

The following is the text of a report received from Nexteer Automotive Group Limited's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus. It is prepared and addressed to the directors of Nexteer Automotive Group Limited and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

September 24, 2013

The Directors
Nexteer Automotive Group LimitedBOCI Asia Limited
J.P. Morgan Securities (Far East) Limited

Dear Sirs,

We report on the financial information of GM Global Steering Holdings, LLC (“GM Global Steering”) and its subsidiaries (together, “GM Global Steering Group”), which comprises the consolidated balance sheet as at November 30, 2010 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eleven months then ended (the “Relevant Period”), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Nexteer Automotive Group Limited and is set out in Sections I to II below for inclusion in Appendix IB to the prospectus of Nexteer Automotive Group Limited dated September 24, 2013 (the “Prospectus”) in connection with the initial listing of shares of Nexteer Automotive Group Limited on the Main Board of The Stock Exchange of Hong Kong Limited.

GM Global Steering was incorporated in the United States of America on March 9, 2009 as a private limited liability company. As described in Note 1 of Section II below, GM Global Steering was acquired by Pacific Century Motors, Inc. on November 30, 2010. Immediately following the acquisition, GM Global Steering ceased to be the holding company of its then subsidiaries which were contributed to certain other wholly-owned subsidiaries of Pacific Century Motors, Inc by GM Global Steering.

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During the Relevant Period, GM Global Steering had direct and indirect interests in the subsidiaries as set out in Note 1 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics of a Hong Kong incorporated private company.

The audited financial statements of the other companies comprising GM Global Steering Group during the Relevant Period for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1 of Section II.

The directors of Nexteer Automotive Group Limited have prepared the consolidated financial statements of GM Global Steering for the Relevant Period, in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “Underlying Financial Statements”). The directors of Nexteer Automotive Group Limited are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with IFRSs. We have audited the Underlying Financial Statements in accordance with International Standards on Auditing (the “ISAs”) issued by the International Auditing and Assurance Standards Board (the “IAASB”) pursuant to separate terms of engagement with Nexteer Automotive Group Limited.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 2 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of Nexteer Automotive Group Limited are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 2 of Section II below and in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the Hong Kong Institute of Certified Public Accountants.

OPINION

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 2 of Section II below, a true and fair view of the state of affairs of GM Global Steering Group as at November 30, 2010 and of GM Global Steering Group's results and cash flows for the Relevant Period then ended.

I. FINANCIAL INFORMATION OF GM GLOBAL STEERING GROUP

The following is the financial information of GM Global Steering Group prepared by the directors of Nexteer Automotive Group Limited as at November 30, 2010 and for the eleven months then ended (the "Financial Information"), presented on the basis set out in Note 2 of Section II below.

The Financial Information is presented in U.S. dollars and all amounts are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

CONSOLIDATED BALANCE SHEET

	<u>Note</u>	<u>November 30, 2010</u> US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	7	141,740
Land use rights	8	738
Deferred income tax assets	9	22,519
Other receivables and prepayments	12	1,603
		<u>166,600</u>
Current assets		
Inventories	10	151,517
Trade receivables	11	331,406
Other receivables and prepayments	12	37,544
Restricted bank deposits	13	760
Cash and cash equivalents	14	108,219
		<u>629,446</u>
Total assets		<u><u>796,046</u></u>

I. FINANCIAL INFORMATION OF GM GLOBAL STEERING GROUP (continued)
CONSOLIDATED BALANCE SHEET (continued)

	<u>Note</u>	<u>November 30, 2010</u>
		US\$'000
EQUITY		
Capital and reserves attributable to equity holders of		
GM Global Steering		
Paid-in capital	15	301,317
Exchange reserve	16	(8,736)
Accumulated losses		(24,480)
		<u>268,101</u>
Non-controlling interests		<u>17,738</u>
Total equity		<u><u>285,839</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	17	24,640
Retirement benefits and compensations	18	7,649
Deferred income tax liabilities	9	38
Provisions	19	29,910
Deferred revenue	20	65,234
Other payables and accruals	22	746
		<u>128,217</u>
Current liabilities		
Trade payables	21	235,341
Other payables and accruals	22	79,220
Current income tax liabilities		8,942
Provisions	19	11,834
Deferred revenue	20	18,321
Borrowings	17	28,332
		<u>381,990</u>
Total liabilities		<u><u>510,207</u></u>
Total equity and liabilities		<u><u>796,046</u></u>
Net current assets		<u><u>247,456</u></u>
Total assets less current liabilities		<u><u>414,056</u></u>

I. FINANCIAL INFORMATION OF GM GLOBAL STEERING GROUP (continued)
CONSOLIDATED INCOME STATEMENT

	Note	For the eleven months ended November 30, 2010
		US\$'000
Revenue	6	1,895,195
Cost of sales	24	(1,611,134)
Gross profit		284,061
Engineering and product development costs	24	(118,008)
Selling and distribution expenses	24	(17,018)
Administrative expenses	24	(59,139)
Other losses, net	23	(4,845)
Operating profit		85,051
Finance income	26	790
Finance costs	26	(4,747)
Finance costs, net		(3,957)
Profit before income tax		81,094
Income tax expense	27	(10,991)
Profit for the period		70,103
Attributable to:		
Equity holders of GM Global Steering		67,955
Non-controlling interests		2,148
		70,103
Dividend	29	33,631

I. FINANCIAL INFORMATION OF GM GLOBAL STEERING GROUP (continued)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the eleven months ended November 30, 2010
	US\$'000
Profit for the period	70,103
Other comprehensive loss	
Exchange differences	(5,482)
Actuarial losses on defined benefit plans, net of tax of US\$306,000	(854)
	<u>(6,336)</u>

Total comprehensive income for the period	<u>63,767</u>
Attributable to:	
Equity holders of GM Global Steering	61,157
Non-controlling interests	<u>2,610</u>
	<u>63,767</u>

I. FINANCIAL INFORMATION OF GM GLOBAL STEERING GROUP (continued)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of GM Global Steering			Sub-total	Non- controlling interests	Total
	Paid-in capital	Exchange reserve	Accumulated losses			
	US\$'000 (Note 15)	US\$'000 (Note 16)	US\$'000	US\$'000	US\$'000	US\$'000
Balance at January 1, 2010	301,317	(2,792)	(57,950)	240,575	15,128	255,703
Comprehensive income						
Profit for the period	—	—	67,955	67,955	2,148	70,103
Other comprehensive (loss)/income						
Exchange differences	—	(5,944)	—	(5,944)	462	(5,482)
Actuarial loss on defined benefit plans, net of tax	—	—	(854)	(854)	—	(854)
Total other comprehensive (loss)/income	—	(5,944)	(854)	(6,798)	462	(6,336)
Total comprehensive (loss)/income .	—	(5,944)	67,101	61,157	2,610	63,767
Transactions with owners						
Dividend	—	—	(33,631)	(33,631)	—	(33,631)
Balance at November 30, 2010	301,317	(8,736)	(24,480)	268,101	17,738	285,839

I. FINANCIAL INFORMATION OF GM GLOBAL STEERING GROUP (continued)
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the eleven months ended November 30, 2010
		US\$'000
Cash flows from operating activities		
Cash generated from operations	30(a)	33,081
Income tax paid		(7,708)
Net cash generated from operating activities		25,373
Cash flows from investing activities		
Purchase of property, plant and equipment		(47,451)
Changes in restricted bank deposits		(421)
Net cash used in investing activities		(47,872)
Cash flows from financing activities		
Proceeds from borrowings		7,985
Repayments of borrowings		(7,440)
Finance costs paid		(5,017)
Dividends paid to equity holders of GM Global Steering		(33,631)
Net cash used in financing activities		(38,103)
Net decrease in cash and cash equivalents		(60,602)
Cash and cash equivalents at beginning of period		169,149
Exchange losses on cash and cash equivalents		(328)
Cash and cash equivalents at end of period		108,219

II. NOTES ON THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

GM Global Steering Holdings, LLC (“GM Global Steering”) was incorporated in Delaware, the United States of America (“USA” or “U.S.”), on March 9, 2009 as a limited liability company. The address of its registered office is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, USA.

During the Relevant Period, GM Global Steering was a holding company. It, together with its subsidiaries listed below (“GM Global Steering Group”), were principally engaged in the design and manufacture of steering and driveline systems and components for vehicle manufacturers and other automotive-related companies. GM Global Steering Group’s primary operations were in the USA, Mexico, Poland and the People’s Republic of China (the “PRC”) and it was structured to supply its customers globally. The principal markets for its products were North America, Europe and the PRC.

GM Global Steering was a wholly-owned subsidiary of General Motors Company (“General Motors”) which was its ultimate holding company during the Relevant Period. It had been established by General Motors to acquire the above-mentioned operations from Delphi Corporation in October 2009.

GM Global Steering had direct and indirect interests in the following subsidiaries:

Name	Place and date of incorporation/ establishment	Issued and paid-up capital	Attributable equity interest in eleven months ended November 30, 2010	Principal activities
<u>Directly held:</u>				
Project Rhodes Holding Corporation (note (a))	Delaware, U.S. May 18, 2007	US\$1	100%	Investment holding
Rhodes Holding I S.a.r.l. (note (a)) . . .	Luxembourg January 15, 2008	EUR 4,344,880	100%	Investment holding
<u>Indirectly held:</u>				
Steering Solutions Corporation (note (a))	Delaware, U.S. October 29, 2007	US\$1	100%	Investment holding
Nexteer Automotive Corporation (note (a))	Delaware, U.S. January 2, 2008	US\$1	100%	Manufacturing of steering components
Steering Solutions Expat Holding Corporation (note (a))	Delaware, U.S. January 2, 2008	US\$1	100%	Investment holding
Steering Solutions IP Holding Corporation (note (a))	Delaware, U.S. January 2, 2008	US\$1	100%	Investment holding
Rhodes Holding II S.a.r.l. (note (a)) . . .	Luxembourg January 15, 2008	EUR 433,150	100%	Investment holding
Rholdes Holding Netherlands BV (note (f))	Netherlands March 20, 2008	EUR 18,002	100%	Investment holding
Nexteer Otomotiv Sanayi ve Ticaret Limited Sirketi (note (a))	Turkey March 28, 2008	LIRA 1,105,000	100%	Manufacturing of steering components

II. NOTES ON THE FINANCIAL INFORMATION (continued)

1 GENERAL INFORMATION (continued)

Name	Place and date of incorporation/ establishment	Issued and paid-up capital	Attributable equity interest in eleven months ended November 30, 2010	Principal activities
Nexteer Automotive India Private Limited (note (c))	India February 25, 2008	RS 142,960,000	100%	Manufacturing of steering components
Rhodes Japan LLC (note (a)).	Japan February 21, 2008	JPY 1	100%	Customer support/ engineering center
Nexteer Automotive Australia Pty Ltd (note (d)).	Australia January 23, 2008	AU\$2,849,108	100%	Manufacturing of steering components
Nexteer Automotive Italy Srl (note (a)).	Italy January 30, 2008	EUR 10,000	100%	Customer support/ engineering center
Nexteer Automotive Germany GmbH (note (a)).	Germany January 2, 2008	EUR 25,000	100%	Customer support/ engineering center
Nexteer Automotive France S.A.S. (note (e)).	France March 25, 2008	EUR 1,287,000	100%	Customer support/ engineering center
Nexteer Automotive Korea Limited (note (a)).	Korea February 28, 2008	KRW 1,200,000,000	100%	Manufacturing of steering components
Fidass II B.V. (note (a))	Netherlands February 6, 2007	EUR 18,002	100%	Investment holding
Nexteer Automotive Poland Sp. z o.o. (note (f))	Poland January 2, 1997	ZLOTY 20,923,650	100%	Manufacturing of steering components
Steering Holding Pte. Ltd. (note (b)) . .	Singapore February 15, 2008	US\$6,100,001	100%	Investment holding
Nexteer Automotive (Suzhou) Co., Ltd. (note (g)).	The PRC January 24, 2007	US\$21,000,000	100%	Manufacturing of steering components
Nexteer Lingyun Driveline (Zhuozhou) Co., Ltd. (note (g))	The PRC October 6, 1995	US\$22,000,000	60%	Manufacturing of steering components
Nexteer Lingyun Driveline (Wuhu) Co., Ltd. (note (g))	The PRC December 22, 2006	US\$22,400,000	60%	Manufacturing of steering components
Nexteer Industria e Comercio de Sistemas Automotivos Ltda. (note (h)).	Brazil March 6, 2007	REAL 54,639,116	100%	Manufacturing of steering components
Rhodes I LLC (note (a))	Michigan, U.S. November 7, 2007	—	100%	Investment holding
Rhodes II LLC (note (a))	Michigan, U.S. November 7, 2007	—	100%	Investment holding
SteeringMex S. de R.L. de C.V. (note (i))	Mexico December 14, 2007	PESO 100,292,917	100%	Manufacturing of steering components

II. NOTES ON THE FINANCIAL INFORMATION (continued)**1 GENERAL INFORMATION (continued)**

Note:

Statutory auditor is as follows:

- (a) There is no statutory audit requirement under the applicable laws in the respective place of incorporation
- (b) PricewaterhouseCoopers LLP, Singapore
- (c) Price Waterhouse & Co., India
- (d) PricewaterhouseCoopers, Australia
- (e) PricewaterhouseCoopers Audit, France
- (f) PricewaterhouseCoopers Sp. z o.o.
- (g) PricewaterhouseCoopers Zhong Tian CPAs Limited Company
- (h) PricewaterhouseCoopers, Brazil
- (i) PricewaterhouseCoopers, S.C., Mexico

On November 30, 2010, Pacific Century Motors, Inc. ("PCM China") acquired the entire equity interests in GM Global Steering from General Motors. In connection with this acquisition, GM Global Steering Group was reorganized and subsidiaries of GM Global Steering were contributed to PCM (U.S.) Steering Holding Inc. and PCM (Singapore) Steering Holding Pte. Limited, which are direct wholly-owned subsidiaries of PCM China. On the same day GM Global Steering ceased its operations.

2 BASIS OF PRESENTATION

The Financial Information presents GM Global Steering Group's consolidated results of operations for the Relevant Period while it operated as a subsidiary of General Motors.

General Motors and its subsidiaries ("General Motors Group") provided certain services and functions for GM Global Steering Group. These services included tax filing, financing, legal, human resources, and executive management. While the costs for some of these services are included in the Financial Information (refer to Note 32 for details), those that were not charged or allocated to GM Global Steering Group and are therefore not reflected in the Financial Information mainly include:

- salaries for key management including the Chief Financial Officer, Chief Legal Counsel except for the Chief Executive Officer ("CEO");
- charges for payroll administration for employees in U.S., risk management insurance, external audit, tax consulting, banking fees for U.S., legal services and other corporate administration and governance costs;
- certain U.S. defined benefit plan obligations that were maintained at General Motors (Note 18); and
- other U.S. employee-related liabilities for disability benefits and workers compensation.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**2 BASIS OF PRESENTATION (continued)**

For the purpose of this accountant's report, the Financial Information only includes costs for services and functions performed by General Motors or its subsidiaries to the extent that those costs were charged to GM Global Steering Group. For all instances where costs were not charged to GM Global Steering Group, no expense has been included in the Financial Information. As such, the Financial Information does not include all costs that GM Global Steering Group would have incurred had it operated on a standalone basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial information are in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial information has been prepared under the historical cost convention.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying GM Global Steering Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in Note 5.

3.1 Consolidation**(a) Subsidiaries**

Subsidiaries are all entities over which GM Global Steering controls by being exposed to, or has rights to, variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investees. Subsidiaries are fully consolidated from the date on which control is transferred to GM Global Steering Group. They are de-consolidated from the date that control ceases.

GM Global Steering Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by GM Global Steering Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, GM Global Steering Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Consolidation (continued)****(a) Subsidiaries (continued)**

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of GM Global Steering Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

(b) Non-controlling interests

GM Global Steering Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. GM Global Steering Group treats transactions with non-controlling interests as transactions with equity owners of GM Global Steering Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker who has been identified as the CEO. The CEO is responsible for resource allocation and assessing the performance of the operating segments.

3.3 Foreign currency translation**(a) Functional and presentation currency**

Items included in the financial statements of each of GM Global Steering Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial information is presented in U.S. dollars, which is GM Global Steering's functional currency and GM Global Steering Group's presentation currency.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.3 Foreign currency translation (continued)***(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Group companies

The results of operations and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the related transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

3.4 Property, plant and equipment

Items of property, plant and equipment (including tools but excluding construction-in-progress) are measured at cost less accumulated depreciation and accumulated impairment losses. Improvements that materially extend the useful life of these assets are capitalized. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to GM Global Steering Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.4 Property, plant and equipment (continued)*

Freehold land is not depreciated. Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over all their estimated useful lives as follows:

Leasehold improvements	10–20 years or over lease term, whichever is shorter
Buildings	10–40 years
Machinery, equipment and tooling	3–27 years
Furniture and office equipment	3–10 years

Tooling represents tools, dies, jigs and other items used in the manufacturing of customer specific parts. Special tools owned by GM Global Steering Group are capitalized as property, plant and equipment and depreciated to cost of sales over their useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.7).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/losses, net" in the income statement.

Construction-in-progress represents buildings, machinery and equipment under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction, installation, testing and other direct costs. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use.

3.5 Land use rights

Land use rights represent prepayment for operating leases and are stated at cost less accumulated amortization and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated. Amortization of land use rights is calculated on a straight-line basis over the period of the land use rights.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.6 Intangible assets*

GM Global Steering Group incurs significant costs and efforts on research and development activities, which include expenditures on customer-specific applications, prototypes and testing. Research expenditures are charged to the income statement as an expense in the period the expenditure is incurred. Development costs are recognized as assets if they can be clearly assigned to a newly developed product or process and all the following can be demonstrated:

- (i) The technical feasibility to complete the development project so that it will be available for use or sale;
- (ii) The intention to complete the development project to use or sell it;
- (iii) The ability to use the output of the development project;
- (iv) The manner in which the development project will generate probable future economic benefits for GM Global Steering Group;
- (v) The availability of adequate technical, financial and other resources to complete the development project and use or sell the intangible asset; and
- (vi) The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed and employee costs incurred in the creation of the asset.

Capitalized development costs are amortized using the straight-line method over the life of the related program, usually four to seven years.

Development expenditures not satisfying the above criteria are recognized in the income statement as incurred. No development costs were capitalized by GM Global Steering Group as intangible assets during the Relevant Period as the above recognition criteria were not met.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Impairment of non-financial assets**

Assets that have an indefinite useful life and intangible development assets not ready to use are not subject to amortization and are tested annually for impairment and whenever there is an indication of impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Financial assets**(a) Classification**

GM Global Steering Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

GM Global Steering Group's financial assets primarily comprise loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. GM Global Steering Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (Notes 3.10 and 3.11).

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which GM Global Steering Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and GM Global Steering Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial assets (continued)****(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(d) Impairment of financial assets

GM Global Steering Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, GM Global Steering Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.9 Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out ("FIFO") method. Inventory cost includes direct material, direct labor and related manufacturing overhead costs (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

3.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

3.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.12 Paid-in capital

Paid-in capital is classified as equity. Incremental costs directly attributable are shown in equity as a deduction, net of tax, from the proceeds.

3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless GM Global Steering Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.14 Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings outstanding during the period up to the amount of actual borrowing costs incurred during that period.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.15 Retirement benefits obligations

GM Global Steering Group has both defined contribution and defined benefit plans. Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

(a) Defined contribution plans

A defined contribution plan is a pension plan under which GM Global Steering Group pays fixed contributions into a separate entity. GM Global Steering Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to prior or current employee services.

GM Global Steering Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. GM Global Steering Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.15 Retirement benefits obligations (continued)***(b) Defined benefit plans (continued)**

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The salary level trend refers to the expected rate of salary increase which is estimated annually depending on inflation and the career development of employees within GM Global Steering Group. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. A company specific default risk is not taken into account.

The US operations of GM Global Steering Group participated in a defined benefit plan for which General Motors was the plan sponsor. General Motors did not have a contractual agreement or stated policy of charging the net defined benefit costs to participating entities under its common control. As such it was GM Global Steering Group's policy to only recognize costs equal to its contribution paid during the period. The related defined benefit obligations therefore had not been recognized as GM Global Steering Group did not have available information related to the plan characteristics and associated risks.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the income statement.

3.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where GM Global Steering's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.16 Current and deferred income tax (continued)***(a) Current income tax (continued)**

General Motors historically filed a combined tax return of its US entities, which included the US entities of the GM Global Steering Group. Income taxes in this Financial Information are presented on a separate tax return basis as if GM Global Steering Group were a standalone entity in each country where its legal entities reside. As such, an allocation of tax basis attributes, such as net operating losses, of the consolidated General Motors US entities has not been included in this Financial Information as GM Global Steering Group was not legally entitled on an allocation of these attributes until it was separated from General Motors.

(b) Deferred income tax*(i) Inside basis differences*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(ii) Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by GM Global Steering Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.17 Provision*

Provisions for restructuring, legal disputes, environmental liabilities, warranties and decommissioning are recognized when: GM Global Steering Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions primarily comprise employee payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Revenue recognition

Revenue is measured at the fair value of the consideration received, or receivable, less any trade discounts, sales returns and allowances allowed by GM Global Steering Group or any commercial incentives linked to sales. GM Global Steering Group recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of GM Global Steering Group's activities, as described below. GM Global Steering Group contracts with customers, which are generally OEMs in the automotive industry, to sell driveline and steering products. In connection with these contracts GM Global Steering Group also contracts to provide tooling and prototype and engineering services. The revenue recognition policies applied by GM Global Steering Group for each of these activities are as follows:

(i) Product

Revenues are recognized when finished products are shipped to customers, both title and the risks and rewards of ownership are transferred, and collectability is reasonably assured.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.19 Revenue recognition (continued)***(ii) Prototype and engineering**

Prototype and engineering activities are only performed in connection with the development of products that will be produced for the customers. Consideration received from customers for engineering and prototyping is deferred and recognized over the product life cycles of the related products.

(iii) Tooling

GM Global Steering Group's development and sale of tooling for customers is performed in connection with the preparations to produce and sell products to its customers. Therefore, consideration received from customers for tooling used in the production of the finished product is recognized as revenue at the time the tool is accepted by the customers.

Deferred revenue relates to customer deposits or cash advances and is deferred in the balance sheet until revenue recognition criteria are met.

3.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. GM Global Steering Group's operating leases cover principally real estate, office and other equipment. Depending on the nature of the leased asset, GM Global Steering Group records lease expenses associated with operating leases within cost of sales, selling or administrative expenses on the income statement as appropriate.

GM Global Steering Group leases certain property, plant and equipment. Leases of property, plant and equipment where GM Global Steering Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***3.21 Government grants*

GM Global Steering Group periodically receives government grants in support of various business initiatives. Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and GM Global Steering Group will comply with all attached conditions. Government grants used to purchase, construct or otherwise acquire property, plant and equipment or tooling are deducted from the cost of the related asset. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to GM Global Steering Group with no future related costs are recognized as income of the period in which they become receivable.

3.22 Interest income

Interest income is recognized using the effective interest method.

3.23 Dividend distribution

Dividend distribution to GM Global Steering's investor is recognized as a liability in the financial information in the period in which the dividends are approved by GM Global Steering's investor or directors, where appropriate.

3.24 New/revised standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013 and have not been applied in this financial information. They are not expected to have significant impacts because GM Global Steering has already ceased operations.

4 FINANCIAL RISK MANAGEMENT*4.1 Financial risk factors*

GM Global Steering Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. GM Global Steering Group's overall risk management program focused on the unpredictability of financial markets and sought to minimize potential adverse effects on its financial performance.

GM Global Steering Group's risk management and treasury department focused on minimizing potential adverse affects on its financial performance. GM Global Steering Group did not use derivative financial instruments to hedge certain risk exposures; however, the need was continually assessed.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**4 FINANCIAL RISK MANAGEMENT (continued)***4.1 Financial risk factors (continued)***(a) Market risk**

The objective of market risk management was to manage and control market risk exposures within acceptable parameters while optimizing the return.

(i) Foreign exchange risk

GM Global Steering Group operated internationally and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Chinese Renminbi ("RMB").

Management monitored and analyzed expected exchange rate developments and considered hedging significant foreign currency exposure should the need arise.

As at November 30, 2010, if US\$ strengthened by 10% against Euro/RMB with all other variables held constant, the equity and post-tax result for the period would have decreased mainly as a result of foreign exchange differences on translation of Euro/RMB denominated assets and liabilities:

	<u>Equity</u>	<u>Post-tax result</u>
	US\$'000	US\$'000
As at and for the eleven months ended		
November 30, 2010		
Euro.....	6,285	3,602
RMB	3,191	1,102

A weakening of the US\$ against the above currencies would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

(ii) Cash flow interest rate risk

GM Global Steering Group's interest rate risk primarily arose from current and non-current borrowings. Changes in interest rates on borrowings issued at variable rates potentially exposed GM Global Steering Group to cash flow interest rate risk. GM Global Steering Group's policy based upon assessment of interest rates in effect had determined not to utilize interest rate swaps.

As at November 30, 2010, if the interest rates had been 100 basis points higher/(lower) than the prevailing rate, with all other variables held constant, net results for the eleven months ended November 30, 2010 would have been US\$16,000 lower/(higher) respectively.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**4 FINANCIAL RISK MANAGEMENT (continued)***4.1 Financial risk factors (continued)***(a) Market risk (continued)****(iii) Price risk**

Price risk related to changes in the price of raw materials purchased for production from time of price quotation to customers and production of saleable parts. GM Global Steering Group managed by negotiating recovery from customers.

(b) Credit risk

GM Global Steering Group sold to automotive manufacturers throughout the world. Credit risk arose from deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables. GM Global Steering Group was responsible for managing and analyzing the credit risk for each new customer before standard payment and delivery terms and conditions were offered. The customer's creditworthiness was assessed at the local level through analyzing past due receivables.

GM Global Steering Group's largest customer was General Motors Group and its affiliates which comprised 53% of net sales during the eleven months ended November 30, 2010. Trade receivable from General Motors Group and its affiliates was 43% of total trade receivables as at November 30, 2010.

GM Global Steering Group monitored the credit ratings of its banks and financial institutions. As at November 30, 2010, GM Global Steering Group held approximately 91% of its cash in financial institutions with credit ratings of A or higher meaning the institutions had a very strong to extremely strong capacity to meet financial commitments.

(c) Liquidity risk

GM Global Steering Group monitored forecasts of liquidity requirements to ensure it had sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times as not to breach borrowing limits or covenants (where applicable) on any of its facilities. GM Global Steering Group's forecasting took into consideration debt financing plans, covenant compliance, and if applicable, external regulatory or legal requirements.

The table below analyzes GM Global Steering Group's non-derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**4 FINANCIAL RISK MANAGEMENT (continued)***4.1 Financial risk factors (continued)***(c) Liquidity risk (continued)**

	6 months or less	6–12 months	1–2 years	2–5 years
	US\$'000	US\$'000	US\$'000	US\$'000
At November 30, 2010				
Total borrowings	24,489	7,443	5,833	23,010
Trade payables	235,341	—	—	—
Other payables and accruals	79,220	—	746	—

4.2 Capital management

GM Global Steering Group's capital was managed by General Motors for the eleven months ended November 30, 2010.

4.3 Fair value estimation

The carrying amounts of GM Global Steering Group's current financial assets and liabilities, including cash and cash equivalents, restricted bank deposits, trade and other receivables, trade and other payables and current borrowings approximated their fair values. The fair value of financial liabilities for disclosure purposes was estimated by discounting the future contractual cash flows at the current market interest rate available to GM Global Steering Group for similar financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

GM Global Steering Group made estimates and assumptions concerning the future. The resulting accounting estimates would, by definition, seldom equal the related actual results. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

(a) Retirement benefits

The costs, assets and liabilities of the defined benefit plans outside U.S. operated by GM Global Steering Group were determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions and the sensitivity analysis of such assumptions are set out in Note 18. Changes in the assumptions used might have a significant effect on the statement of comprehensive income and the balance sheet.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)***(b) Provisions*

GM Global Steering Group recognized a provision when there was a present obligation from a past event, a transfer of economic benefits was probable and the amount of costs of the transfer could be estimated reliably. In instances where the criteria were not met, a contingent liability may be disclosed in the notes to the financial information. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognized or disclosed in the financial information could have a material effect on GM Global Steering Group's financial position. Application of these accounting principles to legal cases required GM Global Steering Group's management to make determinations about various factual and legal matters beyond its control.

(i) Litigation

From time to time GM Global Steering Group was subject to various legal actions and claims incidental to its business, including those arising out of alleged defects, breach of contracts, intellectual property matters, and employment related matters.

GM Global Steering Group believed its established reserves were adequate to cover such items. However, the final amounts required to resolve these matters could differ materially from recorded estimates.

Litigation was subject to many uncertainties and the outcome of the individual litigated matters was not predictable with assurance. Based on currently available information, it is the opinion of management that the outcome of such matters would not have a material adverse impact on GM Global Steering Group.

(ii) Environmental liabilities

GM Global Steering Group recorded environmental liabilities based upon estimates of financial exposure with respect to environmental sites. Environmental requirements may become more stringent over time or eventual environmental cleanup costs and liabilities may ultimately exceed current estimates. Moreover, future facilities sales could trigger additional, perhaps material, environmental remediation costs, as previously unknown conditions may be identified.

(iii) Warranties

GM Global Steering Group recognized expected warranty costs for products sold principally at the time of sale of the product or when it was determined that such obligations were probable and could be reasonably estimated. Amounts recorded were based on GM Global Steering Group's estimates of the amount that would eventually be required to settle such obligations. These accruals were based on factors such as specific customer arrangements, past experience, production changes, industry developments and various other considerations. GM Global Steering Group's estimates were adjusted from time to time based on facts and circumstances that impacted the status of existing claims.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)***(b) Provisions (continued)***(iv) Decommissioning**

GM Global Steering Group identified conditional asset retirement obligations primarily related to asbestos abatement and removal and disposal of storage tanks at certain of its sites. Amounts recorded are based on GM Global Steering Group's estimate of future obligations to leave or close a facility. Sites are continually monitored for changes that may impact future obligations for decommissioning. GM Global Steering Group records accretion expense monthly to account for discounting of the obligation.

(c) Income taxes

GM Global Steering Group was subject to income taxes in numerous jurisdictions. Significant judgment was required in determining the worldwide provision for income taxes. There were many transactions and calculations for which the ultimate tax determination was uncertain. GM Global Steering Group recognized liabilities for anticipated tax audit issues based on estimates of whether additional taxes would be due. GM Global Steering Group believed that its accruals for tax liabilities were adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relied on estimates and assumptions and might involve a series of complex judgments about future events. Where the final tax outcome of these matters was different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination was made.

Deferred tax assets are recognized only if it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. This determination requires significant judgment regarding the realizability of deferred tax assets. For entities with a recent history of losses, there would need to be convincing other evidence that sufficient taxable profits would be available in the future. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

6 SEGMENT INFORMATION

GM Global Steering Group's segment information is presented on the basis of internal reports that are regularly reviewed by GM Global Steering Group's CEO, in order to allocate resources to the segments and assess their performance. For each of GM Global Steering Group's reportable segments, GM Global Steering Group's CEO reviewed internal management reports on a quarterly basis, at a minimum.

GM Global Steering Group classified its businesses into four reportable segments: North America, Europe, the PRC and Rest of world. All of GM Global Steering Group's operating segments typically offered the same driveline and steering products. The "Others" category represents parent company activities of GM Global Steering and Nexteer Automotive Corporation.

II. NOTES ON THE FINANCIAL INFORMATION (continued)

6 SEGMENT INFORMATION (continued)

The key performance indicators that GM Global Steering Group monitored to run segment operations are:

- EBITDAR, which represents operating income/(loss) before interest, taxes, depreciation and amortization and restructuring/acquisition costs.
- Net working capital ("NWC"), which represents inventory and trade receivables net of trade payables. This measures GM Global Steering Group's net investment in operating assets for each segment. NWC includes trade payables and receivables between related companies.

Information about reportable segments and reconciliations of reportable segment revenues is as follows:

	North America	The PRC	Europe	Rest of world	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the eleven months ended						
30 November 2010						
Total revenue	1,239,492	134,909	434,066	156,956	—	1,965,423
Inter-segment revenue	(38,744)	(5,669)	(3,198)	(22,617)	—	(70,228)
Revenue from external customers	1,200,748	129,240	430,868	134,339	—	1,895,195
EBITDAR	46,251	17,962	52,245	7,187	(12,806)	110,839
NWC	155,704	30,103	55,006	45,718	(38,949)	247,582

Revenue between segments are carried out at arm's length. The revenue from external parties reported to the Group's CEO is measured in a manner consistent with that in the income statement.

Reconciliations of reportable segment net income to those as determined under IFRS are as follows:

	For the eleven months ended November 30, 2010
	US\$'000
EBITDAR from reportable segments	110,839
Depreciation and amortization expenses	(25,788)
Finance costs, net	(3,957)
Profit before income tax	81,094

II. NOTES ON THE FINANCIAL INFORMATION (continued)**6 SEGMENT INFORMATION (continued)**

In presenting information on the basis of geography, segment revenue is based on the geographical location of subsidiaries and segment assets are based on geographical location of the assets.

The geographic distribution of revenue for the eleven months ended November 30, 2010 is as follows:

	For the eleven months ended November 30, 2010
	US\$'000
North America	1,200,748
Europe:	
Poland	430,391
Rest of Europe	477
The PRC	129,240
Rest of world	134,339
	<u>1,895,195</u>

The geographic distribution of non-current assets excluding deferred income tax assets as at November 30, 2010 is as follows:

	As at November 30, 2010
	US\$'000
North America	92,137
Europe:	
Poland	17,157
Rest of Europe	1,727
The PRC	22,461
Rest of world	10,599
	<u>144,081</u>

Distribution of revenue between product lines for the eleven months ended November 30, 2010 is as follows:

	For the eleven months ended November 30, 2010
	US\$'000
Steering	1,527,625
Driveline	367,570
	<u>1,895,195</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

6 SEGMENT INFORMATION (continued)

Revenues from customers amounting to 10 percent or more of GM Global Steering Group's revenue are as follows and reported in all segments:

	For the eleven months ended November 30, 2010
	US\$'000
General Motors Group and its affiliates.....	999,922
Customer A.....	207,998
	<u>1,207,920</u>

7 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold improvement	Buildings	Machinery, equipment and tooling	Furniture and office equipment	Construction in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Net book amount at							
January 1, 2010	8,150	628	11,056	83,428	64	5,558	108,884
Additions.....	—	33	14	55,278	499	3,632	59,456
Disposals.....	—	(7)	—	(67)	(43)	—	(117)
Depreciation.....	—	(237)	(1,309)	(24,142)	(78)	—	(25,766)
Exchange differences...	26	7	80	(748)	(14)	(68)	(717)
Net book amount at							
November 30, 2010 ..	<u>8,176</u>	<u>424</u>	<u>9,841</u>	<u>113,749</u>	<u>428</u>	<u>9,122</u>	<u>141,740</u>
At November 30, 2010							
Cost.....	8,176	728	11,514	142,764	556	9,122	172,860
Accumulated depreciation.....	—	(304)	(1,673)	(29,015)	(128)	—	(31,120)
Net book amount	<u>8,176</u>	<u>424</u>	<u>9,841</u>	<u>113,749</u>	<u>428</u>	<u>9,122</u>	<u>141,740</u>

Property, plant and equipment at November 30, 2010 included office equipment under finance lease of US\$39,000, net of accumulated depreciation of US\$3,000.

Depreciation had been charged to the following function of expenses:

	For the eleven months ended November 30, 2010
	US\$'000
Cost of sales.....	24,504
Engineering and product development costs.....	660
Administrative expenses.....	602
	<u>25,766</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

8 LAND USE RIGHTS

	US\$'000
Cost	
As at January 1, 2010	928
Exchange differences	21
As at November 30, 2010.....	<u>949</u>
Accumulated amortization	
As at January 1, 2010	206
Amortization	22
Exchange differences	(17)
As at November 30, 2010.....	<u>211</u>
Net book amount	
As at November 30, 2010.....	<u><u>738</u></u>

GM Global Steering Group's land use rights were located in the PRC and were held under leases for periods of 50 years.

9 DEFERRED INCOME TAXES

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at November 30, 2010
	US\$'000
Deferred income tax assets:	
— to be recovered after more than 12 months	21,221
— to be recovered within 12 months	1,298
	<u>22,519</u>
Deferred income tax liabilities:	
— to be settled after more than 12 months	(38)
Deferred income tax assets, net	<u><u>22,481</u></u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

9 DEFERRED INCOME TAXES (continued)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Property, plant and equipment	Retirement benefits and compensations	Provisions and accruals	Tax losses and credits	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Deferred income tax assets						
As at January 1, 2010.	20,445	163	4,152	272	621	25,653
(Charged)/credited to income statement	(1,279)	1,388	(2,234)	(272)	(57)	(2,454)
Credited to other comprehensive income . . .	—	332	—	—	—	332
Exchange differences	68	11	5	—	6	90
As at November 30, 2010. . .	<u>19,234</u>	<u>1,894</u>	<u>1,923</u>	<u>—</u>	<u>570</u>	<u>23,621</u>
Deferred income tax liabilities						
As at January 1, 2010.	(930)	(186)	(93)	—	(4,334)	(5,543)
Credited to income statement	743	110	65	—	3,549	4,467
Charged to other comprehensive income . . .	—	(26)	—	—	—	(26)
Exchange differences	(21)	(7)	—	—	(10)	(38)
As at November 30, 2010. . .	<u>(208)</u>	<u>(109)</u>	<u>(28)</u>	<u>—</u>	<u>(795)</u>	<u>(1,140)</u>

Deferred income tax assets are recognized for tax loss carry forwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. Deferred income tax assets being calculated at applicable tax rates have not been recognized in respect of the following as management believes it was more likely than not that they would not be utilized before expiration:

	As at November 30, 2010
	US\$'000
Tax losses	481
Deductible temporary differences.	23,337
	<u>23,818</u>

As at November 30, 2010, GM Global Steering Group had US\$1,652,000 of non-U.S. gross net operating loss (“NOL”) carryforwards which had various expiration dates of which a significant amount is unlimited.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**9 DEFERRED INCOME TAXES (continued)**

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries as at November 30, 2010 because GM Global Steering was able to control the timing of reversal of the temporary differences and no material amounts of such unremitted earnings were then intended to be distributed. Unremitted earnings totalled US\$114,526,000 as at the period end.

10 INVENTORIES

	<u>As at November 30, 2010</u>
	<u>US\$'000</u>
Raw materials	94,306
Work in progress	33,708
Finished goods	34,028
	<u>162,042</u>
Less: provision for impairment losses	<u>(10,525)</u>
	<u><u>151,517</u></u>

The cost of inventories recognized as an expense and included in cost of sales for the eleven months ended November 30, 2010 amounted to US\$1,566,160,000.

11 TRADE RECEIVABLES

	<u>As at November 30, 2010</u>
	<u>US\$'000</u>
Trade receivables, gross	332,180
Less: provision for impairment	(774)
	<u>331,406</u>

Credit terms ranged from 30–90 days after the invoice date depending on the customer and the geographical region. Aging analysis of trade receivables based on credit terms is as follows:

	<u>As at November 30, 2010</u>
	<u>US\$'000</u>
Not overdue	323,529
Overdue up to 30 days	4,656
Overdue 30 to 60 days	836
Overdue 60 to 90 days	1,036
Overdue over 90 days	2,123
	<u>332,180</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)**11 TRADE RECEIVABLES (continued)**

Trade receivables of US\$7,877,000 were past due but not impaired as at November 30, 2010. These related mainly to a number of customers for whom there was no recent history of default. The aging analysis of these past due but not impaired receivables is as follows:

	As at November 30, 2010
	US\$'000
Overdue up to 30 days	4,656
Overdue 30 to 60 days	836
Overdue 60 to 90 days	1,036
Overdue over 90 days	1,349
	<hr/>
	7,877
	<hr/> <hr/>

The provision for impairment of receivables included estimates and assessments of individual receivables based on the creditworthiness of the respective customer, current economic developments, and the analysis of historical losses on receivables. The creditworthiness of a customer was assessed on their payment history and ability to make repayments and customer credit rating from third-party rating agencies.

Trade receivables of US\$774,000 were impaired as at November 30, 2010, on which full provision was made at period end. These individually impaired receivables were relatively long overdue.

Movement on the provision for impairment of trade receivables is as follows:

	US\$'000
As at January 1, 2010	682
Provision for impairment of trade receivables	292
Written-off as uncollectible	(153)
Exchange differences	(47)
	<hr/>
As at November 30, 2010	774
	<hr/> <hr/>

II. NOTES ON THE FINANCIAL INFORMATION (continued)**12 OTHER RECEIVABLES AND PREPAYMENTS**

	As at November 30, 2010
	US\$'000
Amounts reimbursable from customers on tools	15,418
Other taxes recoverable (note)	8,222
Prepaid assets.....	8,420
Deposits to vendors.....	2,982
Others	4,105
	<u>39,147</u>
Less: non-current portion.....	(1,603)
Current portion	<u><u>37,544</u></u>

Note: Balance mainly represented value-added tax recoverable.

13 RESTRICTED BANK DEPOSITS

Restricted bank deposits were maintained with banks for issuance of letters of credit.

14 CASH AND CASH EQUIVALENTS

GM Global Steering Group's RMB balances were placed with banks in the PRC. The RMB is not a freely convertible currency. The conversion of these RMB denominated balances into foreign currencies in the PRC is subject to rules and regulations of foreign exchange control promulgated by the PRC government. Cash balances denominated in RMB would be used as part of the normal operating activities in the PRC and are classified as unrestricted cash on this basis. All other cash balances were unrestricted.

15 PAID-IN CAPITAL

	Amount
	US\$'000
As at January 1 and November 30, 2010.....	<u><u>301,317</u></u>

16 EXCHANGE RESERVE

Exchange reserve arises from currency translation of all group entities that have a functional currency different from the US\$ being translated into GM Global Steering Group's presentation currency of US\$.

II. NOTES ON THE FINANCIAL INFORMATION (continued)

17 BORROWINGS

	As at November 30, 2010
	US\$'000
Non-current	
Borrowings from a subsidiary of Delphi Corporation (former owner, a third party) — unsecured (note (a)).....	24,623
Finance lease obligations (note (b)).....	17
	<u>24,640</u>

Current	
Borrowings from General Motors — unsecured.....	19,739
Add: current portion of:	
— non-current borrowings from banks	4,494
— non-current borrowings from a subsidiary of Delphi Corporation (note (a))	4,083
— finance lease obligations (note (b)).....	16
	<u>28,332</u>

Total borrowings	<u>52,972</u>
	=====
	As at November 30, 2010
	US\$'000
Maturity of borrowings	
Within 1 year	28,332
Between 1 and 2 years	4,017
Between 2 and 5 years	20,623
	<u>52,972</u>
	=====
	As at November 30, 2010
Weighted average annual interest rates	
Bank borrowings	6.9%
Other borrowings.....	7.2%
	=====
	As at November 30, 2010
	US\$'000
Currency denomination	
US\$	19,739
RMB	33,200
Euro.....	33
	<u>52,972</u>
	=====

II. NOTES ON THE FINANCIAL INFORMATION (continued)**17 BORROWINGS (continued)**

	As at November 30, 2010
	US\$'000
Undrawn facilities at floating rates	
Expiring within 1 year	42,000

Note:

(a) This represents a loan payable to a subsidiary of Delphi Corporation which was repaid in 2011.

(b) Finance lease obligations

(i) Gross finance leases liabilities — minimum lease payments:

	As at November 30, 2010
	US\$'000
Within 1 year	17
Between 1 and 2 years	20
Between 2 and 5 years	3
	40
Less: future finance charges	(7)
	33

(ii) Present value of finance lease obligations:

	As at November 30, 2010
	US\$'000
Within 1 year	16
Between 1 and 2 years	14
Between 2 and 5 years	3
	33

18 RETIREMENT BENEFITS AND COMPENSATIONS

	As at November 30, 2010
	US\$'000
Pension — defined benefit plans (note)	7,649

Note:

GM Global Steering Group sponsored various defined benefit plans that generally provided benefits based on negotiated amounts for each year of eligible service. Its most significant plans were under regulatory frameworks in Mexico, Germany and France.

II. NOTES ON THE FINANCIAL INFORMATION (continued)

18 RETIREMENT BENEFITS AND COMPENSATIONS (continued)

Save as the defined benefit plan for U.S. operations as detailed in Note 3.15(b), GM Global Steering Group employed Mercer (U.S.) Inc., an independent qualified actuary, to measure pension costs using the projected unit credit method. The amounts recognized in balance sheets are determined as follows:

	As at November 30, 2010
	US\$'000
Present value of funded obligations (note (i))	8,436
Fair value of plan assets (note (ii)).....	(787)
Deficit of funded plans	<u>7,649</u>

(i) Movement in the present value of defined benefit obligations:

	For the eleven months ended November 30, 2010
	US\$'000
Opening balance	6,520
Current service cost	441
Interest cost	408
Losses from changes in financial assumptions	775
Experience losses	416
Exchange differences	42
Benefits paid	(166)
Ending balance.....	<u>8,436</u>

(ii) Movement in the fair value of plan assets:

	For the eleven months ended November 30, 2010
	US\$'000
Opening balance	678
Interest income	54
Return on plan assets, excluding amounts included in interest income	31
Employer contributions	156
Exchange differences	34
Benefits paid	(166)
Ending balance.....	<u>787</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

18 RETIREMENT BENEFITS AND COMPENSATIONS (continued)

Plan assets comprised as follows:

	As at November 30, 2010
Equities	35%
Bonds	40%
Cash	25%
	<u>100%</u>

Amounts recognized in other comprehensive income:

	For the eleven months ended November 30, 2010
	US\$'000
Losses from changes in financial assumptions	(775)
Experience losses	(416)
Return on plan assets, excluding amounts included in interest income	31
Total	<u>(1,160)</u>

Amount recognized in income statement:

	For the eleven months ended November 30, 2010
	US\$'000
Current service cost	441
Interest cost	354
Total	<u>795</u>
<i>Included in:</i>	
Cost of sales	567
Engineering and product development costs	53
Administrative expenses	<u>175</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)**18 RETIREMENT BENEFITS AND COMPENSATIONS (continued)**

Principal actuarial assumptions used were as follows:

	For the eleven months ended November 30, 2010
Discount rate	6.97%
Salary increase rate	4.38%
Price inflation rate	3.38%
Pension increase rate	2.00%

Balances of pension obligations derived from changes in the discount rate and salary increase rate at the period-end were as follows:

	As at November 30, 2010
	US\$'000
1% increase in discount rate	7,317
1% decrease in discount rate	9,809
1% increase in salary increase rate.....	9,400
1% decrease in salary increase rate	7,677

The above sensitivity analyzes are based on a change in an assumption while holding all other assumptions constant. In practice, this was unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation the same actuarial method has been applied in arriving at the pension liability recognized in the balance sheet.

19 PROVISIONS

	As at November 30, 2010		
	Current	Non-current	Total
	US\$'000	US\$'000	US\$'000
Litigation (note (a)).....	370	—	370
Environmental liabilities (note (b))	113	12,602	12,715
Warranties	11,351	12,668	24,019
Decommissioning (note (c)).....	—	4,640	4,640
	<u>11,834</u>	<u>29,910</u>	<u>41,744</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)**19 PROVISIONS (continued)**

Movement of provisions for the eleven months ended November 30, 2010 is as follows:

	Litigation	Environmental liabilities	Warranties	Decom- missioning	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At January 1, 2010	552	13,004	19,070	4,059	36,685
Additions	—	66	20,903	528	21,497
Payments	(197)	(358)	(13,896)	—	(14,451)
Exchange differences . . .	15	3	(2,058)	53	(1,987)
At November 30, 2010 . .	<u>370</u>	<u>12,715</u>	<u>24,019</u>	<u>4,640</u>	<u>41,744</u>

(a) Litigation

The balance represents a provision primarily for certain labor claims brought against GM Global Steering Group. Management were of the view that, after taking appropriate legal advice, the outcome of these legal claims would not give rise to significant losses beyond the amounts provided at reporting date.

(b) Environmental liabilities

A provision is recognized for the present value of remediation costs to be incurred for the restoration of the manufacturing sites upon the initial recognition of the related assets.

(c) Decommissioning

This represents asset retirement obligations at certain of GM Global Steering Group's manufacturing sites.

20 DEFERRED REVENUE

GM Global Steering Group periodically received upfront consideration from customers in connection with engineering and prototyping pre-production, program-specific activities. These revenue amounts were deferred until they can be recognized over the life of the related program, which typically ranges between 4 and 7 years. The carrying amount of deferred revenue is as follows:

	As at November 30, 2010		
	Current	Non-current	Total
	US\$'000	US\$'000	US\$'000
Prototype and engineering	<u>18,321</u>	<u>65,234</u>	<u>83,555</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)**20 DEFERRED REVENUE (continued)**

Movement of deferred revenue for the eleven months ended November 30, 2010 is as follows:

	US\$'000
At January 1, 2010	82,849
Additions	17,995
Amortization	(17,289)
At November 30, 2010	<u>83,555</u>

21 TRADE PAYABLES

Aging analysis of trade payables based on credit terms is as follows:

	As at November 30, 2010
	US\$'000
Not overdue	194,982
Overdue up to 30 days	24,454
Overdue 30 to 60 days	10,094
Overdue 60 to 90 days	1,949
Overdue over 90 days	3,862
	<u>235,341</u>

22 OTHER PAYABLES AND ACCRUALS

	As at November 30, 2010
	US\$'000
Accrued expenses	56,786
Deposits from customers	7,318
Other taxes payable	5,246
Payables to General Motors (Note 32)	9,065
Others	1,551
	<u>79,966</u>
Less: non-current portion	(746)
Current portion	<u>79,220</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)**23 OTHER LOSSES, NET**

	For the eleven months ended November 30, 2010
	US\$'000
Foreign exchange losses	(6,160)
Gain on disposal of property, plant and equipment	692
Others	623
	<u>(4,845)</u>

24 EXPENSE BY NATURE

	For the eleven months ended November 30, 2010
	US\$'000
Raw materials used	1,039,619
Changes in inventories of finished goods and work-in-progress	(16,114)
Employee benefit costs (Note 25)	358,258
Temporary labor costs	33,440
Supplies and tools	134,851
Depreciation on property, plant and equipment (Note 7)	25,766
Amortization on land use rights (Note 8)	22
Impairment charges on	
— inventories	838
— receivables (Note 11)	292
Utilities	34,392
Transportation expenses	8,013
Operating lease expenses	7,814
Warranty expenses (Note 19)	20,903
Auditors' remuneration	216
Others	156,989
	<u>1,805,299</u>
Total cost of sales, engineering and product development costs, selling and distribution, administrative expenses	<u>1,805,299</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

25 EMPLOYEE BENEFIT COSTS

	For the eleven months ended November 30, 2010
	US\$'000
Salary expenses	326,829
Pension costs — defined contribution plans	2,451
Pension costs — defined benefit plans (Note 18).....	795
Other employee costs	28,183
	<u>358,258</u>

(a) *Directors' emoluments*

For the eleven months ended November 30, 2010, the remuneration of individuals who did not have the director's responsibility of GM Global Steering but become directors of Nexteer Automotive Group Limited is set out below:

Name	Fees	Salary	Discretionary bonus (note (i))	Other benefits (note (ii))	Employer's contribution to retirement plan	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Mr. Guibin Zhao *	—	—	—	—	—	—
Mr. Yi Fan	—	—	—	—	—	—
Mr. Jian Zhu (note (iii))	—	—	—	—	—	—
Mr. Michael Paul Richardson ..	—	375	—	12	—	387
Mr. Qunhui Luo (note (iii)) ...	—	—	—	—	—	—
Mr. Hinglun Tsang	—	—	—	—	—	—
Mr. Kevin Cheng Wei	—	—	—	—	—	—
Mr. Jianjun Liu	—	—	—	—	—	—
Mr. Da'en Lu (note (iv))	—	—	—	—	—	—
Mr. Xiaobo Wang (note (iv)) .	—	—	—	—	—	—
	<u>—</u>	<u>375</u>	<u>—</u>	<u>12</u>	<u>—</u>	<u>387</u>

* Chief executive of Nexteer Automotive Group Limited

Notes:

- (i) Discretionary bonus includes deferred compensation plans and the annual incentive compensation plans.
- (ii) Other benefits include payments made for dental, disability and healthcare covers and contributions to social security and health saving.
- (iii) Resigned on August 21, 2013.
- (iv) Appointed on August 21, 2013.

II. NOTES ON THE FINANCIAL INFORMATION (continued)

25 EMPLOYEE BENEFIT COSTS (continued)

(b) *Five highest paid individuals*

The five individuals whose emoluments were the highest in GM Global Steering Group for the period include one individual whose emolument is reflected in the analysis presented above. The emoluments payable to the remaining four individuals are as follows:

	For the eleven months ended November 30, 2010
	US\$'000
Salaries and allowances	2,070
Other benefits	165
	<u>2,235</u>

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals
HK\$3,000,000–HK\$3,500,000 (US\$386,000–US\$451,000)	3
HK\$8,000,000–HK\$8,500,000 (US\$1,030,000–US\$1,095,000)	<u>1</u>

26 FINANCE COSTS, NET

	For the eleven months ended November 30, 2010
	US\$'000
Finance income	
Interest on bank deposits	790
Finance costs	
Interest expense on bank borrowings	
— Wholly repayable within 5 years	317
Interest expense on other borrowings	
— Wholly repayable within 5 years	3,740
	<u>4,057</u>
Interest on finance leases	2
Other finance costs	688
	<u>4,747</u>
Finance costs, net	<u>3,957</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

27 INCOME TAX EXPENSE

	For the eleven months ended November 30, 2010
	US\$'000
Current income tax	13,004
Deferred income tax credit (Note 9)	(2,013)
	<u>10,991</u>

Taxation on GM Global Steering Group's profits has been calculated on the estimated assessable profits for the period at the statutory rates of 25% and 19% in the PRC and Poland respectively from where GM Global Steering Group's profits were mainly generated.

The tax on GM Global Steering Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	For the eleven months ended November 30, 2010
	US\$'000
Profit before income tax	81,094
Tax calculated at rates applicable to profits in respective countries	19,238
Expenses not deductible for tax purposes	2,740
Preferential rates due to tax holidays (note)	(10,401)
Tax losses and deductible temporary differences for which no deferred tax was recognized.	434
Others	(1,020)
Tax charge	<u>10,991</u>

Note: Derived mainly from profits subject to income tax exemption up to 2020 for GM Global Steering Group's investment in Special Economic Zones in Poland according to relevant Polish tax rules.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**28 EARNINGS PER SHARE**

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to its presentation of consolidated results of GM Global Steering Group for the Relevant Period as disclosed in Note 2.

29 DIVIDEND

	For the eleven months ended November 30, 2010
	US\$'000
Dividend paid.....	33,631

30 CONSOLIDATED STATEMENT OF CASH FLOWS*(a) Cash generated from operations*

	For the eleven months ended November 30, 2010
	US\$'000
Profit before income tax.....	81,094
Adjustments for:	
Finance costs.....	4,747
Depreciation on property, plant and equipment.....	25,766
Amortization on land use rights.....	22
Impairment charges on inventories and receivables.....	1,130
Exchange differences.....	(2,450)
	110,309
Changes in working capital:	
— Increase in receivables.....	(33,410)
— Increase in inventories.....	(17,747)
— Decrease in payables and accruals.....	(33,082)
— Increase in provisions.....	5,059
— Increase in retirement benefits and compensations.....	1,246
— Increase in deferred revenue.....	706
Net cash generated from operations.....	33,081

(b) Major non-cash transactions

During the eleven months ended November 30, 2010, GM Global Steering Group purchased property, plant and equipment which was recorded in payables in the amount of US\$12,004,000.

II. NOTES ON THE FINANCIAL INFORMATION (continued)**31 COMMITMENTS***(a) Capital commitments*

GM Global Steering Group had capital commitments of US\$27,765,000 as at November 30, 2010 to purchase property, plant and equipment which were contracted but not provided for.

(b) Purchase commitments

GM Global Steering Group entered into a purchase agreement with a supplier to purchase an annual volume amounting to US\$10,434,000 annually throughout 2014 representing a total outstanding purchase obligation of US\$42,603,000 as at November 30, 2010. GM Global Steering Group expected to meet these commitments through normal purchases to be used in production through the commitment date.

(c) Operating lease commitments

GM Global Steering Group's future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	<u>As at November 30, 2010</u>
	<u>US\$'000</u>
Up to 1 year	7,950
1 to 5 years	19,270
Over 5 years	6,012
	<u>33,232</u>

II. NOTES ON THE FINANCIAL INFORMATION (continued)

32 RELATED PARTY TRANSACTIONS

In addition to the related party transactions described elsewhere in Note 2 and 17, GM Global Steering Group recorded the following transactions and balances with General Motors Group and its affiliates which were unsecured, non-interest bearing and repayable on demand.

	For the eleven months ended November 30, 2010
	US\$'000
Revenue	
Sales of goods	999,922
Expenses	
Purchase of goods	219
Purchase of services	268,883
Key management compensation (note (a))	
— Salaries, other allowances and benefits	2,163
— Others	58
	As at November 30, 2010
	US\$'000
Assets	
Trade receivables	142,208
Liabilities	
Other payables and accruals (note (b))	9,065
Provisions (note (c))	6,665

Note:

- (a) This includes the remunerations of the CEO and other key management members excluding the Chief Financial Officer and Chief Legal Counsel.
- (b) This relates to service fees payable and refundable sales deposits.
- (c) This represents warranty provisions on sale of goods to General Motors Group and its affiliates.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong