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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)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 3.16% EQUITY INTEREST IN STELLANTIS N.V.**

### **THE DISPOSAL**

On 15 July 2022, DMHK entered into the Heads of Agreement with Stellantis. Pursuant to the Heads of Agreement, in the event that DMHK proposes to dispose of all or a portion of the shares held by DMHK in Stellantis (the “**Subject Shares**”), DMHK may choose to offer the Subject Shares to Stellantis or to dispose of the Subject Shares by way of an accelerated bookbuild offering, to be determined at the discretion of DMHK.

In the event that DMHK offers the Subject Shares to Stellantis, Stellantis may (but does not have the obligation to) accept such an offer and purchase the Subject Shares at the average of the closing prices of an Offer Share on the regulated market of Euronext Milan over the period of five (5) consecutive trading days ending on (and including) the trading day immediately prior to the date on which the Offer Notice is delivered by DMHK.

In the event that DMHK chooses to dispose of the Subject Shares by way of an accelerated bookbuild offering, DMHK will offer Stellantis the opportunity to act as a cornerstone investor in that transaction, made at an offer price determined pursuant to the accelerated bookbuild offering.

As at the date of this announcement, DMHK holds 99,223,907 shares in Stellantis, representing approximately 3.16% of the issued share capital of Stellantis. Accordingly, the maximum number of shares in Stellantis which DMHK may dispose of under the Disposal is 99,223,907 shares.

## **LISTING RULES IMPLICATIONS**

As the highest percentage ratio applicable to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Dongfeng Peugeot Citroën Automobile Company Ltd is a non wholly-owned subsidiary of the Company, the equity interest of which is held by each of the Company and Stellantis as to 50%. Accordingly, Stellantis is a substantial shareholder of Dongfeng Peugeot Citroën Automobile Company Ltd and a connected person of the Company at the subsidiary level.

As a result, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Stellantis is a connected person at the subsidiary level; (ii) the Board has approved the Heads of Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Heads of Agreement are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **1. INTRODUCTION**

On 15 July 2022, the Company entered into the Heads of Agreement with Stellantis. A summary of the principal terms of the Heads of Agreement is set out below.

## **2. HEADS OF AGREEMENT**

**Date** 15 July 2022

**Parties** (1) DMHK (as the seller); and  
(2) Stellantis (as the purchaser).

## **Subject matter**

Pursuant to the Heads of Agreement, in the event that DMHK proposes to dispose of all or a portion of the shares held by DMHK in Stellantis (the “**Subject Shares**”), DMHK may choose to offer the Subject Shares to Stellantis or to dispose of the Subject Shares by way of an accelerated bookbuild offering, to be determined at the discretion of DMHK.

In the event that DMHK offers the Subject Shares to Stellantis, Stellantis may (but does not have the obligation to) accept such an offer and purchase the Subject Shares at the average of the closing prices of an Offer Share on the regulated market of Euronext Milan over the period of five (5) consecutive trading days ending on (and including) the trading day immediately prior to the date on which the Offer Notice is delivered by DMHK.

In the event that DMHK chooses to dispose of the Subject Shares by way of an accelerated bookbuild offering, DMHK will offer Stellantis the opportunity to act as a cornerstone investor in that transaction, made at an offer price determined pursuant to the accelerated bookbuild offering.

As at the date of this announcement, DMHK holds 99,223,907 shares in Stellantis, representing approximately 3.16% of the issued share capital of Stellantis. Accordingly, the maximum number of shares in Stellantis which DMHK may dispose of under the Disposal is 99,223,907 shares.

If DMHK decides to sell the Subject Shares to Stellantis directly, DMHK shall deliver an Offer Notice to Stellantis indicating its intent to sell. Such Offer Notice shall also specify the number of Subject Shares and the purchase price per Subject Share proposed to be sold.

Stellantis may accept the Offer Notice and agree to purchase all of the Offer Shares by delivering a written notice to DMHK within three (3) trading days from receipt of the Offer Notice. Such written notice shall be irrevocable, unconditional and may not be withdrawn by Stellantis, and will constitute a binding agreement between the parties once accepted.

If the closing price on Euronext Milan on any day prior to Stellantis' acceptance of the Offer Notice is higher than the closing price on the trading day prior to the delivery of the Offer Notice by more than 5%, DMHK may withdraw the Offer Notice by written notice to Stellantis. Such shares would then be purchased and sold pursuant to the Share Repurchase Confirmation.

If DMHK decides to dispose of any Subject Shares through an accelerated bookbuild offering, DMHK will offer Stellantis the opportunity to act as a cornerstone investor in such an offering. For the avoidance of doubt, (i) any such investment will be made at the offer price determined pursuant to the accelerated bookbuild offering and (ii) any final allocation of shares to Stellantis will depend on the outcome of the accelerated bookbuild offering and shall be determined by DMHK at its own discretion, it being understood that DMHK will endeavour to provide Stellantis with an allocation consistent with its role as a cornerstone investor.

### **Consideration**

The purchase price per Offer Share shall be equal to the average closing trading price per share in Stellantis as quoted on Euronext Milan for the last five (5) trading days immediately prior to the date on which DMHK delivers an Offer Notice to Stellantis, subject to equitable adjustment in the event of certain extraordinary events (such as a declaration of dividends, distributions or share split) during the measurement period.

### **Terms and Conditions**

The Heads of Agreement together with any Offer Notice and Share Repurchase Confirmation set forth the terms and conditions that will apply to any purchase and sale of the Offer Shares. In particular, the Share Repurchase Confirmation provides that any warranties shall be limited to the due organisation of each party, due authorisation to consummate the purchase and sale of the Offer Shares, absence of inside information and insider trading, valid title in the Offer Shares and absence of any security interest or other encumbrance on the Offer Shares.

The Offer Shares shall be sold and transferred to Stellantis free and clear of any security interest or other encumbrance, with all rights (including the right to dividends) and obligations attaching thereto, as from the Settlement Date.

**Clear Market**

DMHK agrees that it will not deliver an Offer Notice with respect to less than 20,000,000 shares (without prejudice to the size of an accelerated bookbuild offering, the size of which DMHK shall determine at its own discretion).

DMHK agrees that if Stellantis purchases any Offer Shares pursuant to the Share Repurchase Confirmation, it will not and will cause its affiliates not to transfer any of the Subject Shares or any voting power or economic right in any shares in Stellantis for a period of seventy-five (75) days following the completion of such purchase.

**Confidentiality**

Stellantis shall hold in strict confidence and shall not disclose to any person the existence, date and content of the Offer Notice unless it accepts it and as from the date of such acceptance.

The Heads of Agreement merely lays down a basic framework for the Disposal. The terms of the transactions contemplated under the Heads of Agreement are subject to the terms of any other definitive agreements which the relevant parties may subsequently enter into. The Company will issue further announcements as appropriate, as and when there are any material developments in the matter.

### **3. SHARE REPURCHASE CONFIRMATION**

Pursuant to the Heads of Agreement, if DMHK decides to sell the Subject Shares to Stellantis directly, DMHK shall deliver an Offer Notice to Stellantis and upon Stellantis' acceptance of the Offer Notice, enter into a Share Repurchase Confirmation with Stellantis. In particular:

- (a) on the Settlement Date, DMHK shall sell, transfer and deliver to Stellantis, and Stellantis shall purchase from DMHK and pay for, the Offer Shares;
- (b) the Offer Shares shall be sold and transferred to Stellantis free and clear of any liens or encumbrances, with all rights and obligations attaching thereto, as from the Settlement Date;
- (c) the Offer Shares shall be acquired by Stellantis as part of its share buy-back program authorised by the resolution of the general meeting of Stellantis;
- (d) the Price per Share shall be equal to the average of the closing prices of an Offer Share on the regulated market of Euronext Milan over the period of five (5) consecutive trading days ending on (and including) the trading day immediately prior to the date on which the Offer Notice is delivered by DMHK;
- (e) if the record date for any distribution of any kind occurs during the period from the date of the Offer Notice to the Settlement Date such that the Price per Share to be paid by Stellantis per Offer Share does not appropriately reflect such distribution, such Price per Share shall be adjusted downward by the amount of such distribution per Offer Share effectively paid by Stellantis to DMHK;
- (f) the aggregate purchase price to be paid by Stellantis in accordance with subparagraph (b) above shall be equal to the number of Offer Shares transferred to Stellantis multiplied by the Price per Share; and
- (g) the transfer of the Offer Shares to Stellantis shall occur by way of an off-market transaction on the Settlement Date upon the simultaneous delivery against payment performed in accordance with applicable laws and in accordance with the relevant procedure for "delivery versus payment" on the Settlement Date.

#### **4. FINANCIAL EFFECT OF THE DISPOSAL**

The Group's investment in Stellantis is accounted for as an "investment in other equity instruments", and the shares in Stellantis to be disposed of will be transferred from the accruals recognized under "other comprehensive income" to "undistributed profit", which will not affect the current profit and loss of the Group.

As of the date of this announcement, the final consideration for the transfer has not yet been determined. Based on the closing trading price per share in Stellantis as quoted on Euronext Milan on 14 July (being the last trading day prior to the date of the Heads of Agreement) of €11.692 per share, the sale of 20,000,000 shares in Stellantis will bring €234 million cash inflow and if all the 99,223,907 shares in Stellantis are sold, it will bring about €1,160 million cash inflow for the Group.

#### **5. INFORMATION ON STELLANTIS**

Stellantis is a Dutch-domiciled multinational automotive manufacturing corporation which offer a full spectrum of choice from luxury, premium and mainstream passenger vehicles to pickup trucks, SUVs and light commercial vehicles, as well as dedicated mobility, financial, and parts and service brands. Stellantis is listed on Milan's Borsa Italiana, on Euronext Paris and on the New York Stock Exchange. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the largest shareholder of Stellantis is Exor N.V. which is controlled by the Agnelli family.

Pursuant to the latest audited financial statements of Stellantis, the book value of the net assets of Stellantis as at 31 December 2021 was €56.307 billion.

Set out below are the audited net profits of Stellantis (before and after taxation) for the two financial years preceding the Disposal:

	<b>For the year ended 2021</b>	<b>For the year ended 2020</b>
Net profit before taxation (total net profits) <i>(billion €)</i>	14.392	2.916
Net profit after taxation (net profits attributable to owners of the parent and non-controlling interests) <i>(billion €)</i>	13.218	2.338

Since Stellantis was formed on 16 January 2021 pursuant to a merger between PEUGEOT S.A. and FIAT CHRYSLER AUTOMOBILES N.V., Stellantis' financial data in the year 2020 is the pro forma consolidated financial data extracted from its 2021 audit report.

## **6. INFORMATION RELATING TO THE COMPANY AND DMHK**

The Company is principally engaged in the manufacturing businesses of commercial vehicles (includes buses 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 State-owned Assets Supervision and Administration Commission of the State Council.

DMHK is a wholly-owned subsidiary of the Company established for the purpose of the investment and financing of the Company's overseas projects and transactions.

## **7. REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

The Disposal would (i) if proceeded by way of share repurchase by Stellantis, allow the Company to realise a significant capital gain through monetising its shares in Stellantis at a price without discount to the market price and without any limitation potentially caused by the liquidity level of such shares; or (ii) if proceeded by way of accelerated bookbuild offering, allow the Company to realise its investment in Stellantis within a short span of time.

The proceeds from the Disposal are intended to be used to support the development of the Group's principal business.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that the terms of the Heads of Agreement are fair and reasonable and the Disposal contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the best interests of the Company and its Shareholders as a whole.

## **8. LISTING RULES IMPLICATIONS**

As the highest percentage ratio applicable to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Dongfeng Peugeot Citroën Automobile Company Ltd is a non wholly-owned subsidiary of the Company, the equity interest of which is held by each of the Company and Stellantis as to 50%. Accordingly, Stellantis is a substantial shareholder of Dongfeng Peugeot Citroën Automobile Company Ltd and a connected person of the Company at the subsidiary level.

As a result, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Stellantis is a connected person at the subsidiary level; (ii) the Board has approved the Heads of Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Heads of Agreement are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors of the Company has any material interests in the transactions contemplated under the Heads of Agreement, none of the Directors are required to abstain from voting on the relevant Board resolution.

**Shareholders and potential investors of the Company should note that completion of the Disposal is subject to the satisfaction of certain conditions precedent. In particular, Shareholders and potential investors should note that there is no certainty or assurance as at the date of this announcements that the Disposal will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **9. 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director”	the director(s) of the Company

“Disposal”	the disposal of all or a portion of the shares held by DMHK in Stellantisto Stellantis pursuant to the Heads of Agreement
“DMHK”	Dongfeng Motor (Hong Kong) International Co. Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Heads of Agreement”	the heads of agreement dated 15 July 2022 entered into between the Company and DMHK
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Notice”	a written notice delivered by DMHK to Stellantis indicating its intent to sell the Offer Shares, the form of which is attached to the Heads of Agreement
“Offer Shares”	the Subject Shares proposed to be sold by DMHK pursuant to the Offer Notice
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau and Taiwan
“Price per Share”	the average closing trading price per share in Stellantis as quoted on Euronext Milan for the last five (5) trading days immediately prior to the date on which DMHK delivers an Offer Notice to Stellantis
“Settlement Date”	the date which is three (3) trading days following (and excluding) the date on which DMHK has delivered an Offer Notice and Stellantis has accepted such Offer Notice
“Share Repurchase Confirmation”	a share repurchase confirmation to be signed by DMHK and Stellantis setting out the terms and conditions that will apply to any purchase and sale of the Offer Shares, the form of which is attached to the Heads of Agreement

“Shareholders”	shareholders of the Company
“Stellantis”	Stellantis N.V., a public limited liability company incorporated under the laws of, and is domiciled in the Netherlands and listed on Milan’s Borsa Italiana, Euronext Paris and the New York Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	such number of shares in Stellantis which may be disposed of by DMHK to Stellantis pursuant to the Heads of Agreement
“€”	the lawful currency of the member states of the European Union
“%”	per cent.

By order of the board of directors  
**ZHU YANFENG**  
*Chairman*

Wuhan, the PRC, 17 July 2022

*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*