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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)**

### **ISSUANCE OF US\$250,000,000 5.875% SENIOR NOTES DUE 2021**

Reference is made to the announcement of the Company dated November 3, 2014 in respect of the Notes Issue.

On November 5, 2014, the Company entered into the Purchase Agreement with J.P. Morgan and BofA Merrill Lynch, in connection with the issue of US\$250,000,000 5.875% senior Notes due 2021.

The net proceeds of the Notes Issue, after deduction of the underwriting discounts and commission and other estimated expenses, will amount to approximately US\$245 million. The Company intends to use the net proceeds for capital expenditures and the remaining balance for general corporate purposes, including refinancing outstanding indebtedness, to enhance the liquidity position of the Company.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issue to professional investors only. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Notes or the Company.

## **THE PURCHASE AGREEMENT**

Date: November 5, 2014

### **Parties to the Purchase Agreement**

- a) the Company as the issuer;
- b) J.P. Morgan and BofA Merrill Lynch as the initial purchasers; and
- c) the Subsidiary Guarantors.

The Notes Issue will only be offered and sold in Hong Kong to professional investors, in the United States in reliance on Rule 144A of the Securities Act to qualified institutional buyers, and outside the United States in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

## **PRINCIPAL TERMS OF THE NOTES**

### **Notes Offered**

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$250,000,000 which will mature on November 15, 2021, unless earlier redeemed pursuant to the terms thereof. The following is a summary of the principal terms of the Notes.

### **Offer Price**

The offer price of the Notes will be 100% of the principal amount of the Notes.

### **Interest**

The Notes will bear interest from and including November 15, 2014 at the rate of 5.875% per annum, payable semi-annually in arrear.

### **Ranking of the Notes**

The Notes are: (1) general obligations of the Company; (2) effectively subordinated to the secured obligations of the Company, to the extent of the value of the assets serving as security therefor; (3) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (4) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (5) guaranteed by the Subsidiary Guarantors on a senior basis, subject to several limitations; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which do not guarantee the Notes.

## Events of Default

The events of default under the Notes include, among other things:

- (a) default in the payment of principal (or premium, if any);
- (b) default in the payment of interest and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets or the failure by the Company to make or consummate an offer to purchase in the manner described in the Indenture;
- (d) the Company or certain of its subsidiaries defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in paragraphs (a), (b) or (c) above);
- (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$30 million;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged against such persons and exceed the aggregate amount of US\$30 million;
- (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries;
- (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effecting any general assignment for the benefit of creditors; or
- (i) any Subsidiary Guarantor denies or disaffirms its obligations under its guarantees or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or for any reason ceases to be in full force and effect.

If an event of default (other than as specified in paragraphs (g) or (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding may declare the principal of the Notes plus accrued and unpaid interest and premium (if any) to be immediately due and payable.

## Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, or subject to (as the case may be) among other things (in each case subject to the qualifications and exceptions describe in the Indenture):

- (a) incur or generate additional indebtedness and issue disqualified stock;

- (b) make investments or other restricted payments;
- (c) pay dividends or make other distributions on its capital stock or purchase or redeem capital stock;
- (d) enter into agreements that restrict the ability of certain subsidiaries of the Company to pay dividends and other payment restriction;
- (e) issue or sell capital stock of certain subsidiaries of the Company;
- (f) guarantee indebtedness of the Company or certain of its subsidiaries;
- (g) enter into certain transactions with affiliates;
- (h) create liens;
- (i) enter into sale and leaseback transactions;
- (j) sell assets;
- (k) effect a consolidation or merger; and
- (l) certain reporting requirements, including, among other things, quarterly updates as described in the Indenture.

## **Redemption**

The Notes may be redeemed in the following circumstances:

At any time and from time to time on or after November 15, 2017, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable redemption date, if redeemed during the 12-month period commencing on November 15 of any year set forth below:

<b>On or after</b>	<b>Redemption Price</b>
November 15, 2017	104.406%
November 15, 2018	102.938%
November 15, 2019	101.469%
November 15, 2020	100%

At any time and from time to time prior to November 15, 2017, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest on the Notes redeemed, if any, to (but not including) the redemption date.

In addition, at any time and from time to time prior to November 15, 2017, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 105.875% of the principal amount of the Notes, plus accrued and unpaid interest on the Notes redeemed, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

## **USE OF PROCEEDS OF THE NOTES**

The net proceeds of the Notes Issue, after deduction of the underwriting discounts and commission and other estimated expenses, will amount to approximately US\$245 million. The Company intends to use the net proceeds for capital expenditures and the remaining balance for general corporate purposes, including refinancing outstanding indebtedness, to enhance the liquidity position of the Company.

## **LISTING AND RATING**

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issue to professional investors only. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Notes or the Company.

The Notes have been provisionally rated “BB+” by S&P Ratings Services and “Ba1” by Moody’s Investors Service. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the rating agency.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“BofA Merrill Lynch”	Merrill Lynch, Pierce, Fenner & Smith Incorporated, a joint bookrunner and joint lead manager in respect of the Notes Issue
“China” or “PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Company”	Nexteer Automotive Group Limited (耐世特汽車系統集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement between the Company, the Subsidiary Guarantors and the trustee that will specify the terms of the Notes including the interest rate of the Notes and the maturity date
“J.P. Morgan”	J.P. Morgan Securities LLC, a joint bookrunner and joint lead manager in respect of the Notes Issue
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the 5.875% senior notes due 2021 in the principal amount of US\$250,000,000 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Purchase Agreement”	the purchase agreement dated November 5, 2014 entered into among the Company, the Subsidiary Guarantors, J.P. Morgan and BofA Merrill Lynch in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	Project Rhodes Holding Corporation, a company incorporated in Delaware and Rhodes Holding I S.à.r.l., a company incorporated in Luxembourg, both of which are wholly-owned subsidiaries of the Company that will guarantee the Company’s obligations under the Notes
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**Nexteer Automotive Group Limited**  
**Guibin ZHAO**  
*Chairman*

Hong Kong, November 6, 2014

*As at 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.*