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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**

#### **PROPOSED 2019 ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 19 September 2016 regarding the Renewed Yubei Transactions (“**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

Pursuant to the Renewed Yubei Nomination Letters on 19 September 2016, the Group had agreed to acquire from Yubei Steering certain manual and hydraulic rack and pinion gears for a further term of three years from 19 September 2016 to 18 September 2019. The indicative unit price for each type of the rack and pinion gears to be provided by Yubei Steering is set out in the Renewed Yubei Nomination Letters on 19 September 2016. Such unit price had been determined based on arms’ length negotiations between the parties and with reference to the price offered by independent similar suppliers. During the Renewed Yubei Transactions, quotations will be obtained from independent similar supplier(s) for manual gears of similar quantities and the Company’s internal sourcing council will be responsible for assessing and choosing the supplier offering the most competitive terms and conditions.

In respect of the Renewed Yubei Transactions, the proposed annual cap for the nine months ending 30 September 2019 is RMB13,247,000. In arriving at the proposed annual cap, the Directors have considered the following factors:

- (i) expected demand for the Group's CEPS systems and hydraulic rack and pinion gears from the OEM customers based on their expected production volume of the relevant vehicles;
- (ii) the indicative prices set out in the Renewed Yubei Nomination Letters on 19 September 2016; and
- (iii) the estimated market demand for relevant vehicles according to an independent third-party industry forecast provider as reference.

The Directors expect that the estimated customer demand will be reduced from 2018 onwards; therefore the proposed annual caps in respect of the Renewed Yubei Transactions for the financial year ending 31 December 2018 and for the nine months ending 30 September 2019 are reduced.

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

Hong Kong, 23 September 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.*