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Nexteer Automotive Group Limited

耐世特汽車系統集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 01316)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 29 December 2015 (“**Announcement**”) in relation to the continuing connected transactions between the Group and Yubei Steering under the Yubei Nomination Letters (“**Yubei Transactions**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Company would like to provide the shareholders with further information in relation to the Yubei Transactions.

2015 ANNUAL CAP

As stated in the Announcement, the existing 2015 annual cap amount for the Yubei Transactions for the year ending 31 December 2015 was RMB86,100,000 (the “**Existing 2015 Annual Cap**”). The actual transaction amount excluding value added tax paid by the Group to Yubei Steering for the Yubei Transactions from 1 January 2015 to 29 December 2015 (being the date of the Announcement) was approximately RMB109,080,000.

The Existing 2015 Annual Cap was exceeded sometime on or around mid-October 2015.

LISTING RULES IMPLICATION

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company must re-comply with the announcement and shareholders’ approval requirements before the cap is exceeded. As such, the failure by the Company to comply with the above requirement constituted non-compliance of Rule 14A.54(1) of the Listing Rules.

The Company had realised that the Existing 2015 Annual Cap was exceeded during the preparation of the Announcement. As soon as the Company became aware of this, it had published the Announcement which provided the reasons that led to the Existing 2015 Annual Cap being exceeded.

As the Group does not carry out voluminous continuing connected transactions with its connected persons (including their respective associates) and depending on negotiation with Yubei Steering, the amount of continuing connected transactions with Yubei Steering may be reduced after the Yubei Nomination Letters expire in September 2016, the Group will adopt the following enhanced internal control procedures to monitor its continuing connected transactions:

- i. the designated employees will monitor the actual amount of consideration involved in each continuing connected transaction;
- ii. the designated employees will provide a monthly report to the supervisors who will then check to ensure that the annual cap had not been exceeded; and
- iii. in the event that the annual cap is close to being exceeded, a report will be made by the supervisors to the Board who will then comply with the relevant requirements set out in the Listing Rules.

Save for the above, the Directors confirm that there has been no other incidence of continuing connected transactions that the Company has failed to comply with the Listing Rules.

By order of the Board
Nexteer Automotive Group Limited
Guibin ZHAO
Chairman

Hong Kong, 5 January 2016

As of the date of this announcement, the Company's executive Directors are Mr. Guibin ZHAO, Mr. Michael Paul RICHARDSON and Mr. Yi FAN, the non-executive Directors are Mr. Daen LU and Mr. Xiaobo WANG, and the independent non-executive Directors are Mr. Hing Lun TSANG, Mr. Jianjun LIU and Mr. Kevin Cheng WEI.