OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Chairman Yuan was interested in approximately 23.07% of our A Shares, comprising (i) approximately 18.24% of our A Shares directly held by Chairman Yuan, and (ii) approximately 4.83% of our A Shares held by Bethel Investment Management, where Shanghai Henglu (a company wholly owned by Ms. Pan, the spouse of Chairman Yuan) acted as its executive partner and held approximately 6.70% partnership interest in it. Accordingly, Chairman Yuan, Bethel Investment Management, Shanghai Henglu and Ms. Pan constitute our Single Largest Group of Shareholders. For background and biographical details of Chairman Yuan, see "Directors and Senior Management — Executive Directors".

Immediately following completion the **[REDACTED]**, our Single Largest Group of Shareholders will in aggregate hold approximately **[REDACTED]**% of our Shares (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the **[REDACTED]** is not exercised and there are no other changes made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**). Accordingly, upon **[REDACTED]**, they will remain as our Single Largest Group of Shareholders.

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Each of Bethel Investment Management and Shanghai Henglu is principally engaged in investment holding and has no actual operations. Each member of our Single Largest Group of Shareholders confirms that as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Our Directors are satisfied, on the basis of the following reasons, that we are capable of carrying on our business independently from our Single Largest Group of Shareholders (including any close associates of such Single Largest Group of Shareholders) after **[REDACTED]**.

Management Independence

We are able to conduct our business independently from our Single Largest Group of Shareholders from a management perspective. Upon **[REDACTED]**, our Board will consist of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors, and we also have four senior management members (two of which are executive Directors). Chairman Yuan, a member of our Single Largest Group of Shareholders, is also our executive Director and general manager.

Our Directors consider that our Company is capable of functioning independently of our Single Largest Group of Shareholders for the following reasons:

(a) our daily management and operations are carried out by all our executive Directors and the senior management, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. Saved for Chairman Yuan, none of the other Directors or senior management of our Company are close associates of the Single Largest Group of

Shareholders or hold any management position and/or directorship in the Single Largest Group of Shareholders. For details of the industry experience of our executive Directors and the senior management, see "Directors and Senior Management";

(b) each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit and in the interest of our Company and not allow any conflict between their duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;

(c) we have appointed three independent non-executive Directors and certain matters of our Company must always be referred to our independent non-executive Directors for review; and

(d) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would enhance our independent management, see "— Corporate Governance Measures".

Based on the above, our Directors are of the view that our Group has our own management team and that we are capable of managing our business independently of our Single Largest Group of Shareholders and their respective close associates.

Operational Independence

We do not rely on our Single Largest Group of Shareholders and their close associates for our operations. While we are led by our executive Directors and senior management (one executive Director and general manager is also a member of our Single Largest Group of Shareholders), we have our own departments specializing in business development, research and development, administration, finance, internal audit, information technology, sales and marketing, human resources, legal and compliance, and company secretarial functions. Such departments specialize in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to conduct and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

As of the Latest Practicable Date, we did not expect to have any continuing connected transactions in the ordinary and usual course of business with any of the Single Largest Group of Shareholders or their respective associates upon **[REDACTED]**.

Based on the above, our Directors are of the view that our Group operates independently from the Single Largest Group of Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the **[REDACTED]** as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the **[REDACTED]** from the **[REDACTED]**.

No loan, guarantee or other forms of financial assistance has been provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates during the Track Record Period and as of the Latest Practicable Date.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the CG Code, which sets out principles of good corporate governance, upon **[REDACTED]**.

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Single Largest Group of Shareholders:

(a) where a general meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates has a material interest, our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Group enters into connected transactions with our Single Largest Group of Shareholders and/or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;

(c) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, and believe our independent non-executive Directors (i) possess sufficient and diverse experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

NON-COMPETITION UNDERTAKINGS

On October 27, 2016, each of Chairman Yuan and Bethel Investment Management executed a letter of non-competition undertaking in favour of our Company with irrevocable effect from the date of the letter to avoid competition with our business, pursuant to which, each of Chairman Yuan and Bethel Investment Management has undertaken that:

(a) he/it and his/its controlled entities will not directly or indirectly participate or engage in any product manufacturing or similar business that competes or is likely to compete with our business of research and development, production and sales of automotive braking systems;

(b) if he/it and his/its controlled entities are offered any business opportunity from any third party that constitutes or may constitute substantive competition with our business of research and development, production, and sales of automotive braking systems, he/it shall immediately notify our Company and use the best endeavours to procure that such business opportunity is first offered to us;

(c) he/it and his/its controlled entities will not disclose or provide any commercial secret, including technical information, operational processes and sales channels, to any other company, enterprise, organization, or individual whose business competes or is likely to compete with our business of research and development, production, and sales of automotive braking systems; and

(d) in an event of any breach of the above undertakings or if they are proven to be inaccurate, he/it will fully indemnify us against all direct and indirect losses incurred thereof.