
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately after the completion of the Global Offering, Golden Speed and Win Force will be jointly interested in approximately 58.5% of our outstanding Shares through their combined shareholding in Top Wheel, assuming the Over-allotment Option is not exercised. Golden Speed is wholly owned by Mr. Wu and Win Force is wholly owned by Ms. Chiu. Top Wheel, Golden Speed, Win Force, Mr. Wu and Ms. Chiu will be considered as our Controlling Shareholders, holding in aggregate approximately 58.5% of our outstanding Shares upon the Listing, assuming the Over-allotment Option is not exercised.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders and Directors confirms that as at the date of this prospectus, none of them has any interest in a business which competes with, or is likely to compete with, our business, whether directly or indirectly, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

Operational Independence

We do not rely on our Controlling Shareholders for any significant amount of our revenue, automobile procurement, staffing or sales activities. We have our own employee headcount for our operations and our own management of human resources. Further, save for the related party transactions disclosed under note 37 to the Accountants' Report set out in Appendix I to this prospectus, there have been no business dealings between our Group and our Controlling Shareholders or their associates. Save as disclosed in the sections entitled "Risk Factors" and "Regulatory Overview" in this prospectus, we have obtained all the licenses, approvals and permits from appropriate regulatory authorities that are material for our business operations in the PRC.

Our two executive Directors, Mr. Jia Ruobing and Ms. You Jia, are experienced in the automobile industry. See "Directors and Senior Management" for details of their management experience. With the involvement of these two executive Directors and three other members of our senior management (Mr. Wang Taisong, Mr. Xia Kun and Mr. Liu Zhanli) in our operations as well as the support from the general managers of our outlets (who have been with us for a substantial period of time and are seasoned in the industry), our Directors are of the view that we do not rely on our Controlling Shareholders to obtain customers, suppliers and production facilities.

Management Independence

Mr. Wu has been leading our operations and businesses, and is responsible for the overall management, corporate strategy, planning and business development of our Group, while Ms. Chiu is primarily responsible for the overall management and financial management and control of our Group. Each of them is committed to devoting substantially all of their time to our Group. Save as aforesaid, our Directors believe that our Group had not relied on our Controlling Shareholders or their associates to carry on our business during the Track Record Period.

In addition to Mr. Wu and Ms. Chiu, our Board also comprises two other executive Directors, one non-executive Director and three independent non-executive Directors, who are collectively responsible for the overall corporate strategies and policy-making of our Group. Each of our Directors is aware of his or her fiduciary duties as a director of a listed company in Hong Kong, which require that, among other things, he or she acts in the best interests of our Group and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

does not allow any conflict between his or her duties as a Director and his or her personal interests. As stipulated under the Articles of Association, the interested Directors shall not be entitled to vote nor be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or other proposal in which such Directors or their respective associates have any material interest.

Our Directors consider that our Group can operate independently from our Controlling Shareholders and their associates.

Financial Independence

As at September 30, 2013, our Group has RMB7.4 million due to Mr. Wu and Ms. Chiu, who also provided guarantees for certain loans of our Group in an aggregate amount of RMB758.2 million. Before the Listing, the amount due to Mr. Wu and Ms. Chiu will be repaid in full and the guarantee provided by Mr. Wu and Ms. Chiu will be discharged.

Our Group has its own financial management system and the ability to operate independently of the Controlling Shareholders from a financial perspective. We make financial decisions according to our own business requirements.

NON-COMPETITION UNDERTAKING

In order to ensure that direct competition does not develop between us and the Controlling Shareholders' other activities, each of the Controlling Shareholders has agreed to provide a non-competition undertaking in our favor, which is described below.

Each of our Controlling Shareholders has entered into the Deed of Non-competition in favor of our Company, pursuant to which each of our Controlling Shareholders has on a joint and several basis, unconditionally and irrevocably undertaken to our Company (for itself and for the benefit of its subsidiaries) that it would not and would procure that its associates (except any members of our Group) would not, directly or indirectly, or as principal or agent either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of any member of our Group from time to time (the "Restricted Business"). Each of our Controlling Shareholders has on a joint and several basis, unconditionally and irrevocably also undertaken to our Company that, if there is any project or new business opportunity in the Restricted Business, it shall, within a reasonable period of time, refer such project or new business opportunity to our Company. Such business opportunity shall first be offered or made available to us and be considered by our Board or its committee which do not have a material interest in the business opportunity. Our Controlling Shareholders shall not invest, participate, be engaged in and/or operate in such business opportunity unless our Board or its committee has declined in writing or failed to respond within six (6) months after being notified of such opportunity.

The aforementioned undertakings by our Controlling Shareholders are conditional on (i) the Listing Committee granting the listing of, and permission to deal in, all the Shares in issue and the new Shares to be issued pursuant to the Global Offering and the Shares which may be issued upon the exercise of the Over-allotment Options and the options that may be granted under the Share Option Scheme; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not having been terminated in accordance with their terms or otherwise.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The above undertaking does not apply where:

- (a) the holding by our Controlling Shareholders of interests in the shares of a company where:
 - (i) the total number of shares held by our Controlling Shareholders and/or their respective associates does not exceed 5% of the issued shares of the company which is or whose holding company is listed on a recognized stock exchange and our Controlling Shareholders and/or their respective associates are not able to appoint the majority of the members of the board of such company or holding company; or
 - (ii) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 5% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts;

provided that there must be another shareholder of that company whose shareholdings in that company should be larger than the aggregate shareholding held by our Controlling Shareholders and their respective associates and the total number of our Controlling Shareholders' representative(s) in the board of that company must not be significantly disproportionate in relation to our Controlling Shareholders' shareholding in that company; or

- (b) any opportunity to invest, participate, be engaged in and/or operate any Restricted Business has first been offered or made available by our Controlling Shareholders and/or their respective associates to us, and after our Board of Directors or a board committee, who do not have a material interest in the business opportunity, has declined in writing or failed to respond within six (6) months after being notified of such opportunity to invest, participate, be engaged in or operate the Restricted Business.

Pursuant to the Deed of Non-competition, the above restrictions would only cease to have effect upon the earlier of: (1) the Shares of our Company cease to be listed on the Hong Kong Stock Exchange; and (2) our Controlling Shareholders and their respective associates (except any members of our Group) cease to hold, directly or indirectly, in aggregate 30% or more of the entire issued share capital of our Company, or otherwise ceases to be a Controlling Shareholder.

Our independent non-executive Directors will review, on an annual basis, the compliance of the non-competition undertaking by our Controlling Shareholders under the Deed of Non-competition. In addition, we will make the relevant disclosure on how the non-competition undertaking is complied with in our annual reports in accordance with the principle of making voluntary disclosures as set out in Appendix 14 of the Listing Rules. Such disclosure shall include matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking by our Controlling Shareholders, as well as any business opportunities referred to our Company by our Controlling Shareholders which are turned down by us and the basis of such decision.

Having considered the above factors, and in light of the non-competition undertakings given by our Controlling Shareholders in favor of our Group, our Directors are satisfied that we are capable of operating the business of our Group independently after the Listing.