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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 ADOPTION OF THE VALUE CREATION PLAN AND 2024 GRANT

ADOPTION OF THE VALUE CREATION PLAN

The Board announces that the Company has adopted the value creation plan (the “VCP”) to (i) align the interests of senior management with the Company’s objectives; (ii) provide additional financial incentives to senior management to further the growth, development and financial success of the Company; and (iii) enable the Company to recruit and retain the services of high caliber members of senior management considered essential to the Company’s success.

Under the VCP, the Company can grant Performance Units and Restricted Units, which will give the Participant the right to receive a payment of cash having a value equivalent to the value of one or more Shares in the future.

As the VCP does not involve any grant of new shares to be issued by the Group or any share options over such new shares and is not funded by existing shares of the Group, the VCP, therefore, does not fall within the scope of, and is not subject to the requirements under Chapter 17 of the Listing Rules. As a result, the announcement on adoption of the VCP is made on a voluntary basis.

Summary of the Principal Terms of the VCP

Eligible Recipients

The VCP shall be available as an incentive to members of senior management, as approved by the Board.

Incentive Instruments

The VCP will provide Performance Units and Restricted Units as the incentive instruments.

Performance Units: Performance Units granted under the VCP shall be settled in cash and shall be based on continued service and a three-year performance of Total Shareholder Return, as determined by the Board, when comparing against the performance of selected Peer Group. Dividend equivalents are accrued (without interest) and cash-settled on the vested Performance Units.

Restricted Units: Restricted Units granted under the VCP shall be settled in cash and shall vest based on continued service over a three-year vesting period and based on Company's share price. The cash value will be converted into the number of units at the beginning of the vesting period. At the end of the period the units will be reconverted into cash value calculated based on the 20-day average share price. Dividend equivalents are accrued and cash-settled on the vested Restricted Units. If the Participant leaves the Company before the end of vesting period for any reasons, the Restricted Units will be cancelled.

The Board will grant Awards to Participants as follows:

Grant of Awards

Each Award of Performance Units shall entitle the Participant to a payment in cash based on the achievement of Performance Metrics over the Performance Period and such other terms and conditions specified by the Board and the RN Committees.

Each Award of Restricted Units shall entitle the Participant to a payment of cash based on the Participant's continuous service over the Vesting Period and such other terms and conditions specified by the Board.

Performance Metrics

The main Performance Metric is based on the Company's relative Total Shareholder Return (as defined below) Percentile Ranking over the Performance Period against that of the companies in the Peer Group.

Total Shareholder Return ("**Total Shareholder Return**") means an amount (expressed as a percentage return) equal to:

The sum of (x) the Ending Share Price *minus* the Beginning Share Price, *plus* (y) the amount of any dividends and distributions paid on a per share basis (calculated as if such dividends had been reinvested in the Company on the applicable dividend date) cumulatively over the Performance Period*, *divided by* the Beginning Share Price.

- * "*Performance Period*" means January 1 of a year (t) through December 31 of year (t+2), with year (t) being the year in which the grant of the target Performance Units and the Restricted Units is made.

The Performance Units and the Restricted Units will not vest if the Company's three-year average return on invested capital over the Performance Period is lower than the Company's return on invested capital in the year prior to the beginning of the Performance Period.

Award Calculations

All calculations for the cash-settled Awards issued under the VCP will be made by the Company's management in consultation with the Company's independent, globally recognized compensation consultant, and confirmed by the Board, in its sole and absolute discretion.

Payment of Awards

Awards shall be paid in accordance with the terms set by the RN Committees and the Board. No Award shall be paid until the end of the Performance Period, and the Performance Metrics have been satisfied, and the Board has approved the payment of the Award. Participants are eligible to receive payment of the Award if they are employed through the end of the Performance Period. Payment will not, however, be made until the Board has approved payment of the Award. Participants are eligible for a pro-rated payment of the Award if they are terminated without cause, terminated as a result of a change in control, or suffers a disability or death during the Performance Period; however, payment will not be made until the Board has approved the payment of the Award.

Administration

The VCP shall be administered by the Board. No member of the Board shall participate in any decision, determination or recommendation solely involving such member's own participation in the VCP. The Board is authorized to construe and interpret the VCP and any other written instruments issued or adopted pursuant to the VCP, to establish, amend and rescind any rules, regulations and procedures relating to the VCP and to make any other determinations which it believes necessary or advisable for the administration of the VCP.

The Board is solely responsible for all determinations made regarding the level of achievement of Performance Measures for purposes of determining the amount of cash to be paid to a Participant with respect to an Award.

Validity and Termination

The VCP shall be valid and effective from the date of adoption until being terminated by the Board. Without renewal, the VCP shall terminate at the end of the Vesting Period.

2024 GRANT

The Board considered and approved the 2024 Grant pursuant to the VCP. A total of 5,579,186 Awards were granted to twelve (12) members of the senior management of the Company, of which 4,184,390 was Performance Units, and 1,394,796 was Restricted Units, which is equivalent to a total cash value of USD3,402,500.

Among the 5,579,186 Awards, 2,316,120 Awards were granted to two (2) executive Directors who are also senior management (one of whom is the Chief Executive Officer), details of which are as follows:

Date of grant:	March 26, 2024	
Grantees:	Zili LEI (Executive Director, Chief Executive Officer and Chairman)	Robin Zane MILAVEC (Executive Director and President, Chief Strategy Officer, Chief Technology Officer)
Number of Awards granted:	876,231 Performance Units and 292,077 Restricted Units	860,859 Performance Units and 286,953 Restricted Units
Beginning share price per terms of VCP:	HK\$4.765	
Closing price of the Shares on the Grant Date as stated in the daily quotation sheets issued by the Stock Exchange:	HK\$3.240	
Vesting Date:	December 31, 2026	
Validity period of the Awards:	January 1, 2024 through December 31, 2026	

The remaining ten (10) Grantees, being members of the senior management, were granted a total of 3,263,066 Awards, of which 2,447,300 was Performance Units, and 815,766 was Restricted Units.

In relation to the above VCP proposal and 2024 Grant, each of Mr. Zili LEI and Mr. Robin Zane MILAVEC had abstained from voting in respect of relevant resolution on approving the grant of the Awards to himself. The 2024 Grant will not result in any dilution effect on the shareholdings of existing Shareholders.

DEFINITIONS

“2024 Grant”	the initial grant of the Awards to certain Participants pursuant to the VCP
“Award”	means the grant of a Performance Unit or a Restricted Unit, which gives the Participant the right to receive a payment of cash having a value equivalent to the value of one or more Shares in the future, which is contingent on continuing service, the achievement of performance objectives, or other restrictions and contingencies, as determined by the Board, including provisions relating to dividend equivalent rights
“Beginning Share Price”	the average closing price per share of the Company for the twenty (20) trading dates immediately prior to the first trading day of the Performance Period
“Board”	the board of directors of the Company
“Company”	Nexteer Automotive Group Limited, a company incorporated on August 21, 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)
“Director(s)”	director(s) of the Company
“Ending Share Price”	the average closing price per share of the Company for the twenty (20) trading dates immediately prior to the last trading day of the Performance Period
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participant”	means an individual participating in the VCP by reason of receipt of an Award

“Peer Group”	the constituent companies of the global automotive peer group (the Company is excluded from the Peer Group when determining the Percentile Ranking)
“Percentile Ranking”	the relative ranking of the Company based on the Company’s TSR compared to the TSR of the companies in the Peer Group, and will be determined in accordance with procedures approved by the Board and RN Committees
“Performance Measures”	means performance objectives approved by the Board
“Performance Metrics”	has the meaning given to this term in “Performance Metrics” above
“Performance Period”	means the period of time from January 1, 2024 to December 31, 2026, during which the Performance Measure will be measured to determine what, if any, Award has been earned
“Performance Unit”	the right to receive a payment of cash on the Vesting Date of the same value as that of an equivalent number of Shares earned based on the achievement of the Performance Metrics over the Performance Period
“Restricted Unit”	the right to receive a payment of cash of the same value as the value of an equivalent number of Shares on the Vesting Date
“RN Committees”	the remuneration committee of the Company and nomination committee of the Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Shareholder Return”/“TSR”	has the meaning given to this term in “Performance Metrics” above
“USD”	United States dollar(s)
“VCP”	means the value creation plan conditionally adopted by the Company on March 26, 2024

“Vesting Date” the date on which an Award becomes fully vested, i.e., December 31, 2026

“Vesting Period” the period of time from January 1, 2024 to December 31, 2026, during which the Participant’s continued employment with the Company is measured to determine what, if any, Award has been earned

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

Hong Kong, July 8, 2024

As at the date of this announcement, the Company’s Executive Directors are Mr. Zili LEI (Chairman and Chief Executive Officer), Mr. Robin Zane MILAVEC, the non-Executive Directors are Mr. Jian WANG, Ms. Wendong ZHANG and Mr. Shiming SHI, and the Independent non-Executive Directors are Mr. Jianjun LIU, Dr. Bin WANG and Mr. Yun YUE.