence

The Board comprises three executive Directors and three independent non-executive Directors. Mr. Dong, our Controlling Shareholder, is one of our executive Directors. Each of our Directors is aware of the fiduciary duties as a Director which require, among others, that he/she must act for the benefit and in the best interest of our Company and must not allow any conflict between his/her duties as a Director and his/her personal interest.

Other than Mr. Dong, there is no overlap between the management team of our Company and that of the business as described the paragraph headed “Excluded Business” above. If there is any potential conflict of interest arising out of any transactions to be entered into between our Company and our Directors or their respective associates, the interested Director must abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum.

Our Company has also adopted various corporate governance measures, as described in the paragraph headed “Corporate Governance Measures” below. As these measures set out the basic principles that our Controlling Shareholders should abide by in relation to the management of our Company, our Directors are of the opinion that such measures will strengthen the independence of our management.

Operational Independence

While our Controlling Shareholders will retain a controlling interest in our Company after the Listing, the board of Directors has full rights to make all decisions relating to our business operations independently. Although Mr. Dong is a Controlling Shareholder and our executive Director, we have our own management and operation team, of which all members (except for Mr. Peng Xiaomeng who is the brother-in-law of Mr. Dong) are independent of the Controlling Shareholders. Moreover, we (through our subsidiaries) hold all relevant licenses necessary to carry on our business, and have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders.

We have independent access to sources of customers and suppliers. We have also established a set of internal control procedures which facilitate the effective operation of our business. Except for the business of Mr. Dong disclosed in the paragraph headed “Excluded Business” above, Mr. Dong and Master Alliance have no other business interests other than their shareholding interests in our Company.

Our Directors currently do not expect that following the Listing, there will be any business transactions between our Company and the Controlling Shareholders and their respective associates except for the continuing connected transactions as disclosed in the section headed “Connected Transactions” to this prospectus. We confirm that we will fully comply with Chapter 14A of the Listing Rules if any connected transaction arises in the future. We also confirm that our operation does not rely on the non-exempt continuing connected transactions as disclosed in the section headed “Connected Transactions” to this prospectus, as we can locate other suppliers without difficulties and our customer base is broad.

We entered into a number of leases pursuant to which we leased certain premises from Mr. Dong or his associates, details of which are set out in the section headed “Connected Transactions” to this prospectus. The leases were entered into on normal commercial terms after arm’s length negotiations. Jones Lang LaSalle Sallmanns Limited, the independent property valuer of our Company, has reviewed the terms of the leases and confirmed that the rent payable by us is consistent with the prevailing market rates for similar premises in similar locations in the PRC and overseas. We were also granted a licence to use an industrial building by Dongguan Leoch Power Supply, details of which are set out in the section headed “Connected Transactions” to this prospectus. We believe that in the event any of Mr. Dong or his associates ceases to lease the premises to us or Dongguan Leoch Power Supply

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terminates the licence to use the industrial building granted to us, we would be able to find suitable alternative premises from third parties in the same district without undue delay or inconvenience.

Financial Independence

We have our own financial management system, internal controls and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and the ability to operate independently from our Controlling Shareholders from a financial perspective. All guarantees or financial assistance provided by our Controlling Shareholders to us for the benefits of our Group have been released as of the Latest Practicable Date.

Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Having considered the above reasons, our Directors are of the view that we are capable of carrying on our business independently of our Controlling Shareholders (including any associate thereof) after the Listing.

None of the Controlling Shareholders is interested in any business, other than that of the Group, which competes or is likely to compete, either directly or indirectly, with the Restricted Business (as defined in the sub-section headed “Non-competition Undertakings” below) and which requires disclosure pursuant to Rule 8.10(1) of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has confirmed that other than their interest in our Group, none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with our business. In accordance with the non-competition undertakings set out in the deed of non-competition dated October 21, 2010, each of our Controlling Shareholders has undertaken to our Company (for itself and on behalf of its subsidiaries) that during the period commencing from the Listing Date and ending on the occurrence of the earliest of (i) the day on which our Shares cease to be listed on the Stock Exchange or other recognized stock exchange; (ii) the day on which the Controlling Shareholders cease to be interested in at least 30% of the entire issued share capital of our Company; or (iii) the day on which the Controlling Shareholders beneficially own or are interested in the entire issued share capital of our Company:

- he/it will not and will procure that none of his/its associates will, except through his/its interests in our Company, whether as principal or agent and whether undertaken directly or indirectly through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate in, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with our business as described in this prospectus including, but not limited to, the manufacturing and sale of lead-acid batteries and any other business from time to time conducted by any member of our Group or in which any member of our Group is engaged or has invested or which our Group has otherwise publicly announced its intention to enter into, engage in or invest in, within any of the territories where our Group carries on business from time to time (“Restricted Business”).

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- if they and/or any of their respective associates is offered or becomes aware of any business opportunity directly or indirectly to engage or become interested in a Restricted Business, he/it:
 - (a) will promptly notify our Company in writing and refer such business opportunity to our Company for consideration and provide such information as may be reasonably required by our Company in order to make an informed assessment of such business opportunity; and
 - (b) will not, and procure that their respective associates will not, invest or participate in any project or business opportunity unless such project or business opportunity shall have been rejected by our Company and the principal terms of which the Controlling Shareholders or their respective associates invest or participate are no more favorable than those made available to our Company.

Our Controlling Shareholders further undertake to our Company that they will not and will procure that none of their respective associates will:

- (a) at any time induce or attempt to induce any director, manager, employee or consultant of any member of our Group to terminate his or her employment or consultancy (as appropriate) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as appropriate);
- (b) at any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or
- (c) alone or jointly with any other person, or as manager, advisor, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, or solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

The decision-making process in relation to the deed of non-competition will be governed and monitored as follows:

- Our independent non-executive Directors will be responsible for deciding, without attendance by any executive Director (except as invited by our independent non-executive Directors to assist them or provide any relevant information but in no circumstances shall the executive Director(s) participating in such meeting be counted towards the quorum or allowed to vote on such meeting), whether or not to take up a new business opportunity referred to us under the terms of the deed of non-competition.
- Our independent non-executive Directors may employ an independent financial advisor as they consider necessary to advise them on the terms of any such new business opportunity or the options.
- Our Controlling Shareholders will undertake to keep us informed of new business opportunities and to provide all information reasonably required by the independent non-executive Directors to assist them in their consideration of any new business opportunity.

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- Our independent non-executive Directors will also review, on an annual basis, any decisions in relation to new business opportunities referred to us, and state their views with basis and reasons in our annual report.

In the event that we decide not to proceed with any particular projects or business opportunities and our Controlling Shareholders or their respective associates decides to proceed with such a project or business opportunity, we will announce such decision by way of an announcement setting out therein the basis for us not taking the project or the business opportunity.

CORPORATE GOVERNANCE MEASURES

We will adopt the following measures to ensure good corporate governance practices and to improve transparency after the Listing:

- (i) the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertakings under the deed of non-competition by our Controlling Shareholders, the options, pre-emptive rights or first rights of refusals provided by our Controlling Shareholders on their existing or future competing businesses;
- (ii) our Controlling Shareholders undertake to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the non-competition undertakings under the deed of non-competition;
- (iii) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the non-competition undertakings under the deed of non-competition in our annual reports; and
- (iv) our Controlling Shareholders will make an annual confirmation on their compliance with the non-competition undertakings under the deed of non-competition in our annual reports.