
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Dongfeng Motor Group Limited, you should at once hand this Circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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DONGFENG MOTOR GROUP COMPANY LIMITED*

東風汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 489)

- (1) THE REPORT OF THE BOARD FOR 2019**
- (2) THE REPORT OF THE SUPERVISORY COMMITTEE FOR 2019**
- (3) THE INDEPENDENT AUDITORS' REPORT AND
AUDITED FINANCIAL STATEMENTS FOR 2019**
- (4) THE PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY
FOR 2019 AND FINAL DIVIDEND PAYMENT**
- (5) INTERIM DIVIDEND FOR 2020**
- (6) RE-APPOINTMENTS OF ACCOUNTING FIRMS**
- (7) THE REMUNERATION OF THE DIRECTORS AND
THE SUPERVISORS FOR 2020**
- (8) THE REVISION OF ANNUAL CAPS
FOR MASTER LOGISTICS SERVICES AGREEMENT**
- (9) GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE,
ALLOT AND DEAL WITH DOMESTIC SHARES AND H SHARES**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

Terms used in this cover shall have the same meanings as defined in this Circular.

A notice concerning the convening of the Annual General Meeting of Dongfeng Motor Group Company Limited to be held at 9:00 a.m. on Friday, 19 June 2020 at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei 430056, PRC, has been sent to the shareholders of the Company on 29 April 2020, is set out on pages 29 to 34 of this Circular. A letter from the Board is set out on pages 1 to 14 of this Circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the proposed Revised Annual Caps is set out on pages 15 to 16 of this Circular. A letter from Gram Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 34 of this Circular. Whether or not you are able to attend the Annual General Meeting, please complete the form of proxy previously sent to you together with the notice of the Annual General Meeting in accordance with the instructions printed thereon and return them as soon as practicable, and in any event no later than 24 hours before the time appointed for the holding of the Annual General Meeting.

* For identification only

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DEFINITIONS

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

“Agreement of Assets Acquisition by Issuing Shares”	means the agreement of assets acquisition by issuing shares entered into between the JV Company, DFM, DF Import & Export, Dongfeng South Industrial, Shanghai Shenyue, Tongda Group, Huizhou Public Transport, Shengze Jietong in respect of the formation of the JV Company;
“Annual General Meeting”	the annual general meeting for the year of 2019 of the Company to be held at 9:00 a.m. on Friday, 19 June 2020 at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei 430056, PRC;
“Board”	means the board of Directors of the Company;
“Company”	Dongfeng Motor Group Company Limited* (東風汽車集團股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H shares of which are listed on the Stock Exchange;
“Continuing Connected Transactions”	DFM provides and procures its subsidiaries to provide logistics services regarding the whole vehicle and auto parts related business to the Group pursuant to the Master Logistics Services Agreement;
“Director(s)”	the director(s) of the Company;
“DF Import & Export”	China Dongfeng Motor Industry Imp. & Exp. Co., Ltd (中國東風汽車工業進出口有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company, whose 100% equity interest is directly and indirectly held by the Company;
“Dongfeng South Industrial”	Shenzhen DFS Industrial Group Co.,Ltd. (深圳市東風南方實業集團有限公司), a limited liability company incorporated in the PRC and a Jointly-controlled Entity of the Company, which is owned as to 95% by a Jointly-controlled Entity of the Company and 5% by a subsidiary of the Company;

DEFINITIONS

“DFM”	Dongfeng Motor Corporation (東風汽車集團有限公司), controlling shareholder of the Company, a state-owned enterprise established under the laws of the PRC, which directly and indirectly holds approximately 67.31% equity interest in the total issued share capital of the Company;
“Checheng Logistics”	Dongfeng Checheng Logistics Co., Ltd. (東風車城物流股份有限公司), a company limited incorporated in the PRC, whose 70.46% equity interest is held by DFM, 14.77% equity interest is held by Huizhou Public Transportation and 14.77% equity interest is held by Huizhou Daya Bay;
“Dong Hon Logistics”	Wuhan Dong Hon Logistics Co., Ltd. (武漢東本儲運有限公司), a limited liability company incorporated in the PRC, a Jointly-controlled Entity whose 35% equity interest is held by DF Import & Export (a direct subsidiary of the Company) and 15% equity interest is held by Shanghai Shenyue (an indirect subsidiary of the Company);
“Existing Annual Caps”	the existing caps for the Continuing Connected Transactions;
“Fengshen Logistics”	Fengshen Logistics Co., Ltd.* (風神物流有限公司) a limited liability company incorporated in the PRC, a Jointly-controlled Entity whose 50% equity interest is held by Dongfeng South Industrial (a Jointly-controlled Entity of the Company);
“Group”	the Company and its subsidiaries;
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each;
“Huizhou Daya Bay”	Huizhou Daya Bay Economic and Technological Development Group Co., Ltd.* (惠州市大亞灣經濟技術開發集團有限公司), a wholly state-owned enterprise incorporated in the PRC, which is an Independent Third Party of the Company;

DEFINITIONS

“Huizhou Public Transport”	Huizhou Public Transport Assets Management Co., Ltd.* (惠州市工交資產經營有限公司), a wholly state-owned enterprise incorporated in the PRC, which is an Independent Third Party of the Company;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely, Mr. Ma Zhigeng, Mr. Zhang Xiaotie, and Mr. Chen Yunfei, formed to consider, among others, the Revised Annual Caps;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance, being independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Revised Annual Caps for the Continuing Connected Transactions;
“Independent Shareholders”	the Shareholders other than DFM and its associates who are legally and/or beneficially interested in the shares of the Company;
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules;
“Jointly-controlled Entity”	means a Joint Venture Company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. A joint venture party’s investments in its Jointly-controlled Entities can be accounted for by proportionate consolidation, which involves recognizing a proportionate share of the joint venture’s assets, liabilities, income and expenses with similar items in the consolidated financial statements of the joint venture party on a line-by-line basis. When the profit sharing ratio is different to the joint venture party’s equity interests in the Jointly-controlled Entities, the joint venture party’s share of their assets, liabilities, income and expenses is determined based on the agreed profit sharing ratio. The results of Jointly-controlled Entities are included in the joint venture party’s profit and loss account to the extent of dividends received and receivable. The joint venture party’s investments in Jointly-controlled Entities are treated as long term assets and are stated at cost less impairment losses;

DEFINITIONS

“Joint Venture Company”

means a company set up by contractual agreement, whereby joint venture parties undertake an economic activity. A joint venture company operates as a separate entity in which each party has an interest. The joint venture agreement between the ventures stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realized upon its dissolution. The profits and losses from the joint venture company’s operations and any distributions of surplus assets are shared by the ventures, either in proportion to their respective capital contributions, or in accordance with terms of the joint venture agreement. A joint venture company is treated by a joint venture party as:

- (a) a subsidiary, if the joint venture party has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the joint venture party does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the joint venture party does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20 per cent. of the joint venture company’s registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) an investment, if the joint venture party holds, directly or indirectly, less than 20 per cent. Of the joint venture company’s registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company;

“JV Company”

means Dongfeng Logistic (Wu Han) Co., Ltd.* (東風物流(武漢)股份有限公司), a joint stock company incorporated in the PRC with limited liability as adjusted pursuant to the Agreement of Assets Acquisition by Issuing Shares, whose name is subject to approval by the relevant PRC government authorities;

DEFINITIONS

“Latest Practicable Date”	15 May 2020, being the latest practicable date prior to the printing of this Circular for ascertaining certain information in this Circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Logistics Services Agreement”	a master agreement entered into between the Company and DFM on 28 December 2019, pursuant to which DFM agrees to provide and procure its subsidiaries to provide logistics services regarding the whole vehicle and auto parts related business to the Group;
“PRC”	the People’s Republic of China, but for the purposes of this Circular only, excludes Hong Kong, Macau and Taiwan;
“Revised Annual Caps”	the new caps for the Continuing Connected Transactions;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Shenyue”	Shanghai Shenyue Industrial Co., Ltd. *(上海神越實業與有限公司), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company, whose 100% equity interest is directly held by DF Import & Export;
“Shengze Jietong”	Shengzejietong Supply Chain Co., Ltd.* (聖澤捷通供應鏈有限公司), a limited liability company incorporated in the PRC, which is an Independent Third Party of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	companies directly or indirectly controlled by the parties;
“Tongda Group”	Tongda Group (China) Co., Ltd. (通達集團(中國)有限公司), a limited liability company incorporated in the Hong Kong, China, which is an Independent Third Party of the Company;
“%”	Per cent.

Note: For illustration purpose only, the exchange rate used in this Circular is HKD1.00 = RMB 0.8861

LETTER FROM THE BOARD



DONGFENG MOTOR GROUP COMPANY LIMITED*

東風汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 489)

Executive Directors:

Mr. Zhu Yanfeng (*Chairman*)

Mr. Li Shaozhu

Mr. You Zheng

Non-Executive Directors:

Mr. Cheng Daoran

Independent Non-Executive Directors:

Mr. Ma Zhigeng

Mr. Zhang Xiaotie

Mr. Chen Yunfei

Registered Office:

Special No. 1 Dongfeng Road

Wuhan Economic and Technology

Development Zone

Wuhan, Hubei 430056 PRC

Principal place of business in the PRC:

Special No. 1 Dongfeng Road

Wuhan Economic and Technology

Development Zone

Wuhan, Hubei 430056 PRC

Principal place of business in Hong Kong:

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong SAR

20 May 2020

Dear Sir or Madam

- (1) THE REPORT OF THE BOARD FOR 2019**
- (2) THE REPORT OF THE SUPERVISORY COMMITTEE FOR 2019**
- (3) THE INDEPENDENT AUDITORS' REPORT AND
AUDITED FINANCIAL STATEMENTS FOR 2019**
- (4) THE PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY
FOR 2019 AND FINAL DIVIDEND PAYMENT**
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THE SUPERVISORS FOR 2020**
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LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the Company's announcement dated 16 January 2020 regarding the formation of a Joint Venture Company and the proposed Revised Annual Caps for the Continuing Connected Transactions and the Company's notice of the Annual General Meeting dated 29 April 2020.

The purposes of this Circular are:

- (a) to provide you with further information relating to the resolutions proposed at the Annual General Meeting; and
- (b) to set out the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, and the recommendation and opinion of the Independent Board Committee as advised by Gram Capital, both in relation to the Revised Annual Caps for the Continuing Connected Transactions.

II. PROPOSED MATTERS FOR THE ANNUAL GENERAL MEETING

1. the report of the Board for the year ended 31 December 2019

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the report of the Board for the year ended 31 December 2019. For details, please refer to the 2019 annual report of the Company published on the Company's website and the Stock Exchange's website.

2. the report of the supervisory committee of the Company for the year ended 31 December 2019

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2019. For details, please refer to the 2019 annual report of the Company published on the Company's website and the Stock Exchange's website.

3. the independent auditors' report and audited financial statements of the Company for the year ended 31 December 2019

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the independent auditors' report and audited financial statements of the Company for the year ended 31 December 2019. For details, please refer to the 2019 annual report of the Company published on the Company's website and the Stock Exchange's website.

LETTER FROM THE BOARD

4. the profit distribution proposal of the Company for the year ended 31 December 2019 and final dividend payment

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the profit distribution proposal of the Company for the year ended 31 December 2019, and authorize the Board to deal with all issues in relation to the Company's distribution of final dividend for the year 2019. For details, please refer to the 2019 annual report of the Company published on the Company's website and the Stock Exchange's website.

5. interim dividend for 2020

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the authorization to the Board to deal with all issues in relation to the Company's distribution of interim dividend for the year 2020 at its absolute discretion (including, but not limited to determine whether to distribute interim dividend for the year 2020).

6. re-appointments of accounting firms

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the re-appointments of PricewaterhouseCoopers as the international auditor of the Company, and PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor of the Company for the year 2020 to hold office until the conclusion of annual general meeting for the year 2020, and to authorize the Board to determine their remunerations.

7. the remuneration of the Directors and the supervisors of the Company for 2020

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the remuneration of the Directors and the supervisors of the Company determined by the Board for the year 2020. Details are as below:

LETTER FROM THE BOARD

7.1 Annual Remuneration

No.	Positions		Allowance of meetings (RMB before tax)			Notes
			Meetings of the Board of Directors	Meetings of special committees	Meetings of the Board of Supervisors	
1	Executive Directors		Nil	Nil	Nil	
2	Non-executive Directors		Nil	Nil		
3	Independent	Held by head of Non-executive Directors	Nil	Nil	Nil	Implemented according to SASAC (Guo Zi Ting Fen Pei [2016] No. 531)
		Held by other personnel	RMB3,000/meeting	RMB2,000/meeting	Nil	
4	Supervisors		Nil	Nil	Nil	
5	Independent Supervisors		Nil	Nil	RMB3,000/meeting	

Notes:

- The Executive Directors and Non-executive Directors do not receive remuneration in their capacities of directors, while Executive Directors receive salaries in their capacities of employees of the Company and Non-executive Directors receive their relevant remuneration in the Company
- Executive and non-executive directors took part in the Scheme of Stock Appreciation Rights in their capacity of directors
- According to the relevant requirements, the independent directors and the independent supervisors shall not take part in the stock appreciation rights plan
- Internal Supervisors receive salaries in their capacities of employees of the Company rather than supervisors
- In-house supervisors took part in the Scheme of Stock Appreciation Rights in their capacity of employees of the Company instead of supervisors

LETTER FROM THE BOARD

7.2. Allowance of Meetings

No.	Positions		Allowance of meetings (RMB before tax)			Notes
			Meetings of the Board of Directors	Meetings of special committees	Meetings of the Board of Supervisors	
1	Executive Directors		Nil	Nil	Nil	
2	Non-executive Directors		Nil	Nil		
3	Independent	Held by head of Non-executive Directors	Nil	Nil	Nil	Implemented according to SASAC (Guo Zi Ting Fen Pei [2016] No. 531)
		Held by other personnel	RMB3,000/meeting	RMB2,000/meeting	Nil	
4	Supervisors		Nil	Nil	Nil	
5	Independent Supervisors		Nil	Nil	RMB3,000/meeting	

8. the revision of annual caps for Master Logistics Services Agreement

An ordinary resolution will be proposed at the Annual General Meeting to Independent Shareholders to consider and approve the revision of annual caps for Master Logistics Services Agreement. Details are as below:

8.1 Background

Reference was made to (1) the announcement of the Company dated 30 December 2019 in respect of a series of continuing connected transactions which include, among others, the execution of Master Logistics Services Agreement and the approval from the Board on the Existing Annual Caps for the transactions contemplated under the Master Logistics Services Agreement for each of the three financial years ending 31 December 2022, and (2) the announcement of the Company dated 16 January 2020 in respect of, among others, the formation of the JV Company, the execution of Agreement of Assets Acquisition by Issuing Shares and the approval from the Board to increase the Existing Annual Caps for the transactions contemplated under the Master Logistics Services Agreement for each of the financial years ending 31 December 2020, 31 December 2021 and 31 December 2022.

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DFM and DF Import & Export (a direct subsidiary of the Company) have contributed RMB950,000 and RMB50,000 respectively and formed the JV Company on 15 January 2020 as a preliminary step. On 16 January 2020, the JV Company, DF Import & Export, Dongfeng South Industrial (a Jointly-controlled Entity of the Company), Shanghai Shenyue (an indirect subsidiary of the Company), DFM and four Independent Third Parties entered into the Agreement of Assets Acquisition by Issuing Shares pursuant to which the parties agreed to inject their respective equity interests in Dong Hon Logistics, Fengshen Logistics and Checheng Logistics into the JV Company. The capital investment by DF Import & Export is cash in the amount of RMB50,000 and its 35% equity interest in Dong Hon Logistics. The capital investment by Shanghai Shenyue is its 15% equity interest in Dong Hon Logistics. The remaining 50% equity interest in Dong Hon Logistics will be kept by its original shareholders and will not be injected into the JV Company. The capital investment by Dongfeng South Industrial is its 50% equity interest in Fengshen Logistics. The remaining 50% equity interest in Fengshen Logistics will be contributed into the JV Company by Tongda Group and Shengze Jietong, both of which are Independent Third Parties. The capital investment by DFM is cash in the amount of RMB950,000 and its 70.46% equity interest in Checheng Logistics. The remaining 29.54% equity interest in Checheng Logistics will be contributed into the JV Company by Huizhou Public Transport and Huizhou Daya Bay, both of which are Independent Third Parties. After completion of the above-mentioned injection of the equity interests, the JV Company will hold 50% equity interest of Dong Hon Logistics, 100% equity interest of Fengshen Logistics, 100% equity interest of Checheng Logistics.

After completion of the establishment of the JV Company as contemplated under the Agreement of Assets Acquisition by Issuing Shares, the equity interest of the JV Company will be held as to 36.66% by DFM, as to 33.55% by the Group and the remaining 29.79% will be held by four shareholders which are Independent Third Parties. The JV Company will become a subsidiary of the DFM, and each of Fengshen Logistics and Dong Hon Logistics will cease to be a Jointly-controlled Entity of the Company, Fengshen Logistics will become an indirect subsidiary of DFM and Dong Hon Logistics will become a Jointly-controlled Entity of DFM. As of the Latest Practicable Date, DFM directly and indirectly holds approximately 67.31% equity interest in the total issued share capital of the Company, thus DFM and its subsidiaries are connected persons of the Company under the Listing Rules. Accordingly, the logistics transactions between the Group and each of Fengshen Logistics and Dong Hon Logistics will become continuing connected transactions after the completion of the establishment of the JV Company, falling under the Master Logistics Services Agreement. The Directors believe that the Existing Annual Caps will not be sufficient for the Group's business needs and therefore approved to increase the Existing Annual Caps on 16 January 2020.

LETTER FROM THE BOARD

8.2 Summary of the Master Logistics Services Agreement

On 28 December 2019, the Company and DFM entered into the Master Logistics Services Agreement, the principal terms of which are set out below:

Date: 28 December 2019

Parties: (1) the Company

(2) DFM

Subject matter: Pursuant to the Master Logistics Services Agreement, DFM agreed to provide and procure its subsidiaries to provide logistics services regarding the whole vehicle and auto parts related business to the Group. During the term of the Master Logistics Services Agreement, the Company and its subsidiaries may from time to time enter into individual agreement(s) or sales orders with DFM and its subsidiaries setting out particulars regarding the provision of logistics services to the Group.

Term: Three years from 1 January 2020 to 31 December 2022 (both days inclusive).

Pricing: The price under the Master Logistics Services Agreement will be agreed at market price.

Market price is defined as: (1) the prevailing fair price charged by independent third parties in areas where the logistics services are provided or in nearby areas for providing similar logistics services on normal commercial terms; or (2) the prevailing reasonable price charged by independent third parties on normal commercial terms for providing similar logistics services.

LETTER FROM THE BOARD

Although it is not part of the terms of the Master Logistics Services Agreement, the marketing department/procurement department of the Company/the Company's subsidiaries will collect the relevant market information (e.g. background and capabilities of possible suppliers, national policies on road and bridge tolls, level of logistics services fees, etc.), review and compare the quotations obtained from at least two independent suppliers for identical or comparable services, and prepare fee quotes for review by the procurement department of the Company/the Company's subsidiaries. The procurement department will take into consideration the average transaction price of the target services in the preceding year, services quality and the competition status, etc. when reviewing the fee quotes. The procurement department of the Company/the Company's subsidiaries will further submit the fee quotes to the management of the Company/the Company's subsidiaries for review and approval. In case of the same service quality, the quotation with the lowest price will be chosen and the chosen quotation will be the final service fee for the logistics services. Through the above-mentioned pricing mechanisms, the Company will be able to understand the market and assure the logistics services fees to be on normal commercial terms.

8.3 Revision of Annual Caps

(1) Historical Transaction Amounts

The historical cumulative transaction amounts in relation to provision of logistics services to the Group by DFM and/or its subsidiaries are as follows:

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2017 (audited)	For the year ended 31 December 2018 (audited)	For the year ended 31 December 2019 (audited)
1,443	1,802	1,963

LETTER FROM THE BOARD

(2) *Existing Annual Caps*

The Existing Annual Caps for the transactions contemplated under the Master Logistics Services Agreement for each of the three financial years ending 31 December 2022 respectively are as follows:

	For the financial year ending 31 December		
	2020	2021	2022
RMB million	2,800	2,800	2,800
(approximately HKD million)	3,159.91	3,159.91	3,159.91

(3) *Revised Annual Caps*

The Revised Annual Caps for the transactions contemplated under the Master Logistics Services Agreement for each of the financial years ending 31 December 2022 respectively are as follows:

	For the financial year ending 31 December		
	2020	2021	2022
RMB million	8,000	8,500	9,000
(approximately HKD million)	9,028.33	9,592.60	10,156.87

(4) *Basis of the Revised Annual Caps*

The increase of the Existing Annual Caps are based on (1) the historical logistics transaction amount between the Group (other than Fengshen Logistics and Dong Hon Logistics) and Fengshen Logistics and Dong Hon Logistics, which was approximately RMB4,465 million, RMB4,481 million and RMB4,370 million for each of the three financial years ended 31 December 2019; (2) the expected increased demand for the logistics services of the Group resulting from the expected increase of vehicle sale volumes of the Group representing a growth rate of 7.5% compared with the same period in 2019, which was disclosed by the Company as 2020 sales target in its announcement dated 17 January 2020. As disclosed in Company's Sales Target for 2020 announcement dated 17 January 2020, the overall sales target for 2020 is 3,158,000 units which represents a growth rate of 7.5% compared with the same

LETTER FROM THE BOARD

period in 2019, among which, PV sales target is 2,655,000 units, growing by 7.5%, CV sales target is 503,000 units, growing by 7.4%. The sales target for 2020 was set out by the Company in January 2020 based on the Company's business plan and the then forecast of PRC auto industry development with reference to the Company's historical sales; and (3) the estimated demand for the logistics services of the Group in the upcoming three years resulting from the potential further transfer by the Company of logistic service subsidiaries or associates ("**Possible Enterprises**") to DFM to generate synergy under the logistics integration, where the current logistic service transactions between the Group and the Possible Enterprises will become connected transactions under the Master Logistic Services Agreement upon such transfer.

Although the PRC auto industry was negatively affected by the outbreak of COVID-19 during the past few months, the Company considers it in the interest of the Company and the Shareholders as a whole to adopt the expected growths on demand of logistics services based on the sales target for 2020 as announced on 17 January 2020 due to the fact that (i) the expected growths are sufficient to cover the Group's demand on logistics services under the current circumstances (e.g. the impact of COVID-19) and the expected recovery of the market, enabling the Company to capture the market opportunities in a timely manner; (ii) the further revision of expected growths will cause the change of proposed annual caps, which will be further subject to Company's internal approval procedures and may incur additional cost to the Company. The Company currently does not have detailed timetable for the transfer of the Possible Enterprises to DFM. However, considering the likelihood of transferring the Possible Enterprises to DFM to generate synergy in logistics integration, the Company considers that reserving a reasonable limited headroom (i.e. *approximately 10% of the annual caps for the three years ending 31 December 2022*) under the annual caps for the potential increased logistic service transactions triggered by the transfer of Possible Enterprise will provide the Company with flexibility for its business operation and also reduce the administrative burden of convening another shareholders' meeting to approve the increased annual cap, which is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

8.4 *Reasons and benefits of the Revised Annual Cap and the continuing connected transaction*

The Group has received logistics services from a subsidiary of DFM since 2010. Taking into account the long-term cooperation between DFM and the Group, compared to other third parties, DFM can ensure uninterrupted logistics services provided to the Group at a competitive price. After the establishment of the JV Company, DFM will integrate the logistics services resources of Dong Hon Logistics, Fengshen Logistics and Checheng Logistics. The integration will achieve the coordinated planning of highways, railways and water transportation and will enhance the business concentration to form collective effect, which will achieve the synergy of logistics network and transportation capacity, storage resources sharing and logistics standardization, the quality of the logistics service will therefore be improved. Benefiting from the resource concentration achieved by DFM and the synergies generated by the logistics integration, the logistics cost of the Group will be reduced, which will improve the competitiveness of the Group.

8.5 *Listing Rules Implications*

As of the Latest Practicable Date, DFM directly and indirectly holds approximately 67.31% equity interest in the total issued share capital of the Company, thus DFM and its subsidiaries are connected persons of the Company under the Listing Rules. Accordingly, the logistics transactions between the Group and each of Fengshen Logistics and Dong Hon Logistics will become continuing connected transactions after the completion of the establishment of the JV Company, falling under the Master Logistics Services Agreement.

As the highest applicable percentage ratio of the proposed Revised Annual Caps for the three years ending 31 December 2022 is expected to be more than 5%, the continuing connected transactions under the Master Logistics Services Agreement with the proposed Revised Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements for continuing connected transactions under Chapter 14A of the Listing Rules.

8.6 *Information Relating to the Parties*

The Group is principally engaged in the manufacture of commercial vehicles (including trucks and buses), passenger vehicles (including basic passenger cars, MPVs and SUVs), engines and other auto parts. The Group is also engaged in other automotive-related businesses including vehicle and vehicle manufacturing equipment import/export businesses and the manufacture of vehicle manufacturing equipment, finance businesses, insurance agency businesses and used car businesses.

LETTER FROM THE BOARD

DFM is the controlling shareholder of the Company and it is principally engaged in the manufacture and supply of commercial vehicles, passenger vehicles, electric vehicles as well as ancillary services and products.

A special resolution will be proposed at the Annual General Meeting to consider and approve the general mandate to the Board to issue, allot and deal with domestic shares and H shares. Details are as below:

For the purpose of increasing the flexibility and efficiency of operation, to grant a general mandate to the Board to issue, allot and deal with additional Domestic Shares not exceeding 20 percent of total number of Domestic Shares in issue and additional H Shares not exceeding 20 percent of total number of H Shares in issue, and authorize the Board to make corresponding amendments to the Articles of Association of the Company as it thinks appropriate so as to reflect the new capital structure upon the allotment or issuance of shares.

“THAT

- (A) (a) subject to paragraph (c) and in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of the Company and the applicable laws and regulations of the PRC, the exercise by the Board during the Relevant Period of all the powers of the Company to allot, issue and deal with, either separately or concurrently, additional Domestic Shares and H shares and to make or grant offers, agreements, options and powers of exchange or conversion which might require the exercise of such powers be hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the Board during the Relevant Period to make or grant offers, agreements, options and powers of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

LETTER FROM THE BOARD

- (c) each of the aggregate nominal amounts of Domestic Shares and H shares allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Board pursuant to the approval granted in paragraph (a) shall not exceed 20 percent of each of the total number of Domestic Shares and H shares in issue as at the date of passing this resolution, otherwise than pursuant to (i) a Rights Issue or (ii) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from (and including) the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of a period of 12 months from the date of passing of the special resolution granting the general mandate; or
- (iii) the date of revocation or revision of the authority given under this resolution by a special resolution of the Company in a general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to the holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or the requirements, of any recognized regulatory body or any stock exchange in any territory outside Hong Kong) and an offer, allotment or issue of shares by way of rights shall be construed accordingly.

- (B) The Board shall be authorized to make corresponding amendments to the Articles of Association of the Company as it thinks appropriate so as to reflect the new capital structure upon the allotment or issuance of shares as provided in subparagraph (a) of paragraph (A) of this resolution.“

LETTER FROM THE BOARD

III. ANNUAL GENERAL MEETING

A notice concerning the convening of the Annual General Meeting to be held 9:00 a.m. on Friday, 19 June 2020 at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei 430056, PRC to consider and, if thought fit, to approve the proposed matters as set out in the notice of the Annual General Meeting, is set out on pages 29 to 34 of this Circular. In accordance with the Listing Rules, any shareholder with a material interest in the Continuing Connected Transactions must abstain from voting at the Annual General Meeting in respect of the Revised Annual Caps of the Continuing Connected Transactions. As of the Latest Practicable Date, DFM directly and indirectly holds 67.31% of the share capital in the Company and is entitled to exercise control over the voting right in respect of its shares in the Company. Accordingly, DFM and its associate(s) are required to and will abstain from voting at the Annual General Meeting in respect of the resolution of the revision of annual caps for Master Logistics Services Agreement.

IV. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions at the Annual General Meeting will be taken by way of a poll.

V. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that all resolutions to be proposed at the Annual General Meeting are in the interests of the Company and the Shareholders as a whole; among which, the transactions contemplated under the Master Logistics Services Agreement are conducted on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, and the continuing connected transactions under the Master Logistics Services Agreement and the Revised Annual Caps are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Master Logistics Services Agreement, thus none of the Directors abstained from voting on the board resolution to approve the Revised Annual Caps for the transactions under the Master Logistics Services Agreement.

LETTER FROM THE BOARD

The Independent Board Committee has been formed to advise and provide recommendation to the Independent Shareholders on the Revised Annual Caps for the Continuing Connected Transaction. Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this Circular which contains its recommendation to the Independent Shareholders concerning the Revised Annual Caps; and (ii) the letter from Gram Capital set out on pages 17 to 34 of this Circular which contains their advice to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps and the principal factors and reasons considered by them in formulating their advice.

VI. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in Appendix I to this Circular.

By order of the Board of
Dongfeng Motor Group Company Limited
Zhu Yanfeng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



DONGFENG MOTOR GROUP COMPANY LIMITED*

東風汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 489)

Executive Directors:

Mr. Zhu Yanfeng (*Chairman*)

Mr. Li Shaozhu

Mr. You Zheng

Registered Office:

Special No. 1 Dongfeng Road

Wuhan Economic and Technology

Development Zone

Wuhan, Hubei 430056 PRC

Non-Executive Directors:

Mr. Cheng Daoran

Principal place of business in the PRC:

Special No. 1 Dongfeng Road

Wuhan Economic and Technology

Development Zone

Wuhan, Hubei 430056 PRC

Independent Non-Executive Directors:

Mr. Ma Zhigeng

Mr. Zhang Xiaotie

Mr. Chen Yunfei

Principal place of business in Hong Kong:

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong SAR

20 May 2020

To the Independent Shareholders of Dongfeng Motor Group Company Limited

Dear Sir or Madam

REVISED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 20 May 2020 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have been appointed to form the Independent Board Committee to consider the Revised Annual Caps and to advise the Independent Shareholders whether, in our opinion, the Revised Annual Caps and the transactions contemplated under Master Logistics Services Agreement are conducted on normal commercial terms or better than those offered by other independent third parties, in the ordinary and usual course of the Company, and in the interests of the Company and its shareholders as a whole. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 1 to 14 of the Circular and the letter of advice from Gram Capital set out on pages 17 to 34 of the Circular.

Having taken into account the advice of the Independent Financial Adviser as set out in the Circular, we consider that the Revised Annual Caps and the transactions contemplated under the Master Logistics Services Agreement are conducted on normal commercial terms, in the ordinary and usual course of the Company, and in the interests of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution in relation to the Revised Annual Caps for the Continuing Connected Transactions to be proposed at the Annual General Meeting.

Yours faithfully

Dongfeng Motor Group Company Limited

Ma Zhigeng Zhang Xiaotie Chen Yunfei

Independent Non-executive Directors

* *For identification only*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

20 May 2020

*To: The independent board committee and the independent shareholders of
Dongfeng Motor Group Company Limited**

Dear Sirs,

THE REVISION OF ANNUAL CAPS FOR MASTER LOGISTICS SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of existing annual caps under the Master Logistics Services Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 May 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 December 2019, the Company entered into, among other things, the Master Logistics Services Agreement with DFM (the controlling shareholder of the Company). Pursuant to the Master Logistics Services Agreement, DFM agreed to provide and procure its subsidiaries to provide logistics services to the Company and its subsidiaries (i.e. the Continuing Connected Transactions). On 16 January 2020, the Directors announced to revise the Existing Annual Caps for the three years ending 31 December 2022 under the Master Logistics Services Agreement (i.e. the Transactions).

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements for continuing connected transactions under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Ma Zhigeng, Mr. Zhang Xiaotie and Mr. Chen Yunfei (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the Annual General Meeting. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the transactions contemplated under the Master Logistics Services Agreement and the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement as contained in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, DFM and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Background

Information on the Group

With reference to the Board Letter, the Group is principally engaged in the manufacture of commercial vehicles (including trucks and buses), passenger vehicles (including basic passenger cars, MPVs and SUVs), engines and other auto parts. The Group is also engaged in other automotive-related businesses including vehicle and vehicle manufacturing equipment import/export businesses and the manufacture of vehicle manufacturing equipment, finance businesses, insurance agency businesses and used car businesses.

LETTER FROM GRAM CAPITAL

DFM and DF Import & Export (a direct subsidiary of the Company) have contributed RMB950,000 and RMB50,000 respectively and formed the JV Company on 15 January 2020 as a preliminary step. On 16 January 2020, the JV Company, DF Import & Export (a direct subsidiary of the Company), Dongfeng South Industrial (a Jointly-controlled Entity of the Company), Shanghai Shenyue (an indirect subsidiary of the Company), DFM and four Independent Third Parties entered into the Agreement of Assets Acquisition By Issuing Shares pursuant to which the parties agreed to inject their respective equity interests in Dong Hon Logistics, Fengshen Logistics and Checheng Logistics into the JV Company.

After completion of the establishment of the JV Company as contemplated under the Agreement of Assets Acquisition by Issuing Shares, each of Fengshen Logistics and Dong Hon Logistics will cease to be a Jointly-controlled Entity of the Company, Fengshen Logistics will become an indirect subsidiary of DFM and Dong Hon Logistics will become a Jointly-controlled Entity of DFM.

Information on DFM

With reference to the Board Letter, DFM is the controlling shareholder of the Company and it is principally engaged in the manufacture and supply of commercial vehicles, passenger vehicles, electric vehicles as well as ancillary services and products.

Reasons for the Transactions

With reference to the Board Letter, the Group has received logistics services from a subsidiary of DFM since 2010. Taking into account the long-term cooperation between DFM and the Group, compared to other third parties, DFM can ensure uninterrupted logistics services provided to the Group at a competitive price. After the establishment of the JV Company, DFM will integrate the logistics services resources of Dong Hon Logistics, Fengshen Logistics and Checheng Logistics. The integration will achieve the coordinated planning of highways, railways and water transportation and will enhance the business concentration to form collective effect, which will achieve the synergy of logistics network and transportation capacity, storage resources sharing and logistics standardization, the quality of the logistics service will therefore be improved. Benefiting from the resource concentration achieved by DFM and the synergies generated by the logistics integration, the logistics cost of the Group will be reduced, which will improve the competitiveness of the Group.

LETTER FROM GRAM CAPITAL

As confirmed by the Directors, as the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and on a frequent and regular basis, it would be (i) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders as required by the Listing Rules, if necessary; and (ii) impracticable to seek Independent Shareholders' approval upon confirmation of members of the DFM group's successful bidding for the provision of logistic services to the Group which will be selected through public tendering process with the specific timetable. Accordingly, the Directors are of the view that the Transactions will be beneficial to the Company and the Shareholders as a whole.

As mentioned above, after completion of the establishment of the JV Company as contemplated under the Agreement of Assets Acquisition by Issuing Shares, each of Fengshen Logistics and Dong Hon Logistics will cease to be a Jointly-controlled Entity of the Company, Fengshen Logistics will become an indirect subsidiary of DFM and Dong Hon Logistics will become a Jointly-controlled Entity of DFM. Accordingly, the logistics transactions between the Group and each of Fengshen Logistics and Dong Hon Logistics will become continuing connected transactions after the completion of the establishment of the JV Company, falling under the Master Logistics Services Agreement. The Directors believe that the Existing Annual Caps will not be sufficient for the Group's business needs and therefore approved to increase the Existing Annual Caps.

In view of the above, we concur with the Directors that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and the Transactions are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Continuing Connected Transactions

The following table summarises the principal terms of the Continuing Connected Transactions, details of which are set out under the section headed "Summary of the Master Logistics Services Agreement" of the Board Letter:

Parties	(i) the Company (ii) DFM
Subject matter	DFM agreed to provide and procure its subsidiaries to provide logistics services regarding the whole vehicle and auto parts related business to the Group. During the term of the Master Logistics Services Agreement, the Company and its subsidiaries may from time to time enter into individual agreement(s) or sales orders with DFM and its subsidiaries setting out particulars regarding the provision of logistics services to the Group.

LETTER FROM GRAM CAPITAL

Term Three years from 1 January 2020 to 31 December 2022 (both days inclusive)

Pricing policy The price under the Master Logistics Services Agreement will be agreed within the range of the government-guided price prescribed or approved by state or local price control department (if any) and where there is no government-guided price, at market price.

Market price is defined as: (1) the prevailing fair price charged by independent third parties in areas where the logistics services are provided or in nearby areas for providing similar logistics services on normal commercial terms; or (2) the prevailing reasonable price charged by independent third parties on normal commercial terms for providing similar logistics services.

For our due diligence purpose, we obtained documents (including suppliers background assessment records, quotation records, price comparison records) for the previous procurement of logistics services by a subsidiary of the Company (the “Documents”) from the Company. According to the Documents, we noted that (i) there were five suppliers (including two member/associate of DFM group and three independent third parties) being invited to a tender issued by the subsidiary of the Company for logistics services suppliers for different transportation routes; (ii) four suppliers’ (including three independent third parties and a connected person of the Company) quotations for three different transportation routes (i.e. Transportation Routes A, Transportation Routes B and Transportation Routes C) through road transportations approach were accepted (remaining one supplier (a connected person of the Company) could only provide part of the road transportation services which could not meet the road transportation services demand of the tender issuer); (iii) an independent third party was selected as logistics services supplier for Transportation Routes A with lowest quotation among the four quotations for Transportation Routes A; (iv) an independent third party was selected as logistics services supplier for Transportation Routes B with lowest quotation among the four quotations for Transportation Routes B; and (v) the member of DFM group was selected as logistics services supplier for Transportation Routes C with lowest quotation among the four quotations for Transportation Routes C. We also consider that the Group was able to understand the market by way of understanding suppliers’ capabilities and logistics services fee levels for the three different transportation routes.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Group shall adopt the certain measures to ensure the compliance of pricing policies and guidelines. The marketing department/procurement department of the Company/the Company's subsidiaries will collect the relevant market information (e.g. background and capabilities of possible suppliers, national policies on road and bridge tolls, level of logistics services fees, etc.), review and compare the quotations obtained from at least two independent suppliers for identical or comparable services, and prepare fee quotes for review by the procurement department of the Company/the Company's subsidiaries. The procurement department will take into consideration the average transaction price of the target services in the preceding year, services quality and the competition status, etc. when reviewing the fee quotes. The procurement department of the Company/the Company's subsidiaries will further submit the fee quotes to the management of the Company/the Company's subsidiaries for review and approval. The approved quotation will be the final service fee for the logistics services. Through the above-mentioned pricing mechanisms, the Company will be able to understand the market and assure the logistics services fees to be on normal commercial terms.

Having considered that there will be quotation collection procedure and quotation comparison procedure, we are of the view that the effective implementation of the procedures will ensure the fair pricing of the Continuing Connected Transactions.

Having also considered our review results from the Documents as mentioned above (i.e. quotation records indicating the Group's compliance with quotation collection procedure, price comparison records indicating the Group's compliance with quotation comparison procedure), we do not doubt the effectiveness of the implementation of the procedures.

The Revised Annual Caps

The table below demonstrates the historical amounts for the three years ended 31 December 2019, the Existing Annual Caps and the Revised Annual Caps for the three years ending 31 December 2022:

	For the year ended 31 December 2017 <i>RMB million</i>	For the year ended 31 December 2018 <i>RMB million</i>	For the year ended 31 December 2019 <i>RMB million</i>
Historical amounts	1,443	1,802	1,963

LETTER FROM GRAM CAPITAL

	For the year ending 31 December 2020 <i>RMB million</i>	For the year ending 31 December 2021 <i>RMB million</i>	For the year ending 31 December 2022 <i>RMB million</i>
Existing Annual Caps	2,800	2,800	2,800
Revised Annual Caps	8,000	8,500	9,000

The basis for determining the Revised Annual Caps for the three years ending 31 December 2022 are set out under section headed “Basis of the Revised Annual Caps” of the Board Letter.

Upon our request, the Directors provided a calculation for the Revised Annual Caps for the three years ending 31 December 2022 (the “**Calculation**”). According to the Calculation, the Revised Annual Caps for each of the three years ending 31 December 2022 was calculated based on (i) estimated demand on logistics services for each of the three years ending 31 December 2022; and (ii) buffers ranged from approximately 5% to 7% on aforesaid estimated demand each year.

A. The estimated demands

To assess the fairness and reasonableness of the estimated demand on logistics services for each of the three years ending 31 December 2022, we conducted the following analysis:

The Directors advised that the Group’s estimated demand on logistics services for the year ending 31 December 2020 (the “**Estimated 2020 Demands**”) was determined with reference to (i) the 2019 Demands (as defined below); and (ii) an estimated increase of approximately 6% to 6.5% (the “**2020 Increase**”) on the 2019 Demands (as defined below).

The Directors advised that the Group’s estimated demand on logistics services for the year ending 31 December 2021 (the “**Estimated 2021 Demands**”) was determined with reference to (i) the Estimated 2020 Demands; and (ii) an estimated increase of approximately 5.7% (the “**2021 Increase**”) on the Estimated 2020 Demands.

The Directors advised that the Group’s estimated demand on logistics services for the year ending 31 December 2022 (the “**Estimated 2022 Demands**”) was determined with reference to (i) the Estimated 2021 Demands; and (ii) an estimated annual increases of approximately 7.7% (the “**2022 Increase**”) on the Estimated 2021 Demands.

LETTER FROM GRAM CAPITAL

A.1 The 2019 Demands

As mentioned above, after completion of the establishment of the JV Company as contemplated under the Agreement of Assets Acquisition by Issuing Shares, each of Fengshen Logistics and Dong Hon Logistics will cease to be a Jointly-controlled Entity of the Company, Fengshen Logistics will become an indirect subsidiary of DFM and Dong Hon Logistics will become a Jointly-controlled Entity of DFM. Accordingly, the logistic services provided by (i) Fengshen Logistics; and (ii) Dong Hong Logistics to the Group will be accounted for the continuing connected transactions. In addition, the Directors expected that DFM may further integrate the logistics services resources of the Company's subsidiaries/associates (the "**Possible Enterprises**"), which may lead a further increase the transaction amounts of the Continuing Connected Transactions.

Set out below are historical transaction amounts among (i) the Group and DFM group (other than Dong Hon Logistics and Fengshen Logistics); and (ii) the Group and Dong Hon Logistics and Fengshen Logistics for the three years ended 31 December 2019:

	For the year ended 31 December 2017 <i>RMB'million</i>	For the year ended 31 December 2018 <i>RMB'million</i>	For the year ended 31 December 2019 <i>RMB'million</i>
Historical transactions among the Group and DFM group (other than Dong Hon Logistics and Fengshen Logistics)	1,443	1,802	1,963
Historical transactions among the Group and (a) Dong Hon Logistics; and (b) Fengshen Logistics	4,465	4,481	4,370
Total amounts	5,908	6,283	6,333

Upon our further request, the Directors provided us the historical transaction amounts between the Group and the Possible Enterprises for the year ended 31 December 2019.

LETTER FROM GRAM CAPITAL

According to the aforesaid information, the Directors calculated the total historical transaction amounts of the Group's acceptance of logistics services for the year ended 31 December 2019 (the "**2019 Demands**") from (i) the DFM group (other than Dong Hon Logistics and Fengshen Logistics); (ii) Dong Hon Logistics and Fengshen Logistics; and (iii) the Possible Enterprises.

A.2 The increases

As stated in the Company's announcement dated 17 January 2020, based on the forecast of PRC auto industry development and the Company's business arrangement, the Board recently approved the sales target for 2020. Overall sales target sets for 2020 represented a growth rate of 7.5% compared with the same period in 2019.

With reference to the Board Letter, the sales target for 2020 was set out by the Company in January 2020 based on the Company's business plan and the then forecast of PRC auto industry development with reference to the Company's historical sales. Although the PRC auto industry was negatively affected by the outbreak of COVID-19 during the past few months, the Company considers that it is in the interest of the Company and the Shareholders as a whole to adopt the expected growths on demand of logistics services based on the sales target for 2020 as announced on 17 January 2020 due to the fact that (i) the expected growths are sufficient to cover the Group's demand on logistics services under the current circumstances (e.g. the impact of COVID-19) and the expected recovery of the market, enabling the Company to capture the market opportunities in a timely manner; (ii) the further revision of expected growths will cause the change of proposed annual caps, which will be further subject to the Company's internal approval procedures and may incur additional cost to the Company.

Having considered that (i) the above reasons for the adoption of expected growths on demand of logistics services based on the sales target for 2020 as announced on 17 January 2020; and (ii) the 2020 Increase, the 2021 Increase and the 2022 Increase were close to the estimated sales target sets for 2020, we consider the increases to be justifiable.

Based on the above factors, we consider the Group's estimated demands of logistics services for the three years ending 31 December 2022 to be acceptable.

LETTER FROM GRAM CAPITAL

B. Buffers

We noted from the Calculation that the buffers on each of the Estimated 2020 Demands, the Estimated 2021 Demands and the Estimated 2022 Demands ranged from approximately 5% to 7%. After considering that the additional buffers were applied for unforeseeable circumstances, for instance, (a) the unpredictable increase in actual demand on the logistics services for each of the three years ending 31 December 2022; and (b) the unexpected increase in labour/material cost of the logistics services for each of the three years ending 31 December 2022, we consider that the buffers to be acceptable.

In light of the above factors, we consider the Revised Annual Caps for the three years ending 31 December 2022 to be fair and reasonable.

Shareholders should note that as the Revised Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of cost or expense incurred from the transactions contemplated under the Master Logistics Services Agreement. Consequently, we express no opinion as to how closely the actual cost or expense to be incurred under the transactions contemplated under the Master Logistics Services Agreement will correspond with the Revised Annual Caps.

Based on the above factors, we are of the view that the terms of the Transactions are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATIONS

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Continuing Connected Transactions must be restricted by the Revised Annual Caps; (ii) the terms of the of the transactions contemplated under the Master Logistics Services Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the Master Logistics Services Agreement must be included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the transactions contemplated under the Master Logistics Services Agreement (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; and (iii) have exceeded the Revised Annual Caps.

LETTER FROM GRAM CAPITAL

In the event that the total amounts of the transactions contemplated under the Master Logistics Services Agreement are anticipated to exceed the Revised Annual Caps, or that there is any proposed material amendment to the terms of the Continuing Connected Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor transactions contemplated under the Master Logistics Services Agreement and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the Annual General Meeting to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

* *For the identification purposes only*



DONGFENG MOTOR GROUP COMPANY LIMITED*

東風汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 489)

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2019

NOTICE IS HEREBY GIVEN that an Annual General Meeting (hereinafter referred to as the “**AGM**”) of Dongfeng Motor Group Company Limited (hereinafter referred to as the “**Company**”) for the year 2019 will be held at 9:00 a.m. on Friday, 19 June 2020 at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei 430056, the People's Republic of China (hereinafter referred to as the “**PRC**”) for the purposes of considering and, if thought appropriate, passing with or without amendments, the following resolutions:

I. AS ORDINARY RESOLUTIONS:

1. To consider and approve the report of the board of directors of the Company for the year ended 31 December 2019.
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2019.
3. To consider and approve the independent auditors' report and audited financial statements of the Company for the year ended 31 December 2019.
4. To consider and approve the profit distribution proposal of the Company for the year ended 31 December 2019, and authorize the Board to deal with all issues in relation to the Company's distribution of final dividend for the year 2019.
5. To consider and approve the authorization to the Board to deal with all issues in relation to the Company's distribution of interim dividend for the year 2020 at its absolute discretion (including, but not limited to determine whether to distribute interim dividend for the year 2020).

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2019

6. To consider and approve the re-appointments of PricewaterhouseCoopers as the international auditor of the Company, and PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor of the Company for the year 2020 to hold office until the conclusion of annual general meeting for the year 2020, and to authorize the Board to determine their remunerations.
7. To consider and approve the remuneration of the directors and the supervisors of the Company determined by the Board for the year 2020.
8. To consider and approve the revision of annual caps for Master Logistics Services Agreement.

II. AS SPECIAL RESOLUTIONS:

9. For the purpose of increasing the flexibility and efficiency of operation, to grant a general mandate to the Board to issue, allot and deal with additional Domestic Shares not exceeding 20 percent of total number of Domestic Shares in issue and additional H Shares not exceeding 20 percent of total number of H Shares in issue, and authorize the Board to make corresponding amendments to the Articles of Association of the Company as it thinks appropriate so as to reflect the new capital structure upon the allotment or issuance of shares.

“THAT

- (A) (a) subject to paragraph (c) and in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of the Company and the applicable laws and regulations of the PRC, the exercise by the Board during the Relevant Period of all the powers of the Company to allot, issue and deal with, either separately or concurrently, additional Domestic Shares and H shares and to make or grant offers, agreements, options and powers of exchange or conversion which might require the exercise of such powers be hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the Board during the Relevant Period to make or grant offers, agreements, options and powers of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

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- (c) each of the aggregate nominal amounts of Domestic Shares and H shares allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Board pursuant to the approval granted in paragraph (a) shall not exceed 20 percent of each of the total number of Domestic Shares and H shares in issue as at the date of passing this resolution, otherwise than pursuant to (i) a Rights Issue or (ii) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from (and including) the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of a period of 12 months from the date of passing of the special resolution granting the general mandate; or
- (iii) the date of revocation or revision of the authority given under this resolution by a special resolution of the Company in a general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors to the holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or the requirements, of any recognized regulatory body or any stock exchange in any territory outside Hong Kong) and an offer, allotment or issue of shares by way of rights shall be construed accordingly.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2019

- (B) The Board shall be authorized to make corresponding amendments to the Articles of Association of the Company as it thinks appropriate so as to reflect the new capital structure upon the allotment or issuance of shares as provided in subparagraph (a) of paragraph (A) of this resolution.”

By order of the Board
Zhu Yanfeng
Chairman

Wuhan, the PRC, 29 April 2020

As at the date of this notice, Mr. Zhu Yanfeng, Mr. Li Shaozhu and Mr. You Zheng are the executive directors of the Company. Mr. Cheng Daoran is the non-executive director of the Company, and Mr. Ma Zhigeng, Mr. Zhang Xiaotie and Mr. Chen Yunfei are the independent non-executive directors of the Company.

Notes:

1. (1) ELIGIBILITY FOR ATTENDING THE GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS FOR H SHARES

In order to determine the shareholders who are entitled to attend the AGM, the register of members of the Company will be closed from Monday, 18 May 2020 to Friday, 19 June 2020, both days inclusive. In order to attend and vote at the AGM, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Friday, 15 May 2020, being the last share registration date.

(2) ELIGIBILITY FOR RECEIVING FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS FOR H SHARES

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the annual general meeting. The register of members of the Company will be closed from Wednesday, 24 June 2020 to Friday, 3 July 2020 (both days inclusive). In order to be entitled to the final dividend, H shares shareholders who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong at or before 4:30 p.m. on Tuesday, 23 June 2020, being the last share registration date.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2019

2. PROXY

- (1) A shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his behalf. A proxy needs not be a shareholder of the Company. Where a shareholder appoints more than one proxy, his proxies may only exercise the voting rights via voting.
- (2) The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under its common seal or under the hand(s) of its director(s) or duly authorized attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at the Secretariat of the Board at the Company's principal place of business in the PRC for holders of the Domestic Shares and at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, for holders of the H Shares not less than 24 hours before the time appointed for the AGM (i.e. no later than 9:00 a.m. on 18 June 2020).
- (4) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the AGM.

3. REGISTRATION PROCEDURE FOR ATTENDING THE AGM

- (1) A shareholder or his proxy shall produce proof of identity when attending the AGM. If a shareholder is a corporation, its legal representative or other person authorized by the board of directors or other competent body of such shareholder may attend the AGM by producing a copy of the resolution of the board of directors or other competent body of such shareholder appointing such person to attend the meeting.
- (2) In accordance with the Articles of Association of the Company, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting rights attached to such share at the AGM, and this notice shall be deemed to be given to all joint holders of such share.
- (3) For information purpose only, shareholders who intend to attend the AGM in person or by proxy shall return the reply slip to the Secretariat of the Board at the Company's principal place of business in the PRC for the holders of the Domestic Shares or to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, for the holders of the H Shares on or before Friday, 29 May 2020 by hand, by post or by fax.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2019

4. MISCELLANEOUS

- (1) The AGM is expected to be concluded within half a day. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation and accommodation expenses.

- (2) The address and contact details of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

Address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8628

Fax: (852) 2865 0990

- (3) The address and contact details of the Company's principle place of business in the PRC are as follows:

Address: Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the People's Republic of China

Postcode: 430056

Tel: (8627) 8428 5274

Fax: (8627) 8428 5057

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests of Directors, supervisors and chief executives of the Company and their associates in the equity or debt securities of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the associated corporations of the Company:

Name	Position	Class of share	Capacity in which shares were/are held	Number of shares bought/sold or involved	Percentage of issued shares in class	Percentage of all issued shares
					%	%
HE Wei	Supervisor	H share of the Company	Beneficial owner	100,000 (Long Position)	0.00	0.00
LI Ping'an	Employee Supervisor	H share of the Company	Beneficial owner	60,000 (Long Position)	0.00	0.00

Save as disclosed above, none of the Directors, supervisors or chief executives of the Company had or was deemed to have any interests or short positions in the shares of the Company, underlying shares or debentures of the Company or any of its associated corporation as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of the Directors of the Company or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the twelve months ended 31 December 2019.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as was known to the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Class of Shares	Number of shares held	Percentage in the class of issued share capital (%)	Percentage in the total share capital (%)
DONGFENG MOTOR CORPORATION	Domestic Shares	5,760,388,000(L)	100.00	66.86
SCMB Overseas Limited	H Shares	242,282,000(L)	8.48	2.81
Standard Chartered Asia Limited	H Shares	242,282,000(L)	8.48	2.81
Standard Chartered Bank	H Shares	242,282,000(L)	8.48	2.81
Standard Chartered Holding Limited	H Shares	242,282,000(L)	8.48	2.81
Standard Chartered Holdings (International) B.V.	H Shares	242,282,000(L)	8.48	2.81
Standard Chartered MB Holdings B.V.	H Shares	242,282,000(L)	8.48	2.81
Standard Chartered Private Equity Limited	H Shares	242,282,000(L)	8.48	2.81
Edinburgh Partners Limited	H Shares	153,514,000(L)	5.38	1.78
Reynolds Margaret (Meg)	H Shares	227,791,000(L)	7.97	1.69
Ward Bryan	H Shares	227,791,000(L)	7.97	0.27
Westwood Global Investments, LLC	H Shares	227,791,000(L)	7.97	1.06
Brown Brothers Harriman & Co.	H Shares	228,671,995(L)	8.01	2.65
	H Shares	228,671,995(P)	8.01	2.65
FIL Limited	H Shares	228,210,000(L)	7.99	2.64
Pandanus Associates Inc.	H Shares	228,210,000(L)	7.99	2.64
Pandanus Partners L.P.	H Shares	228,210,000(L)	7.99	2.64

Name	Class of Shares	Number of shares held	Percentage in the class of issued share capital (%)	Percentage in the total share capital (%)
Citigroup Inc.	H Shares	197,869,269(L)	6.92	2.29
	H Shares	892,003(S)	0.03	0.01
	H Shares	193,095,581(P)	6.76	2.24
Invesco Asset Management Limited	H Shares	200,640,867(L)	7.02	2.32
FIDELITY FUNDS	H Shares	172,106,000(L)	6.02	1.99
BlackRock, Inc.	H Shares	149,273,419(L)	5.23	1.73
	H Shares	8,464,000(S)	0.30	0.09
JPMorgan Chase & Co.	H Shares	146,383,922(L)	5.12	1.69
	H Shares	23,973,016(S)	0.83	0.27
	H Shares	92,116,180(P)	3.22	1.06

Notes: (L) – Long position, (S) – Short position, (P) – Lending Pool

Mr. Zhu Yanfeng, our Chairman and Executive Director, is the chairman and party secretary of DFM. Mr. Li Shaozhu, our Executive Director, is a director, the deputy party secretary and president of DFM. Mr. You Zheng, our Executive Director, is the vice president of DFM. Mr. Cheng Daoran, our Non-executive Director, is a director and the full-time deputy party secretary of DFM. Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors of the Company is a director or employee of a company which has interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”).

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS’ INTERESTS IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

6. DIRECTORS' INTERESTS IN CONTRACTS

There was no contract or arrangement subsisting as at the date of this Circular in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been named in this Circular or has given opinions, letters or advice contained in this Circular:

Name	Qualifications
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance

The above expert has given and has not withdrawn its written consent to the issue of this Circular with inclusion herein of its letter or report and reference to its name, in the form and context in which it respectively appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which have been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Company's businesses) which competes or is likely to compete either directly or indirectly with the Company's businesses (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

10. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Lu Feng and Ms. Yuen Wing Yan, Winnie. Ms. Yuen Wing Yan, Winnie ("**Ms. Yuen**") as the Joint Company Secretary with effect from 31 December 2019. Ms. Yuen is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.
- (b) The Hong Kong H share registrar is Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong SAR.
- (c) The English text of this Circular prevails over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the place of business of the Company in Hong Kong unless (i) a tropic cyclone warning signal number 8 or above is hoisted, or (ii) a black rainstorm warning signal is issued, except public holidays, for a period of 14 days from the date of this Circular:

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this Circular;
- (b) the letter from Gram Capital, the text of which is set out on pages 17 to 34 of this Circular;
- (c) the letter from the Board, the text of which is set out on pages 1 to 14 of this Circular;
- (d) the letter of consent from the expert referred to in the paragraph headed "Qualification and consent of expert" in this Appendix; and
- (e) Master Logistics Services Agreement.