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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 INSIDE INFORMATION**

This announcement is made by Nexteer Automotive Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the **Listing Rules**) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors of certain developments and information with respect to two recent recalls announced by General Motors (“**GM**”) that involve the Company.

#### **HALFSHAFT RECALL**

As previously referenced on March 19, 2014, in the Company’s announcement of annual results for the year ended December 31, 2013 (the “**Results Announcement**”), the Group has provisions of US\$60.9 million in relation to restructuring, legal disputes, environmental liabilities, warranties and decommissioning for the year ended December 31, 2013. Included in these provisions is an amount of US\$8.3 million for a product recall by GM relating to halfshaft components used on certain 2013-2014 Chevrolet Cruze models that were supplied by the Group but manufactured by one of our suppliers (the “**Halfshaft Recall**”). On March 31, 2014, GM expanded the scope of the Halfshaft Recall to include a larger vehicle population. We are continuing to cooperate with GM to develop a service solution and to supply parts on an arms-length commercial basis in order to support the Halfshaft Recall. The Group has not yet fully assessed all of the facts and circumstances in order to make an internal estimate of our potential financial liability on account of the expanded Halfshaft Recall but expects additional provisions in 2014 related to the Halfshaft Recall could amount to approximately US\$14 million as indicated in the Results Announcement. As of the date hereof, the Group has not paid any amount on account of the Halfshaft Recall and is not aware of any litigation filed against the Group by GM. We expect to engage in commercial settlement discussions with GM when and as appropriate and also expect that, based on the contractual terms with the relevant supplier, any financial liability relating to the Halfshaft Recall would be recoverable from the supplier.

It should be noted that the estimated additional provision amount disclosed above is an unaudited figure and may increase and is subject to adjustment and final confirmation.

## **ELECTRIC POWER STEERING RECALL**

On March 31, 2014 GM also announced a recall to address a condition regarding the electric power steering on certain 2004-2006 model year Chevrolet Malibu, Malibu Maxx vehicles; 2005-2006 model year Pontiac G6 vehicles; and 2008-2009 model year Chevrolet Malibu, Pontiac G6 and Saturn Aura vehicles (the “**EPS Recall**”).

As a result of arrangements made with GM prior to the acquisition of the Group from GM by Pacific Century Motors, Inc. in 2010, the Group does not expect any material financial liability in connection with the EPS Recall. At this point, we expect to support GM through the supply of service parts on an arms-length commercial basis.

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In the event of any material developments relating to our financial liability with respect to the Halfshaft Recall or the EPS Recall, we will publish further announcements as and when appropriate in accordance with the Listing Rules.

**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, April 4, 2014

*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.*