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If you have sold or transferred all your shares in Nexteer Automotive Group Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES;
RE-ELECTION OF RETIRING DIRECTORS AND
CONTINUOUS APPOINTMENT OF THE INDEPENDENT NON-EXECUTIVE
DIRECTOR WHO HAS SERVED MORE THAN NINE YEARS;
PAYMENT OF FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Nexteer Automotive Group Limited to be held on June 19, 2024 at 9 a.m. at Huashan Room, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong is set out on pages 17 to 22 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.nexteer.com. Whether or not you intend to attend the Annual General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude any shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

May 20, 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “Annual General Meeting” | the annual general meeting of the Company to be held on June 19, 2024 at 9 a.m. at Huashan Room, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, or any adjournment thereof |
| “Articles of Association” | the memorandum and articles of association of the Company adopted on June 20, 2023, as amended and/or restated from time to time |
| “AVIC” | 中國航空工業集團有限公司 (Aviation Industry Corporation of China, Ltd., formerly known as Aviation Industry Corporation of China*), a state-owned limited liability company established in the PRC on November 6, 2008, a Controlling Shareholder of the Company |
| “AVIC Auto” | 中國航空汽車系統控股有限公司 (AVIC Automotive Systems Holding Co., Ltd.*), a limited liability company established in the PRC on November 7, 1985, which is owned as to 70.11% by AVIC, a Controlling Shareholder of the Company |
| “Beijing E-Town” | 北京亦莊國際投資發展有限公司 (Beijing E-Town International Investment & Development Co. Ltd.*), a limited company established in the PRC on February 6, 2009 |
| “Beijing E-Town Auto” | 北京亦莊國際汽車投資管理有限公司 (Beijing E-Town International Automotive Investment & Management Co. Ltd.*), a limited company established in the PRC on December 2, 2014 and directly and wholly-owned by Beijing E-Town |
| “Board” | board of Directors of the Company |
| “Companies Act” | the Companies Act (as revised) of the Cayman Islands as amended, supplemented and/or otherwise modified from time to time |

DEFINITIONS

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| “Company” | Nexteer Automotive Group Limited (耐世特汽車系統集團有限公司), a company incorporated as an exempted company with limited liability under the laws of the Cayman Islands on August 21, 2012 and the issued Shares of which are listed on the main board of the Stock Exchange |
| “Controlling Shareholder(s)” | has the meaning ascribed thereto in the Listing Rules and, unless the context requires otherwise, refers to AVIC, AVIC Auto, PCM China and Nexteer Hong Kong |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Issue Mandate” | a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal in Shares not exceeding 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution granting such mandate |
| “Latest Practicable Date” | May 9, 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| “Nexteer Hong Kong” | Nexteer Automotive (Hong Kong) Holdings Limited (耐世特汽車系統(香港)控股有限公司), a company incorporated in Hong Kong on August 10, 2012, which is wholly-owned by PCM China. It directly holds approximately 44.03% of the issued share capital of the Company, and is a Controlling Shareholder of the Company |

DEFINITIONS

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| “PCM China” | 太平洋世紀(北京)汽車零部件有限公司 (Pacific Century Motors, Inc.*), a limited liability company established in the PRC on September 10, 2010, which is owned as to 72.88% by AVIC Auto and as to 27.12% by Beijing E-Town Auto |
| “PRC” | the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Repurchase Mandate” | a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the aggregate number of issued Shares as at the date of passing of the relevant resolution granting such mandate |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time |
| “Share(s)” | ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of Share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Buy-backs, as amended from time to time |
| “US” or “United States” | the United States of America |
| “US\$” | United States dollar, the lawful currency of the United States |
| “%” | per cent |

* Denotes an English translation of a Chinese name and is for identification purpose only



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)

Executive Directors:

Mr. LEI, Zili (*Chairman and Chief Executive Officer*)
Mr. MILAVEC, Robin Zane

Non-Executive Directors:

Mr. WANG, Jian
Ms. ZHANG, Wendong
Mr. SHI, Shiming

Independent non-Executive Directors:

Mr. LIU, Jianjun
Dr. WANG, Bin
Mr. YUE, Yun

Registered office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Corporate headquarters:

1272 Doris Road
Auburn Hills, Michigan 48326
United States

Principal place of business in

Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

May 20, 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES;
RE-ELECTION OF RETIRING DIRECTORS AND
CONTINUOUS APPOINTMENT OF THE INDEPENDENT NON-EXECUTIVE
DIRECTOR WHO HAS SERVED MORE THAN NINE YEARS;
PAYMENT OF FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide Shareholders with the notice of Annual General Meeting and further information in relation to, amongst other matters, the following resolutions to be proposed at the Annual General Meeting: (a) the grant to the Directors of the Issue Mandate and the Repurchase Mandate; (b) the re-election of the retiring Directors and continuous appointment of the independent non-executive director who has served more than nine years; and (c) the payment of final dividend.

LETTER FROM THE BOARD

ISSUE MANDATE

In order to ensure flexibility and give discretion to the Directors in the event that it becomes desirable for the Company to issue any new Shares, an ordinary resolution 5(A) will be proposed at the Annual General Meeting to grant a general mandate to the Directors to exercise all powers of the Company to allot, issue and deal with additional Shares up to 20% of the total number of issued Shares as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company was at HK\$250,982,429.30 and comprised of 2,509,824,293 Shares. Subject to the passing of the proposed ordinary resolution 5(A) and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to issue a maximum of 501,964,858 Shares under the Issue Mandate.

The Issue Mandate will remain in effect until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held pursuant to the applicable laws or the Articles of Association; or (iii) the date on which such an authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

REPURCHASE MANDATE

An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise all powers of the Company to repurchase Shares representing up to 10% of the total number of issued Shares as at the date of passing of the resolution, amounting to 250,982,429 Shares, in relation to the Repurchase Mandate, assuming that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution at the Annual General Meeting.

The Repurchase Mandate will remain in effect until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held pursuant to the applicable laws or the Articles of Association; or (iii) the date on which such an authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

The Board advises that it has no present intention to repurchase any Shares pursuant to the Repurchase Mandate or issue any new Shares pursuant to the Issue Mandate in the event that the relevant resolutions are approved.

LETTER FROM THE BOARD

GENERAL EXTENSION MANDATE

In addition, if the Repurchase Mandate and the Issue Mandate are granted, an ordinary resolution will be proposed at the Annual General Meeting to extend the Issue Mandate by adding to the Issue Mandate those Shares repurchased by the Company under the Repurchase Mandate provided that such extended amount shall not exceed 10% of the total number of issued Shares on the date of passing of the resolution for the grant of the Issue Mandate.

RE-ELECTION OF RETIRING DIRECTORS AND CONTINUOUS APPOINTMENT OF THE INDEPENDENT NON-EXECUTIVE DIRECTOR WHO HAS SERVED MORE THAN NINE YEARS

Pursuant to Article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 of the Articles of Association shall not be taken into account in determining which Directors are to retire by rotation. Accordingly, Executive Director Mr. LEI, Zili, non-Executive Director Ms. ZHANG, Wendong and independent non-Executive Director Mr. LIU, Jianjun (“**Mr. LIU**”) (the “**Re-electing Directors**”) indicated that they intend to retire at the Annual General Meeting and, being eligible, have offered themselves for re-election at the Annual General Meeting. Recommendation to the Board for the proposal for re-election of the Re-electing Directors was made by the remuneration and nomination committee of the Board (the “**Remuneration and Nomination Committee**”) on March 26, 2024, in accordance with the Company’s director nomination policy and objective criteria (including but not limited to gender, age, ethnicity, years of work experience and professional experience), with due regard for the benefits of diversity, as set out under the Company’s board diversity policy. The Board has also taken into account the contributions of the Re-electing Directors and their commitment to their roles.

Continuous appointment of independent non-executive Director who has served more than nine years

Pursuant to provision B.2.3 of Part 2 of the Corporate Governance Code, if an independent non-executive Director serves an issuer for more than nine years, any further appointment of such an independent non-executive Director should be subject to a separate resolution to be approved by the shareholders.

As at the Latest Practicable Date, Mr. LIU has served as an independent non-executive Director for more than nine years since his appointment on June 15, 2013. A separate resolution will be proposed at the Annual General Meeting to re-elect Mr. LIU as an independent non-executive Director.

LETTER FROM THE BOARD

In assessing the re-election of Mr. LIU as an independent non-executive Director, the Remuneration and Nomination Committee and the Board have considered his contributions and services to the Company, and reviewed his expertise and professional qualifications to determine whether Mr. LIU satisfies the selection criteria for election. The Remuneration and Nomination Committee and the Board consider that Mr. LIU has the required character and integrity to act as a director of the Company. Mr. LIU also possesses broad, solid and extensive experience and professional knowledge in the fields of corporate governance, legal and regulatory affairs to bring impartial judgment to the Board. Mr. LIU has a thorough understanding of the Company's strategy, business performance, standard of conduct, knowledge of the automotive industry.

The Company had received the annual written confirmation from Mr. LIU, confirming his independence in accordance with Rule 3.13 of the Listing Rules. In assessing the independence of Mr. LIU, the Remuneration and Nomination Committee and the Board have assessed and reviewed the annual written confirmation of independence given by him. The Remuneration and Nomination Committee and the Board noted that Mr. LIU (i) does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company; (ii) is not involved in the management of the Company; (iii) is not involved in any relationships or circumstances which would interfere with the exercise of his respective independent judgement as an independent non-executive Director; (iv) has been providing objective and impartial views to the Company during his tenure of office; and (v) possesses the required character and integrity as mentioned above.

Based on the above, the Remuneration and Nomination Committee and the Board consider that Mr. LIU remains independent despite his years of service with the Company. Hence, the Board considers that the long services of Mr. LIU would not affect his exercise of independent judgment and that Mr. LIU would continue to be independent and in compliance with the independence guidelines as set out in the Listing Rules.

Having considered the professional qualifications of Mr. LIU, his independent scope of work in the past years and the current skill mix of the Board, the Remuneration and Nomination Committee and the Board consider that the continuous appointment of Mr. LIU as an independent non-executive Director will bring considerable stability to the Board, and he will continue to provide valuable advice to the business development of the Group and maintain a proper balance between the public and the corporate interests, whilst having sufficient diversity for the Board to discharge its functions effectively.

In view of the above, the Board believes that the Directors eligible for re-election at the Annual General Meeting will provide valuable insight and diversity to the Board by virtue of their relevant education, background and experience. On March 26, 2024, the Board accepted the nomination of the Remuneration and Nomination Committee and recommended the Re-electing Directors for re-election as Directors by Shareholders at the Annual General Meeting. The Board considers that the re-election of the Re-electing Directors as Directors is in the best interests of the Company and its Shareholders as a whole and therefore recommends to Shareholders the re-election of the retiring Directors.

LETTER FROM THE BOARD

Details of the above retiring Directors proposed for re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules. The re-election of each of the retiring Directors will be proposed by way of a separate resolution.

FINAL DIVIDEND

Subject to Shareholders' approval at the Annual General Meeting, the Board has recommended a final dividend of US\$0.0030 per Share for the year ended December 31, 2023 (the "**Final Dividend**"). The Final Dividend is payable on July 9, 2024 and the record date for entitlement to the Final Dividend is June 27, 2024.

For determining the entitlement to the Final Dividend, the register of members of the Company will be closed from June 25, 2024 to June 27, 2024, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on June 24, 2024.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 17 to 22 of this circular is the notice of the Annual General Meeting containing, inter alia, the ordinary resolutions in relation to the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the re-election of the retiring Directors and the payment of the Final Dividend.

For determining the eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from June 12, 2024 to June 19, 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on June 11, 2024.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.nexteer.com. Whether or not you intend to attend the Annual General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof.

LETTER FROM THE BOARD

Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of Annual General Meeting will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

RECOMMENDATION

The Directors consider that all the proposed resolutions including the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate are in the best interests of the Company and the Shareholders as a whole. The Directors also consider that the re-election of retiring Directors and continuous appointment of the independent non-executive Director who has served more than nine years, and the payment of the Final Dividend are in the best interests of the Company and its Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
By order of the Board
Nexteer Automotive Group Limited
LEI Zili
Chairman and Chief Executive Officer

The following are the particulars of the Directors (as required by the Listing Rules) standing for re-election at the Annual General Meeting.

As at the Latest Practicable Date, save as disclosed herein, none of the following Directors, had any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, no Director holds any position with the Company or any other member of the Group, nor has any directorships in other listed companies in the past three years.

In addition, save as disclosed herein, no Director has any relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Save as disclosed herein, there is no other matter relating to any of the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS:

Executive Director

LEI, Zili (雷自力), aged 53, was appointed as a non-Executive Director on June 8, 2021 and redesignated as an Executive Director on June 21, 2022. He was appointed as the Chairman of the Board on March 16, 2022 and the Chief Executive Officer on June 21, 2022. He served as a member of the Audit and Compliance Committee from June 8, 2021 to March 16, 2022. Mr. LEI is a member of the Global Strategy Council (GSC) of the Company. Mr. LEI has over 28 years of relevant experience in the automotive industry. As the Chairman of the Board, Mr. LEI is primarily responsible for chairing Board and shareholders' meetings and setting agendas, as well as facilitating communication between the Board and management. He serves as the board of director of AVIC Airborne System Co., Ltd. since June 2022, the chairman of AVIC Auto since May 2021, the chairman and of AVIC Hande (Beijing) Investment Holding Co., Ltd., a non wholly-owned subsidiary of AVIC Auto since May 2021, and the chairman of Henniges Automotive Holdings, Inc. since August 2020. He served as the chairman of PCM China and the director of Nexteer Hong Kong since November 2020. From December 2021 to November 2022 Mr. LEI served as the chairman of Guizhou Guihang Automotive Components Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600523). From March 2013 to July 2020, he served as the executive director and general manager of AVIC Hubei Aviation Precision Machinery Technology Co., Ltd. From September 2000 to March 2013, he served successively as the deputy general manager, general manager of Hubei Aviation Precision Machinery Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, Stock Code: 002013). From April 1995 to September 2000, he served successively as the planner, deputy manager and manager of the Planning Department of China Aviation Life-support Research Institute Jiali Branch. From July 1990 to April 1995, he served as the technician in the Petrochemical Department of China Aviation Life-support Research Institute. Mr. LEI graduated from Department of Mechanical Engineering of Zhengzhou University of Aeronautics in July 1990, obtained a master's degree in business administration from Zhongnan University of Economics and Law in October 2005. Mr. LEI is currently a senior economist awarded by AVIC.

Mr. LEI has entered into a revised service contract with the Company for a term of three years with effect from June 21, 2022, subject to re-election and retirement as required by the Articles of Association. As an Executive Director and Chairman of the Board, he is entitled to receive emoluments of US\$520,000 per annum and a discretionary bonus as determined by the Board with reference to the experience, responsibility, workload, time devoted, contribution to the Group, emoluments paid by comparable companies, performance of the Group and the recommendations of the Remuneration and Nomination Committee.

As at the Latest Practicable Date, Mr. LEI has an interest in 1,111,980 underlying Shares of the Company in respect of the share options granted under the share option scheme of the Company within the meaning of Part XV of SFO. Mr. LEI has not exercised the share options.

Non-Executive Director

ZHANG, Wendong (張文冬), aged 47, was appointed as a non-Executive Director on November 13, 2020. Ms. ZHANG has served as the deputy general manager of Beijing E-Town International Investment & Development Co., Ltd. since July 2018 and the chairman of Beijing E-Town International Financing Guarantee Co., Ltd since June 2017. She has served as the chairman of Beijing E-town Semiconductor Technology Co., Ltd. since September 2023. From November 2017 to November 2021, Ms. ZHANG served as the non-executive director, the member of audit committee, the member of compensation committee and the member of nominating and corporate governance committee of the board of UTStarcom Holdings Corp, a company listed on NASDAQ (ticker symbol: UTSI). Ms. ZHANG also held various positions in Beijing E-Town International Investment & Development Co., Ltd., including assistant to the general manager from June 2015 to July 2018, the director of asset management department from January 2014 to June 2015 and the deputy director of asset management department from December 2012 to January 2014. From October 2007 to December 2012, she served as the head of the corporate development department of Dongfang Cultural Asset Management Company; from July 2000 to September 2007, she served as the manager of the project department of Beijing Shengandi Investment Management Consulting Company. Ms. ZHANG is currently a senior economist. Ms. ZHANG graduated with a major in economics and obtained a bachelor's degree from Minzu University of China in May 2005. She obtained a master's degree in business administration (MBA) from University of Chinese Academy of Sciences, China in July 2016.

Ms. ZHANG has entered into a service contract with the Company with effect from November 13, 2023 for a term of three years, subject to re-election and retirement as required by the Articles of Association. Ms. ZHANG is entitled to receive a director's fee of US\$50,700 per annum, and a discretionary bonus as determined by the Board with reference to the experience, responsibility, workload, time devoted, contributing to the Group, emoluments paid by comparable companies and performance of the Group and the recommendations of the Remuneration and Nomination Committee.

As at the Latest Practicable Date, Ms. ZHANG has an interest in 234,100 underlying Shares of the Company in respect of the share options granted under the share option scheme of the Company within the meaning of Part XV of SFO. Ms. ZHANG has not exercised the share options.

Independent Non-Executive Director

LIU, Jianjun (劉健君), aged 55, was appointed as an independent non-Executive Director on June 15, 2013. Mr. LIU was in the legal department of China Ocean Shipping (Group) Company container lines (中國遠洋運輸集團總公司集裝箱運輸) from July 1993 to March 1999, a partner at Zhong Sheng Law Firm, Beijing (北京中盛律師事務所), from April 2001 to October 2006, a senior associate in Zhong Lun Law Firm, Beijing (北京中倫律師事務所) from November 2006 to May 2007, and has been a partner at Zhonglun W&D Law Firm, Beijing (北京中倫文德律師事務所), since June 2007. Mr. LIU started practising as lawyer in China in August 2001. He obtained a master's degree in law from Peking University, China, in July 1998, and a law degree from Washington University in St. Louis, the USA, in May 2004.

Mr. LIU had entered into a letter of appointment with the Company with effect from June 15, 2022 for a term of three years, subject to re-election and retirement as required by the Articles of Association. He is entitled to receive a director's fee of US\$82,400 per annum, which is determined by the Board with reference to his duties and responsibilities with the Company, the prevailing market conditions and the recommendations of the Remuneration and Nomination Committee.

As at the Latest Practicable Date, Mr. LIU did not have any interest in the Shares within the meaning of Part XV of SFO.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was at HK\$250,982,429.30 and comprised of 2,509,824,293 Shares. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 250,982,429 Shares which represent 10% of the issued share capital of the Company during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or (iii) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASES

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Articles of Association, the Listing Rules, the Companies Act and any other applicable laws. The Companies Act provides that the amount of capital repaid in connection with a share repurchase may be paid out of the profits of the Company, the share premium account of the Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase, or out of capital provided that the Company is able to pay its debts as they fall due in the ordinary course of business and the payment out of capital is authorized by the Articles of Association, subject to and in accordance with the Companies Act. The amount of premium payable on repurchase may only be paid out of either or both the profits of the Company or the share premium account of the Company before or at the time the Company's Shares are repurchased, or in the manner provided for in the Companies Act.

A listed company in Hong Kong may not repurchase its own securities on the Stock Exchange for, inter alia, a consideration other than for cash or for settlement otherwise than in accordance with the Listing Rules.

IMPACT OF THE REPURCHASES

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interest of the Company and the Shareholders as a whole. The Directors consider that if the Repurchase Mandate was to be exercised in full, it may have a material adverse impact on the working capital or the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2023, being the date on which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken that, so far as the same may be applicable, they will exercise their power to repurchase any Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and applicable laws of the Cayman Islands.

As at the Latest Practicable Date, no core connected person (as defined in the Listing Rules) of the Company had notified the Company that he/she/it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the proposed Repurchase Mandate is approved by the Shareholders.

Neither this explanatory statement nor the repurchase of Shares pursuant to the Repurchase Mandate has any unusual features.

EFFECT OF TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, if a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company, it will become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the following Shareholders had beneficial interests representing 5% or more of the issued share capital of the Company within the meaning of Part XV of the SFO:

| Name of Shareholders | Number of Shares held | Current percentage interest in the issued share capital of the Company ⁽¹⁾ | Percentage interest in the issued share capital of the Company in event the Repurchase Mandate is exercised in full ⁽¹⁾ |
|---------------------------------------|-----------------------|---|--|
| Nexteer Hong Kong (<i>Note 2</i>) | 1,105,000,000 | 44.03% | 48.92% |
| PCM China (<i>Note 2</i>) | 1,105,000,000 | 44.03% | 48.92% |
| AVIC Auto (<i>Note 3</i>) | 1,105,000,000 | 44.03% | 48.92% |
| AVIC (<i>Note 3</i>) | 1,105,000,000 | 44.03% | 48.92% |
| Beijing E-Town (<i>Note 4</i>) | 525,000,000 | 20.92% | 23.24% |
| Beijing E-Town Auto (<i>Note 4</i>) | 525,000,000 | 20.92% | 23.24% |

Notes:

- (1) The calculation is based on the total number of 2,509,824,293 Shares in issue as at the Latest Practicable Date.
- (2) Nexteer Hong Kong is the beneficial owner of 1,105,000,000 Shares. Nexteer Hong Kong is wholly-owned by PCM China, which is owned as to 72.88% by AVIC Auto and as to 27.12% by Beijing E-Town Auto. Each of PCM China and AVIC Auto is deemed to be interested in the 1,105,000,000 Shares held by Nexteer Hong Kong.
- (3) AVIC Auto is owned as to 70.11% by AVIC. AVIC is deemed to be interested in the 1,105,000,000 Shares held by Nexteer Hong Kong.
- (4) On September 23, 2022, Beijing E-Town Auto became a direct holder of 525,000,000 shares of the Company. Beijing E-Town is deemed to be interested in the 525,000,000 Shares held by Beijing E-Town Auto.

In the opinion of the Directors, if the Repurchase Mandate was to be exercised in full and assuming that there is no change in the issued share capital of the Company and the shareholding of the abovementioned Shareholders prior to the repurchase of Shares, the percentage shareholding of Nexteer Hong Kong would be increased from approximately 44.03% to approximately 48.92% of the issued share capital of the Company. In such event, such an increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors are not aware of any other consequences which arise under the Takeovers Code as a result of any purchase of its Shares by the Company. The Directors have no intention to repurchase any Shares to the extent that it will trigger the obligations under the Takeover Code to make a mandatory offer.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares on the Stock Exchange in the six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months were as follows:

| Month | Highest prices HK\$ | Lowest prices HK\$ |
|---|------------------------------------|-----------------------------------|
| 2023 | | |
| May | 4.50 | 3.46 |
| June | 4.22 | 3.52 |
| July | 6.32 | 4.19 |
| August | 6.01 | 4.55 |
| September | 5.34 | 4.09 |
| October | 4.57 | 3.44 |
| November | 5.49 | 3.59 |
| December | 5.41 | 4.39 |
| 2024 | | |
| January | 4.97 | 3.48 |
| February | 3.90 | 3.08 |
| March | 3.81 | 3.17 |
| April | 4.44 | 3.44 |
| May (up to the Latest Practicable Date) | 4.67 | 4.07 |

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of Nexteer Automotive Group Limited (the “**Company**”) will be held on June 19, 2024 at 9 a.m. at Huashan Room, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and adopt the audited consolidated financial statements of the Company and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended December 31, 2023.
2. To declare a final dividend of US\$0.0030 per ordinary share of HK\$0.10 each (“**Shares**”) for the year ended December 31, 2023.
3. (a) To re-elect the following Directors:
 - (i) Mr. LEI, Zili as an Executive Director;
 - (ii) Ms. ZHANG, Wendong as a non-Executive Director; and
 - (iii) Mr. LIU, Jianjun (who has served more than nine years) as an independent non-Executive Director.
- (b) To authorise the board of Directors (the “**Board**”) of the Company to fix the remuneration of the Directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company and to authorise the Board to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

5. To consider as special business and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) “THAT:

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional Shares, or options, warrants or similar rights to subscribe for Shares or other securities convertible into Shares and to make or grant offers, agreements and/or options (including bonds, warrants and debentures exchangeable for or convertible into Shares) and rights of exchange or conversion which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options (including bonds, warrants and debentures exchangeable or convertible into Shares) and rights of exchange or conversion which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period pursuant to paragraph (i) or (ii) of this resolution 5(A) above, otherwise than pursuant to:
 - (1) a Rights Issue (as hereinafter defined);
 - (2) the grant or exercise of any option under any share option scheme of the Company (if applicable) or any other option scheme or similar arrangements for the time being adopted for the grant or issue to the directors of the Company, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;
 - (3) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or

NOTICE OF ANNUAL GENERAL MEETING

- (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares,

shall not exceed 20% of the total number of issued Shares as at the date of passing this resolution and the approval shall be limited accordingly; and

- (iv) for the purpose of this resolution 5(A):
- (a) **“Relevant Period”** means the period from the passing of this resolution until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
- (b) **“Rights Issue”** means an offer of Shares, or an offer or issue of warrants, options or other securities which carry a right to subscribe for Shares, open for a period fixed by the directors of the Company to holders of Shares whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

(B) “THAT:

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange in accordance with all applicable laws including The Codes on Takeovers and Mergers and Share Buy-backs and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of Shares, which may be repurchased pursuant to the approval in paragraph (i) above of this resolution 5(B) during the Relevant Period shall not exceed 10% of the total number of issued Shares as at the date of passing of this resolution 5(B), and the said approval shall be limited accordingly; and
- (iii) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

- (C) “**THAT** conditional upon the passing of the resolutions 5(A) and 5(B), the general mandate referred to in the resolution 5(A) be and is hereby extended by the addition to the aggregate number of Shares which may be allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with by the Directors pursuant to such general mandate of an amount representing the aggregate number of issued Shares repurchased or otherwise acquired by the Company pursuant to the general mandate pursuant to resolution 5(B), provided that such aggregate number of Shares so repurchased shall not exceed 10% of the total number of issued Shares as at the date of passing this resolution.”

By order of the Board
Nexteer Automotive Group Limited
LEI Zili
Chairman and Chief Executive Officer

Hong Kong, May 20, 2024

| | | |
|---------------------------|--------------------------------|---------------------------------------|
| <i>Registered office:</i> | <i>Corporate headquarters:</i> | <i>Principal place of business in</i> |
| P.O. Box 309 | 1272 Doris Road | <i>Hong Kong:</i> |
| Ugland House | Auburn Hills, Michigan 48326 | 31/F, Tower Two, Times Square |
| Grand Cayman | United States | 1 Matheson Street |
| KY1-1104 | | Causeway Bay |
| Cayman Islands | | Hong Kong |

Notes:

- (i) A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder.
- (ii) In the case of joint holders of any Share, any one of such persons may vote at the Annual General Meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the above Annual General Meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude the shareholders from attending and voting in person at the Annual General Meeting (or any adjourned meeting thereof) if they so wish.
- (iv) In respect of the ordinary resolution 2 above, the payment of the final dividend shall be made in US dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong dollars to US dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the distribution at the above Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (v) For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from June 12, 2024 to June 19, 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on June 11, 2024.
- (vi) The final dividend is payable on July 9, 2024 and the record date for entitlement to the proposed final dividend is June 27, 2024. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from June 25, 2024 to June 27, 2024, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited (address as per above) for registration no later than 4:30 p.m. on June 24, 2024.
- (vii) In respect of ordinary resolution 3 above, Mr. LEI, Zili, Ms. ZHANG, Wendong and Mr. LIU, Jianjun will retire and being eligible, have offered themselves for re-election at the Annual General Meeting. The biographical details of each of the above retiring directors standing for re-election are set out in Appendix I to the circular dated May 20, 2024.
- (viii) In respect of the ordinary resolution 5(A) above, the directors wish to state that they have no immediate plans to issue any new Shares. Approval is being sought from shareholders of the Company as a general mandate for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").
- (ix) In respect of ordinary resolution 5(B) above, the directors wish to state that they will exercise the powers conferred by the general mandate to repurchase Shares in circumstances which they deem appropriate for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the circular dated May 20, 2024.