
OUR HISTORY AND REORGANIZATION

OUR HISTORY

Our history can be traced back to 1906, when we were founded as Jackson, Church & Wilcox Co. in the U.S. In 1909, this company was purchased by Buick, which was owned by GM. In 1917, we became the first automotive parts manufacturing division of GM engaged in steering systems research, design and manufacture. We then operated as a business division under GM and were primarily involved in steering operations.

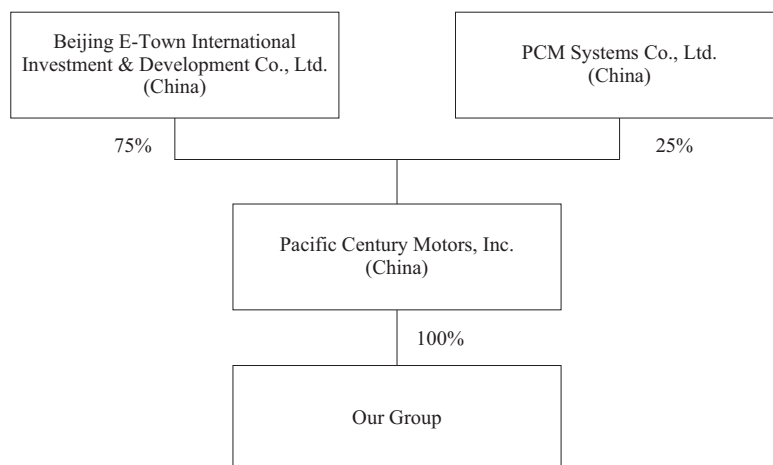
In 1998, GM created Delphi Corporation, primarily as an automotive components business under GM, and our steering operations became a major business division under Delphi Corporation. In 1999, Delphi Corporation was spun-off by GM to become an independent, publicly-held corporation. In 2005, Delphi Corporation filed for Chapter 11 bankruptcy protection to reorganize its U.S. operations.

In 2009, GM acquired, among other things, the steering operations (which effectively comprise the operating subsidiaries of our Group) from Delphi Corporation, an Independent Third Party, and renamed it Nexteer Automotive. Nexteer Automotive then continued to operate as a business division of GM.

In November 2010, PCM China, a company owned as to 75% by Beijing E-Town, the financing and investment arm of the Beijing Municipal Government and 25% by PCM Systems, a company incorporated in the PRC and primarily engaged in manufacture and sale of automotive parts and components and ultimately owned as to 50% each by two individuals, acquired our Group from GM through its wholly-owned acquisition vehicles, PCM U.S. Acquisition Company and New Pacific Century Investment Pte. Limited. The total consideration was US\$465 million (subject to adjustment) which was determined based on a valuation report prepared by a financial advisor on July 4, 2010. Immediately after the acquisition, PCM U.S. Acquisition Company and New Pacific Century Investment Pte. Limited transferred the equity interests acquired to PCM (US) Steering and PCM (Singapore) Steering, respectively (the "Post-acquisition Restructuring"). The Acquisition and the Post-acquisition Restructuring were properly and legally completed on November 30, 2010.

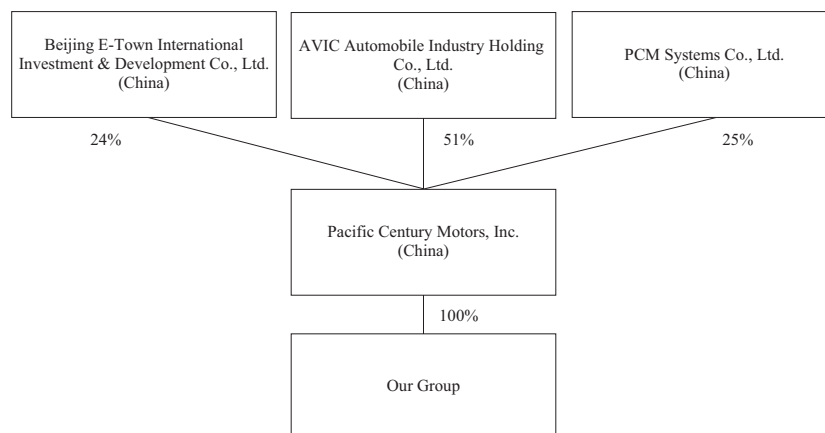
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The diagram below sets forth our corporate structure immediately after the completion of the Acquisition and the Post-acquisition Restructuring:



In March 2011, AVIC Auto, a subsidiary of AVIC, acquired a 51% equity interest in PCM China from Beijing E-Town through public auction at the consideration of RMB408 million which was the price of the 51% interest of PCM China in the open-bid auction. The acquisition was properly and legally completed on March 17, 2011. As one of the largest Chinese state-owned entities, AVIC’s business spans across several segments including defense, transport-aircraft, engine, helicopter, avionics and systems, general aviation, assets management, finance services and automobiles. As of December 31, 2012, AVIC group had over 200 member companies and over 400,000 employees. AVIC is ranked 250 on the 2012 Fortune 500.

The diagram below sets forth our corporate structure immediately after the completion of the acquisition of a 51% equity interest by AVIC Auto in PCM China from Beijing E-Town:



In anticipation of the Listing, the Company was incorporated in the Cayman Islands on August 21, 2012, as an exempted company with limited liability. As a result of the Reorganization, the Company became the holding company of our various subsidiaries across the world. We have obtained the necessary approvals from the relevant authorities for the Reorganization, and the Reorganization complies with the relevant laws and regulations. For further details of our corporate structure and the Reorganization, see “— Reorganization.”

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KEY MILESTONES

The following table summarizes key milestones in the development of our business:

Year	Milestone
1906	<ul style="list-style-type: none"> ● Founded as Jackson, Church & Wilcox Co. in the U.S.
1909	<ul style="list-style-type: none"> ● Acquired by Buick, which was owned by GM
1917	<ul style="list-style-type: none"> ● Separated from Buick and became Jackson, Church, Wilcox Division, the first automotive parts manufacturing division of GM
1950s	<ul style="list-style-type: none"> ● Saginaw Safety Power Steering was made available to the market
1952	<ul style="list-style-type: none"> ● Plant #3 in the U.S. was constructed to produce power steering pumps and manual steering gears
1959	<ul style="list-style-type: none"> ● Plant #4 in the U.S. was constructed to produce propeller shafts
1959	<ul style="list-style-type: none"> ● Introduced Rotary valve power steering to the market which was a significant technological advancement in the steering industry and has become the industry standard
1964	<ul style="list-style-type: none"> ● Plant #5 in the U.S. was constructed to produce air pumps
1967	<ul style="list-style-type: none"> ● Plant #6 in the U.S. was constructed to produce steering columns <p>Introduced three new products: front-wheel-drive axles, air pumps, and variable ratio power steering to the market</p> <p>Introduced Tilt-Wheel steering to the market which offers greater driver comfort and better automobile control</p>
1968	<ul style="list-style-type: none"> ● Introduced anti-theft steering column to the market. Energy absorbing steering column is a critical element of governmental safety legislation in developed markets such as the U.S. and Europe, while anti-theft functionality is a critical technical requirement for automobiles
1969	<ul style="list-style-type: none"> ● Plant #7 in the U.S. was constructed to increase power gear manufacturing capacity
1970	<ul style="list-style-type: none"> ● Produced 20 millionth Energy Absorbing Column which was officially recognized by the U.S. Department of Transport
1976	<ul style="list-style-type: none"> ● Rack and pinion (R&P) steering system was introduced to the market on the AMC Pacer. This system provides a more direct steering connection with greater road feedback to the driver
1995	<ul style="list-style-type: none"> ● Expanded into China market by establishing Nexteer Zhuozhou, a joint venture, in China to produce halfshafts <p>Advanced systems center opened in Saginaw, Michigan</p> <p>Delphi EPS system was made available to the market</p>

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Year	Milestone
1995	<ul style="list-style-type: none"> ● Vehicle evaluation test track commenced construction in Saginaw, Michigan to facilitate faster development of steering and driveline products
1996	<ul style="list-style-type: none"> ● Expanded into the India market by constructing a manufacturing facility in Bangalore to produce halfshafts
1998	<ul style="list-style-type: none"> ● Launched EPS business with Volkswagen <p>Expanded into Poland market by commencing construction of a manufacturing facility in Tychy, Poland to produce axle shafts</p> <p>Organized as a division of Delphi Corporation which was created by GM</p>
1999	<ul style="list-style-type: none"> ● Became a division of an independent publicly held corporation after Delphi Corporation was spun-off from GM <p>Received Pace Award for E-STEER™ EPS from Automotive News, which covers all aspects of the automotive industry. The Automotive News Pace Awards honor superior innovation, technological advancement and business performance among automotive suppliers</p> <p>Launched the driveline business with Volkswagen</p>
2000	<ul style="list-style-type: none"> ● Received Shingo Prize for Excellence Award from The Shingo Prize for Operational Excellence, which is awarded to organizations demonstrating the wise application of improvement techniques across an enterprise
2000	<ul style="list-style-type: none"> ● International Organization for Standardization 140001 certification obtained for the manufacturing site in the U.S.
2003	<ul style="list-style-type: none"> ● Introduced Delphi EPS on the Fiat Panda, the European Car of the Year in 2004
2006	<ul style="list-style-type: none"> ● 100-year anniversary <p>Introduced Driver Protection Module and One Touch Adjustable Column to the market</p>
2007	<ul style="list-style-type: none"> ● Launched the EPS product with Ford
2009	<ul style="list-style-type: none"> ● Acquired by GM and renamed Nexteer Automotive <p>Received Innovation Award for “Most Innovative Use of Plastics” from the Society of Plastics Engineers which is an international organization dedicated to the advancement of knowledge and education for all plastics professionals</p>
2010	<ul style="list-style-type: none"> ● Acquired by PCM China from GM <p>High Output 12 Volt Rack EPS debuts on Ford Mustang and Ford F-150 Truck</p>
2011	<ul style="list-style-type: none"> ● AVIC Auto acquired a 51% interest in PCM China from Beijing E-Town

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Year	Milestone
2012	<ul style="list-style-type: none">Expanded product portfolio by securing contract for entry-level CEPS products <p>Grew high-output REPS business by contracting with an additional global OEM customer</p> <p>Contracted for the first global business with Volkswagen</p>

REORGANIZATION

In anticipation of the Global Offering, we underwent a pre-listing reorganization pursuant to which the Company became the holding company of our subsidiaries.

On August 10, 2012, Nexteer Hong Kong was incorporated as a limited liability company under the laws of Hong Kong. Nexteer Hong Kong issued and allotted one share to PCM China, and became a direct wholly-owned subsidiary of PCM China.

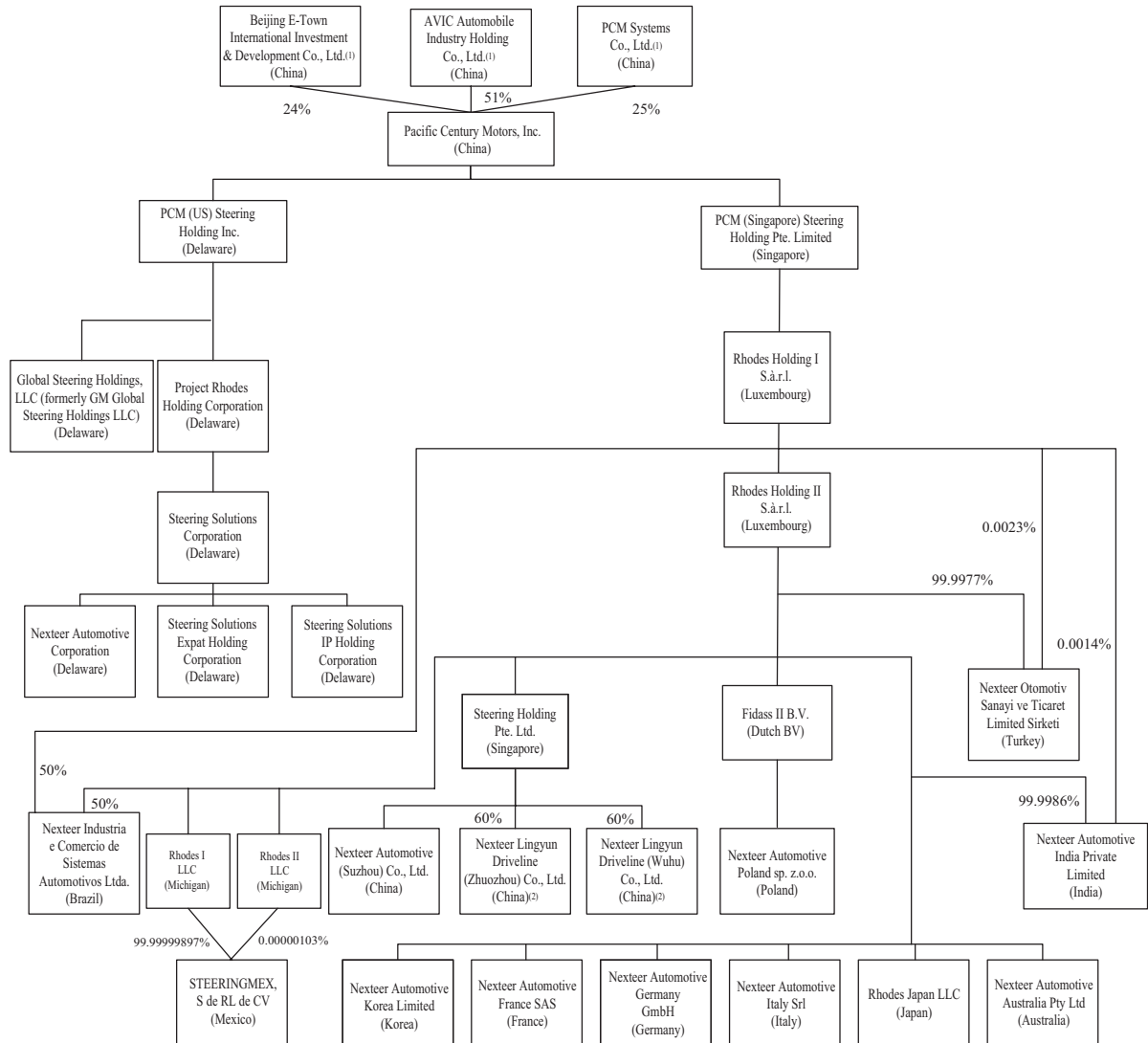
On August 21, 2012, the Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands. The Company issued and allotted one share to the initial subscriber, which was then transferred to Nexteer Hong Kong on the same day and became a direct wholly-owned subsidiary of Nexteer Hong Kong.

Pursuant to a contribution agreement dated January 30, 2013 entered into among the Company, Nexteer Hong Kong and PCM China, PCM China transferred the entire issued share capital of PCM (US) Steering to the Company for a consideration of one share issued by Nexteer Hong Kong to PCM China. Such consideration was determined based on the net appraised value of the shares of PCM (US) Steering.

Pursuant to a contribution agreement dated January 30, 2013 entered into among the Company, Nexteer Hong Kong and PCM China, PCM China transferred the entire issued share capital of PCM (Singapore) Steering to the Company for a consideration of one share issued by Nexteer Hong Kong to PCM China. Such consideration was determined based on the net appraised value of the shares of PCM (Singapore) Steering.

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The diagram below sets forth our shareholding and corporate structure immediately before the Reorganization:



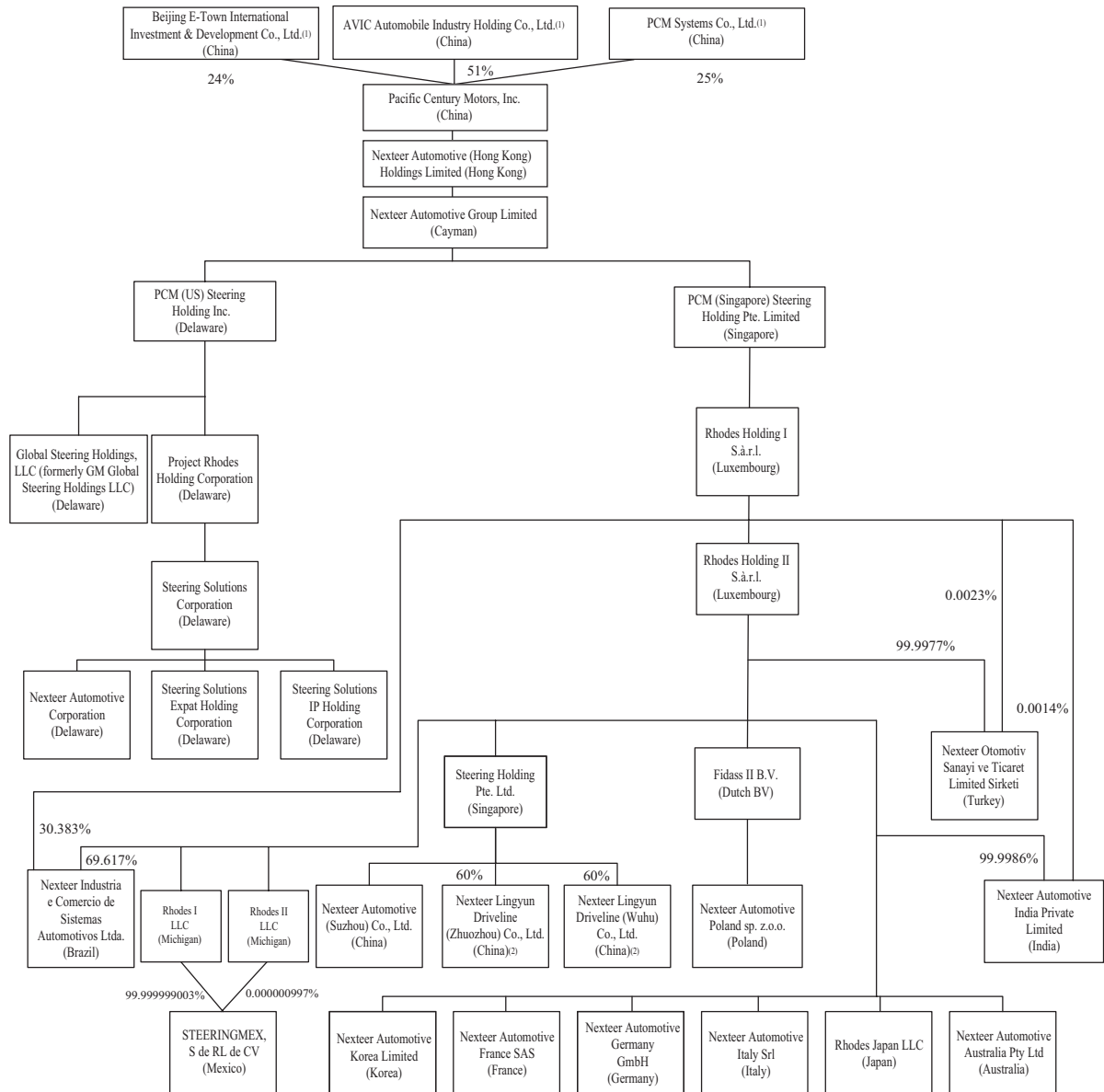
Note: Unless specifically indicated, all shareholding percentages in the above diagram are 100%.

Note (1): Save for being a shareholder of PCM China, each of Beijing E-Town, PCM Systems and AVIC Auto are independent from each other.

Note (2): Lingyun Industrial holds 40% interest in each of Nexteer Zhuzhou and Nexteer Wuhu. Save for its interests in Nexteer Zhuzhou and Nexteer Wuhu, Lingyun Industrial is not connected to our Group.

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The diagram below sets forth our shareholding and corporate structure following completion of the Reorganization but before Capitalization Issue and completion of the Global Offering:



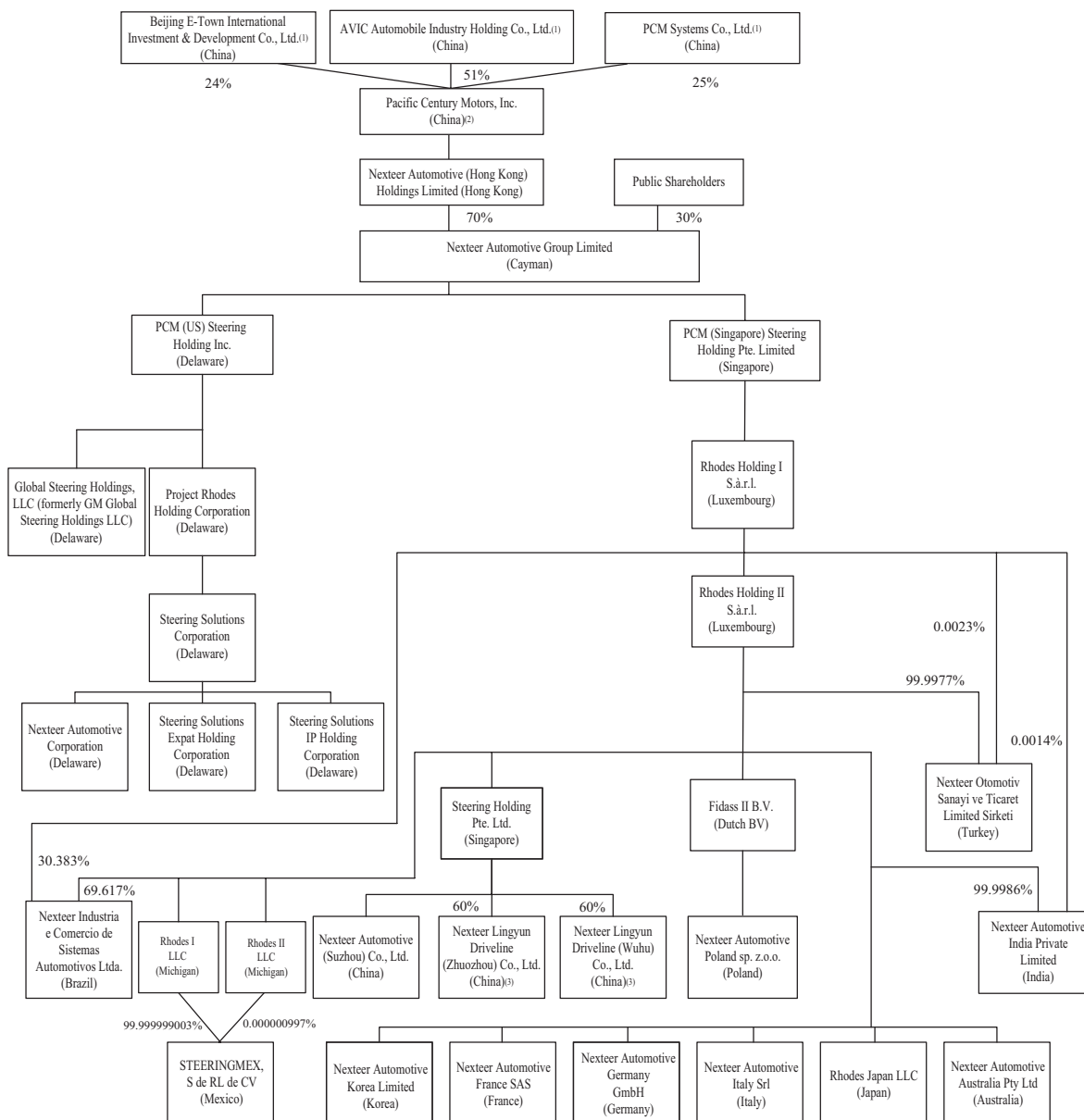
Note: Unless specifically indicated, all shareholding percentages in the above diagram are 100%.

Note (1): Save for being an indirect shareholder of our Group, each of Beijing E-Town, PCM Systems and AVIC Auto are independent from each other.

Note (2): Lingyun Industrial holds 40% interest in each of Nexteer Zhuozhou and Nexteer Wuhu. Save for its interests in Nexteer Zhuozhou and Nexteer Wuhu, Lingyun Industrial is not connected to our Group.

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The diagram below sets forth our shareholding and corporate structure following completion of the Reorganization, Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised:



Note: Unless specifically indicated, all shareholding percentages in the above diagram are 100%.

Note (1): Save for being an indirect shareholder of our Group, each of Beijing E-Town, PCM Systems and AVIC Auto are independent from each other.

Note (2): PCM China received an implementation assistance notice (the “Implementation Assistance Notice”) from the Daxing District People’s Court in Beijing (北京市大兴區人民法院) (the “Court”) in relation to a case initiated by Beijing E-Town against PCM Systems regarding the pledge by PCM Systems of its 25% interest in PCM China (the “PCM Systems Interests”) to Beijing E-Town. The Implementation Assistance Notice, among other things, stipulates that PCM Systems Interests would be frozen from January 5, 2013 to January 4, 2015, during which PCM Systems Interests cannot be disposed of and that no dividend shall be distributed by PCM China to PCM Systems in respect of the PCM Systems Interests. In addition, the Court has scheduled a public auction in early July 2013 for the sale of the PCM Systems Interests. Notwithstanding this, the PRC Legal Advisor advises that it is not aware of any matter that affects the validity of AVIC Auto’s 51% equity interest in PCM China, AVIC Auto’s status as the controlling shareholder of our Company and AVIC Auto’s existing indirect interest in our Company. Based on the above and AVIC Auto’s shareholding and board control of PCM China, the Directors are of the view that AVIC Auto’s ability to exercise its controlling interest in PCM China, and in turn PCM China’s ability to exercise indirect control over our Company, would not be affected as a result.

Note (3): Lingyun Industrial holds 40% interest in each of Nexteer Zhuozhou and Nexteer Wuhu. Save for its interests in Nexteer Zhuozhou and Nexteer Wuhu, Lingyun Industrial is not connected to our Group.