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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)

CONNECTED TRANSACTION ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Board of the Company announces that on 8 October 2021, the Company and Dongfeng Hongtai entered into the Equity Transfer Agreement, pursuant to which, the Company purchased 100% equity interests in Hongtai Sales and 100% equity interests in Hongtai Consulting from Dongfeng Hongtai at a total consideration of RMB157,314,100.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, DFM is the controlling shareholder of the Company, which directly holds approximately 66.86% of the issued share capital of the Company, and, therefore, is a connected person of the Company under the Article 14A.07 of the Listing Rules. Dongfeng Hongtai is a subsidiary of DFM and is also a connected person of the Company. Therefore, the Equity Transfer Agreement and the transaction contemplated thereunder constitute connected transactions of the Company.

Reference is also made to the announcement of the Company dated 8 December 2020, in relation to, among others, Dongfeng Cummins Engine Co., Ltd., a subsidiary of the Company, purchased two land parcels from DFM (the “**Previous Transaction**”). Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treat them as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. In the Previous Transaction and the Transaction, the counterparty of the transaction was DFM or its subsidiaries with the same nature of transaction. Therefore, the Previous Transaction and the Transaction should be aggregated.

After considering that the highest percentage ratio applicable to the Equity Transfer Agreement and the transaction contemplated thereunder upon aggregation is more than 1% but less than 5%, therefore, the connected transactions under the Equity Transfer Agreement will be subject to the reporting and announcement requirements but exempted from circular (including independent financial letter) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 8 October 2021, the Company and Dongfeng Hongtai entered into the Equity Transfer Agreement, pursuant to which, the Company purchased 100% equity interests in the Hongtai Sales and 100% equity interests in Hongtai Consulting from Dongfeng Hongtai at a total consideration of RMB157,314,100. The Equity Transfer Agreement in relation to the purchase of 100% equity interests in Hongtai Sales and the Equity Transfer Agreement in relation to 100% equity interests in Hongtai Consulting are entered into on the basis of similar terms, the principal contents of which are as follows:

Agreement Date

8 October 2021

Parties

Dongfeng Hongtai (as the transferor)

the Company (as the transferee)

Equity Transfer

Based on the terms and conditions under the Equity Transfer Agreement, Dongfeng Hongtai agreed to transfer the Target Equity Interest to the Company in one go and the Company agreed to acquire the Target Equity Interest in one go and pay the price of Equity Transfer.

Upon completion of the Transaction, the Company directly holds 100% equity interests in Hongtai Sales and 100% equity interests in Hongtai Consulting. Hongtai Sales and Hongtai Consulting will become subsidiaries of the Company.

The transfer price of the 100% equity interests in Hongtai Sales sold by Dongfeng Hongtai to the Company amounts to RMB139,648,900. The transfer price of 100% equity interests in Hongtai Consulting by Dongfeng Hongtai to the Company amounts to RMB17,665,200, with a total Equity Transfer price amounting to RMB157,314,100.

The consideration of the Transaction is determined after arm's length negotiations between both parties on the basis of (1) the total equity value of Hongtai Consulting amounting to RMB38,031,700 assessed using the asset-based method based on the Report on Asset Evaluation of the Total Equity Value of Shareholders of Wuhan Dongfeng Hongtai Business Consulting Co., Ltd. Regarding the Proposed Acquisition of Equity Interests by Dongfeng Motor Group Company Limited (《東風汽車集團股份有限公司擬協議收購股權涉及的武漢東風鴻泰商務諮詢有限公司股東全部權益價值資產評估報告》) issued by Yinxin, (2) the total equity value of Hongtai Sales amounting to RMB109,648,900 assessed by the asset-based method based on the Report on Asset Evaluation of the Total Equity Value of Shareholders of Dongfeng Hongtai Vehicle Sales Co., Ltd. Regarding the Proposed Acquisition of Equity Interests by Dongfeng Motor Group Company Limited (《東風汽車集團股份有限公司擬協議收購股權涉及的東風鴻泰汽車銷售有限公司股東全部權益價值資產評估報告》) issued by Yinxin, and (3) one of the precedent conditions for the Transaction is that the capital increase in Hongtai Sales amounting to RMB30,000,000 has been completed by Dongfeng Hongtai.

Both parties have agreed that the Company shall pay the Target Equity Interest transfer price to Dongfeng Hongtai in a lump sum in cash within 90 days from the date of execution of the Equity Transfer Agreement.

Conditions Precedent

Each of the following conditions has been fulfilled by both parties or agreed to be exempted by the Company before the completion of the Equity Transfer:

For Dongfeng Hongtai:

1. all necessary authorizations, consents and approvals to execute and complete the Equity Transfer have been obtained by Dongfeng Hongtai;
2. all government approvals obtained by Dongfeng Hongtai for the execution and completion of the Equity Transfer have been delivered to the Company by Dongfeng Hongtai;
3. there has not been any change that has a material adverse impact on Dongfeng Hongtai and the Target Companies since the date of execution of the Equity Transfer Agreement;
4. the representations and guarantees stipulated in the Equity Transfer Agreement have not been violated by Dongfeng Hongtai and the undertakings and guarantees during the transition period stipulated therein have been fulfilled;
5. the capital increase in Hongtai Sales amounting to RMB30,000,000 has been completed by Dongfeng Hongtai.

For the Company:

1. due diligence on the Target Companies has been completed by the Company, and the due diligence results of the Target Companies (including but not limited to legal, accounting, financial, management and other necessary aspects) are accepted by the Company;
2. all necessary authorizations, consents and approvals to execute and complete the Equity Transfer have been obtained by the Company;
3. the Company has agreed that the representations, guarantees and undertakings made by Dongfeng Hongtai in respect of the Equity Transfer Agreement remain to be true, complete, accurate and not misleading in any material respect and no event having occurred which would constitute a breach of any guarantee of Dongfeng Hongtai or the terms under the Equity Transfer Agreement at any time from the date of entering into the Equity Transfer Agreement to the date of completion of the Equity Transfer.

Both parties of the Equity Transfer Agreement shall use their respective reasonable endeavours and cooperate with each other to ensure the fulfillment of all the conditions precedent on 31 October 2021 (or such other date as the transferor and the transferee may agree) (such date being the “**Long Stop Date for Conditions Precedent**”), including but not limited to, the provision of all necessary information and documents in relation to the drafting of the announcement and/or shareholders’ circular for the Equity Transfer by Dongfeng Hongtai to the Company (and its agents and consultants).

Completion of Equity Transfer

Both parties have agreed that Dongfeng Hongtai shall assist the Company in dealing with the procedures for the change in industrial and commercial registration and the filings for the amended articles of association of the Target Companies on the date when all the conditions precedent have been fulfilled (or waived), that is, the date of the completion of the Equity Transfer falls on the date of the completion of the procedures for change in industrial and commercial registration of Target Equity Interest.

Liability for Breach of Contract

Both parties of the Equity Transfer Agreement shall strictly comply with the provisions of the Equity Transfer Agreement, and each of the following events shall constitute an event of default:

1. In the event that any party of the Equity Transfer Agreement fails to perform its material obligations or undertakings under the Equity Transfer Agreement, which makes the other party unable to achieve the purpose for entering into the Equity Transfer Agreement;
2. In the event that any representation or guarantee made by any party of the Equity Transfer Agreement in the Equity Transfer Agreement is untrue, incomplete, inaccurate or misleading in any material respect.

In the event that any party of the Equity Transfer Agreement breaches the Equity Transfer Agreement, resulting in loss to the other party, the defaulting party shall compensate the economic loss, costs or expenses (including, but not limited to, litigation costs, expenses and reasonable attorney fees and costs and expenses of other consultants) caused to the non-defaulting party due to its default or omission; If the breach by the defaulting party constitutes a fundamental breach, which results in the Equity Transfer Agreement being unable to be performed continuously, or such performance is no longer material, the non-defaulting party is entitled to terminate the Equity Transfer Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In order to actively respond to the changes of automobile consumption ecology and adapt to the needs of the transformation of automobile marketing to digitalization, the Company has owned a direct sales platform through acquiring the equity of the Target Companies, and established an online and offline ecological marketing value chain through innovative marketing model, which meets the needs of the Company's automobile marketing transformation. Acquisition of equity of the Target Companies may effectively reduce connected transactions, which is in the interests of the Company as a whole.

The directors (including independent non-executive directors) are of the view that the terms of the Equity Transfer Agreement are entered into on normal commercial terms in the ordinary course of business of the Company, which are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

None of the directors has significant interests in the Transaction, nor have they abstained from voting on the resolutions of the Board in respect of the approval of the Transaction.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, DFM is the controlling shareholder of the Company, which directly holds approximately 66.86% of the issued share capital of the Company, and is a connected person of the Company under the Article 14A.07 of the Listing Rules. Dongfeng Hongtai is a wholly-owned subsidiary of DFM and is also a connected person of the Company. Therefore, the Equity Transfer Agreement and the transaction contemplated thereunder constitute connected transactions of the Company.

Reference is also made to the announcement of the Company dated 8 December 2020, in relation to, among others, Dongfeng Cummins Engine Co., Ltd., a subsidiary of the Company, purchased two land parcels from DFM (the “**Previous Transaction**”). Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treat them as if they were one transaction if they were all entered into within a 12-month period or otherwise related. In the Previous Transaction and the Transaction, the counterparty of the transactions was DFM or its subsidiaries with the same nature of the transaction. Therefore, the Previous Transaction and the Transaction should be aggregated.

After considering that the highest percentage ratio applicable to the Equity Transfer Agreement and the transaction contemplated thereunder upon aggregation is more than 1% but less than 5%, therefore, the connected transactions under the Equity Transfer Agreement will be subject to the reporting and announcement requirements but exempted from circular (including independent financial letter) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

Information on the Company

The Company is principally engaged in the manufacturing businesses of commercial vehicles (includes passenger vehicles and trucks), passenger cars (including basics, MPVs and SUVs), engines and other automotive parts. In addition, the Company is also engaged in other vehicle related businesses, including exports and imports of vehicles and equipment businesses and vehicle equipment manufacturing, financing businesses, insurance agency and used car trading businesses. As at the date of this announcement, the ultimate beneficial owner of the Company is the SASAC.

Information on Dongfeng Hongtai

Dongfeng Hongtai is principally engaged in the manufacture and assembly of automotive parts, recycling of renewable resources, automotive trade and after-sales. As at the date of this announcement, DFM holds 87.24% equity interests in Dongfeng Hongtai. Wuhan Economic Development Investment Company Limited*, the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Bureau of Wuhan Economic & Technological Development Zone (Hannan District), holding 9.95% equity interests in Dongfeng Hongtai. China Dongfeng Motor Industry Imp. & Exp. Co., Ltd, the ultimate beneficial owners of which is SASAC, holds 2.81% equity interests of Dongfeng Hongtai. As at the date of this announcement, the ultimate beneficial owners of Dongfeng Hongtai are SASAC and the State-owned Assets Supervision and Administration Bureau of Wuhan Economic & Technological Development Zone (Hannan District).

Information on DFM

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 service products. As at the date of this announcement, the ultimate beneficial owner of DFM is the SASAC.

Information on Target Companies

As of 30 June 2021, the total asset value of Hongtai Sales amounted to RMB1,342,513,001.52, and the total asset value of Hongtai Consulting amounted to RMB103,233,673.07. The total profit (profit before taxation) and net profit (profit after taxation) of the Target Companies for the years ended 31 December 2019 and 31 December 2020 are set out below:

RMB

	For the year ended 31 December 2019	For the year ended 31 December 2020
Hongtai Consulting		
Total profit (profit before taxation)	9,572,745.11	1,349,085.10
Net profit (profit after taxation)	6,977,043.50	1,385,220.95
	For the year ended 31 December 2019	For the year ended 31 December 2020
Hongtai Sales		
Total profit (profit before taxation)	4,706,697.56	-30,100,588.53
Net profit (profit after taxation)	-4,418,171.54	-33,006,029.00

Dongfeng Hongtai contributed RMB150,000,000 in the establishment of Hongtai Sales, and Dongfeng Hongtai contributed RMB11,000,000 in the establishment of Hongtai Consulting.

DEFINITIONS

“Board”	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 limited company incorporated in the PRC with limited liability and the H Shares of which are listed on the Stock Exchange, being the transferee of the Transaction

“DFM”	Dongfeng Motor Corporation* (東風汽車集團有限公司), a controlling shareholder of the Company
“Dongfeng Hongtai”	Dongfeng Hongtai Holdings Group Co., Ltd. (東風鴻泰控股集團有限公司), being the transferor of the Transaction. As of the date of this announcement, Dongfeng Hongtai is a subsidiary of DFM
“Equity Transfer Agreement”	the Equity Transfer Agreement between Dongfeng Hongtai Holdings Group Co., Ltd. (Transferor) and Dongfeng Motor Group Company Limited (Transferee) in relation to the transfer of 100% equity interests in Wuhan Dongfeng Hongtai Business Consulting Co., Ltd.* and the Equity Transfer Agreement between Dongfeng Hongtai Holdings Group Co., Ltd. (Transferor) and Dongfeng Motor Group Company Limited (Transferee) in relation to the transfer of 100% equity interests in Dongfeng Hongtai Vehicle Sales Co., Ltd.* entered into between the Company and Dongfeng Hongtai on 8 October 2021, respectively
“Hongtai Consulting”	Wuhan Dongfeng Hongtai Business Consulting Co., Ltd. * (武漢東風鴻泰商務諮詢有限公司), a target company of the Transaction and a limited liability company established by Dongfeng Hongtai and legally existing under the laws of the PRC, which is principally engaged in business information consulting, marketing planning, customer service operations, communication technology development and automotive technology consulting services. As at the date of this announcement, Dongfeng Hongtai holds 100% of the shares of Hongtai Consulting
“Hongtai Sales”	Dongfeng Hongtai Vehicle Sales Co., Ltd.* (東風鴻泰汽車銷售有限公司), a target company of the Transaction and a limited liability company established by Dongfeng Hongtai and legally existing under the laws of the PRC, which is principally engaged in the wholesale and retail of automobiles, second-hand automobiles, automobile spare parts and decorations. As at the date of this announcement, Dongfeng Hongtai holds 100% of the shares of Hongtai Sales

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Hongtai Sales and Hongtai Consulting
“Target Equity Interest”	100% equity interests of Hongtai Sales and 100% equity interests of Hongtai Consulting
“Transaction” or “Equity Transfer”	the proposal to purchase 100% equity interests in Hongtai Consulting and 100% equity interests in Hongtai Sales from Dongfeng Hongtai by the Company pursuant to Equity Transfer Agreement
“Yinxin”	Yinxin Appraisal Co., Ltd.

By order of the Board
Chairman
ZHU YANFENG

Wuhan, the PRC, 8 October 2021

As at the date of this announcement, Mr. Zhu Yanfeng, Mr. Yang Qing and Mr. You Zheng are the executive directors of the Company; Mr. Huang Wei is the non-executive director of the Company; Mr. Zong Qingsheng, Mr. Leung Wai Lap, Philip and Mr. Hu Yiguang are the independent non-executive directors of the Company.

** For identification purposes only*