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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: 1316)**

## **VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE COMPANY**

The Board is pleased to announce that on 2 March 2017, Nexteer China Holding, a direct wholly-owned subsidiary of the Company, entered into the JV Agreement with Dongfeng Components in respect of, inter alia, the formation of a JV Company in the PRC. The JV Company will principally engage in developing, manufacturing, assembling, and the sale of electric power steering (“EPS”) products and related automotive parts and components.

Pursuant to the JV Agreement, the JV Company will be owned as to 50% by each of the parties. The JV Company shall have an initial registered capital of RMB150 million, which shall be contributed equally by Nexteer China Holding and Dongfeng Components.

Pursuant to the Listing Rules, the formation of the JV Company contemplated under the JV Agreement is exempt from the requirements of Chapter 14 of the Listing Rules as all the applicable percentage ratios under Rule 14.07 are below 5%.

**This announcement is made by the Company on a voluntary basis.**

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### **THE JV AGREEMENT**

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

#### **Date**

2 March 2017

## **Parties**

- (1) Nexteer China Holding (a company established in the PRC) is a direct wholly-owned subsidiary of the Company
- (2) Dongfeng Components (a company established in the PRC) is a wholly-owned subsidiary of Dongfeng Motor Co., Ltd. which is in turn a 50:50 joint venture between Dongfeng Group and Nissan Motor Co., Ltd. (through Nissan (China) Investment Co., Ltd.)

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Dongfeng Components and its ultimate beneficial owners are Independent Third Parties.

## **Binding Effect and Conditions Precedent**

The JV Agreement is legally binding on both parties of the JV Agreement, and subject to the clearance of MOFCOM on the anti-trust filing, it obliges both parties to finalise and complete the transactions contemplated thereunder.

## **Particulars of the JV Company**

Scope of Business:	The JV Company will principally engage in developing, manufacturing, assembling, and the sale of EPS products and related automotive parts and components.
Shareholding:	The JV Company will be owned as to 50% by each of the parties.
Initial Registered Capital:	RMB150 million
Capital Contribution:	Each party to contribute RMB75 million in cash (and the amount contributed by the Company will be a US\$ equivalent amount)

## **Term of the JV Company**

The term of the JV Company is for thirty (30) years, starting from the Establishment Date.

## **Non-competition Undertaking**

Dongfeng Components agrees not to, and shall cause its directors and senior management not to, and shall use its best endeavors to procure its shareholders not to, engage in any business which competes, or will compete, directly or indirectly with the business of the JV Company.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

The collaboration between the parties through the establishment of the JV Company is beneficial to the Group based on the following:

- To allow the Group to grow and better serve its existing customers within Dongfeng Group as well as to expand its PRC market share in EPS and related automotive parts and components through the experience and expertise of Dongfeng Group including but not limited to its affiliates in Dongfeng Group's self-brand, Venucia, Renault-Nissan, PSA, Honda Motor Company, Kia Motors and Luxgen Auto.
- To support the growth and new technology needs of Dongfeng Group and its affiliates as the preferred supplier of advanced EPS systems with world-class quality to meet the growing demands in the PRC market. The JV Company will become globally competitive, sustainably grow, and fully utilize the research and development facilities and capabilities of both parties to quickly and effectively satisfy the steering system development needs of Dongfeng Group and its affiliates.

The Board believes that the formation of the JV Company and the entering into of the JV Agreement is in line with the business of the Group and is in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Pursuant to the Listing Rules, the formation of the JV Company contemplated under the JV Agreement is exempt from the requirements of Chapter 14 of the Listing Rules as all the applicable percentage ratios under Rule 14.07 are below 5%.

## **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 driveshafts and rear wheel driveshafts as well as propeller shaft joints.

Dongfeng Components is a wholly-owned subsidiary of Dongfeng Motor Co., Ltd., a company headquartered in Wuhan, China. Dongfeng Motor Co., Ltd. is a 50:50 joint-venture between Dongfeng Group Co., Ltd. (an automobile manufacturing company listed on the Main Board of the Stock Exchange) and Nissan Motor Co. Ltd. (through Nissan (China) Investment Co., Ltd.). Dongfeng Components engages in the development, manufacture and sales of automotive components. Its products include chassis, body, interior and exterior parts and engine parts including both mechanical and electronic parts.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Nexteer Automotive Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 01316)
“Director(s)”	director(s) of the Company
“Dongfeng Components”	Dongfeng Motor Parts and Components Group Co. Ltd.* (東風汽車零部件(集團)有限公司), a limited liability company established in the PRC and a direct wholly-owned subsidiary of Dongfeng Motor Co., Ltd.
“Dongfeng Group”	Dongfeng Motor Group Company Limited* (東風汽車集團股份有限公司), a joint stock company established in the PRC with limited liability and which is listed on the Main Board of the Stock Exchange (Stock Code: 489)
“Dongfeng Motor Co., Ltd.”	Dongfeng Motor Co., Ltd* (東風汽車有限公司), a limited liability company established in the PRC and which is in turn a 50:50 joint venture between Dongfeng Group and Nissan Motor Co., Ltd. (through Nissan (China) Investment Co., Ltd.)
“Establishment Date”	the date of establishment of the JV Company (including the issuance of the business license to the JV Company)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“JV Agreement”	the joint venture agreement dated 2 March 2017 entered into between Nexteer China Holding and Dongfeng Components in relation to, inter alia, the establishment of the JV Company
“JV Company”	a limited liability company to be established under the laws of the PRC pursuant to the terms of the JV Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“MOFCOM”	Ministry of Commerce of the PRC
“Nexteer China Holding”	Nexteer (China) Holding Co., Ltd.* (耐世特(中國)投資有限公司), a limited liability company established in the PRC and a direct wholly-owned subsidiary of the 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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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

\* denotes an English translation of a Chinese name and is for identification only

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

Hong Kong, 10 April 2017

*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. Shengqun YANG and Mr. Xiaobo WANG, and the independent non-executive Directors are Mr. Hing Lun TSANG, Mr. Jianjun LIU and Mr. Kevin Cheng WEI.*