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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)**

#### **ANNOUNCEMENT**

### **CONTRIBUTION AGREEMENT IN RELATION TO THE PROPOSED ESTABLISHMENT OF JOINT VENTURE COMPANY**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and Inside Information Provision (as defined under the Listing Rules) under Part XIVA of SFO.

The Board is pleased to announce that on 4 January 2017, the Group had entered into a contribution agreement (the “**Contribution Agreement**”) with Continental in connection with the Proposed Cooperation to, among other things, form a joint venture company (the “**Joint Venture Company**”) in the USA. Pursuant to the Contribution Agreement, the Joint Venture Company will be owned as to 50% by each of the parties. The Joint Venture Company will principally engage in research and development activities for the advancement of optimised longitudinal and lateral vehicle motion control systems for assisted and automated driving.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Cooperation (including the formation of the Joint Venture Company) do not exceed 5%, the transactions contemplated under the Contribution Agreement do not constitute notifiable transactions for the Company pursuant to Chapter 14 of the Listing Rules. The Company will make further announcement(s) in relation to the formation of the Joint Venture Company in accordance with the requirements of the Listing Rules and the SFO as and when appropriate.

**As the transactions may or may not materialise, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and Inside Information Provision (as defined under the Listing Rules) under Part XIVA of SFO.

## **INTRODUCTION**

The Board is pleased to announce that on 4 January 2017, the Group had entered into the Contribution Agreement with Continental in connection with the Proposed Cooperation to, among other things, form the Joint Venture Company in the USA.

## **CONTRIBUTION AGREEMENT**

The principal terms of the Contribution Agreement are set out below:

### **Date**

4 January 2017

### **Parties**

- (1) Nexteer Automotive Corporation (a company incorporated in the State of Delaware, USA) is an indirect wholly-owned subsidiary of the Company
- (2) Continental Automotive Systems, Inc (a company incorporated in the State of Delaware, USA) is an indirect wholly-owned subsidiary of Continental AG

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Continental is independent of the Group, its connected persons and their respective associates.

### **Particulars of the Joint Venture Company**

Scope of Business: Research and development activities for the advancement of optimised longitudinal and lateral vehicle motion control systems for assisted and automated driving

Shareholding and capital contribution: It will be owned as to 50% by each of the party and the capital will be contributed equally by the parties using cash and certain assets needed to establish the Joint Venture Company

### **Binding Effect**

The Contribution Agreement is legally binding and, subject to the conditions precedent, it obliges the parties to proceed with the finalisation and signing of additional definitive agreements with respect to the Proposed Cooperation.

## **Conditions Precedent**

The obligations set forth in the Contribution Agreement shall be conditional upon the fulfilment of certain conditions precedent, including without limitation the following:

- (i) representations and warranties of each party shall be true and correct in all material respects;
- (ii) absence of any applicable laws, rules and regulations, orders, rulings, injunctions prohibiting or restraining the Proposed Cooperation or the formation of the Joint Venture Company;
- (iii) the execution of the other definitive agreements, and the completion of other covenants and agreements; and
- (iv) the grant of any necessary approval, consent and/or waiver by relevant government or regulatory authorities or bodies in connection with the Proposed Cooperation and the formation of the Joint Venture Company.

In the event that the conditions precedent cannot be fulfilled (or waived wholly or partially in writing by the parties) on or before 31 March 2017, the Contribution Agreement may be terminated by either party and upon such termination the parties to the Contribution Agreement will not have any further liabilities and obligations against each other (save for any antecedent breaches).

## **REASONS FOR AND BENEFITS OF THE PROPOSED COOPERATION AND THE FORMATION OF THE JOINT VENTURE COMPANY**

The Proposed Cooperation will accelerate the Group and Continental AG's advancements in automated driving and achieve robust vehicle dynamics and safety. The Joint Venture Company will combine the Group's advanced steering and driver assistance technologies with Continental AG's portfolio of Automated Driving and advanced braking technologies to accelerate advancements in vehicle motion control systems.

The Board considers that the terms of the Contribution Agreement and the transactions contemplated under it are fair and reasonable and that the Proposed Cooperation is in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF THE GROUP AND THE COUNTERPARTY**

The Group is one of the world's leading steering and driveline suppliers. The main scope of business of the Group includes designing, development, manufacturing and distributing steering and driveline systems and components, primarily for OEMs. The Group's steering system products include electric power steering, hydraulic power steering as well as steering columns and intermediate shafts and the Group's driveline system products include front wheel drive halfshafts, intermediate drive shafts and rear wheel drive halfshafts as well as propeller shaft joints.

Continental is an indirect wholly-owned subsidiary of Continental AG. Continental AG develops intelligent technologies for transporting people and their goods. As a reliable partner, the international automotive supplier, tire manufacturer, and industrial partner provides sustainable, safe, comfortable, individual, and affordable solutions. In 2016, Continental AG generated preliminary sales of around €40.5 billion with its five divisions, Chassis & Safety, Interior, Powertrain, Tires, and ContiTech, Continental AG currently employs more than 220,000 people in 55 countries.

## **GENERAL**

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Cooperation (including the formation of the Joint Venture Company) do not exceed 5%, the transactions contemplated under the Contribution Agreement do not constitute notifiable transactions for the Company pursuant to Chapter 14 of the Listing Rules. The Company will make further announcement(s) in relation to the formation of the Joint Venture Company in accordance with the requirements of the Listing Rules and the SFO as and when appropriate.

**As the transactions may or may not materialise, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“associate(s)”	shall have the meaning ascribed to it pursuant to the Listing Rules
“Board”	the board of Directors
“Company”	Nexteer Automotive Group Limited, a company incorporated on 21 August 2012 as an exempted company with limited liability under the laws of the Cayman Islands which is listed on the Stock Exchange (Stock Code: 01316)
“connected person(s)”	shall have the meaning ascribed to it pursuant to the Listing Rules
“Continental”	Continental Automotive Systems, Inc, a company incorporated in the State of Delaware, USA
“Continental AG”	Continental Aktiengesellschaft, a German stock corporation organized under the laws of Germany with its principal place of business located in Hanover and which is listed on the Frankfurt Stock Exchange, the Hamburg Stock Exchange and the Stuttgart Stock Exchange
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Cooperation”	the proposed cooperation between Nexteer Automotive Corporation and Continental in relation to the formation of the Joint Venture Company
“OEM”	original equipment manufacturer(s), generally referring to large automotive manufacturers that use OEM components in the production of cars, which is in line with standard industry practice
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules
“USA”	United States of America

**The Shareholders and potential investors of the Company are advised to be cautious in dealing with the securities of the Company.**

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

Hong Kong, 11 January 2017

*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.*