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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 ASSETS TRANSFER AGREEMENT

The board of directors (the “**Board**”) of Dongfeng Motor Group Company Limited (the “**Company**”) announces that Dongfeng Motor (Wuhan) Co., Ltd. (the “**Dongfeng Wuhan**”), a wholly-owned subsidiary of the Company, entered into the Agreement on Transfer of Machinery Equipment, Office and Other Assets (the “**Assets Transfer Agreement**”) with Wuhan Da'an Technology Company Limited* (the “**Da'an**”) on 18 June 2021, pursuant to which Da'an agreed to purchase the research and development equipment and appliances and office assets (the “**Subject Assets**”) from Dongfeng Wuhan at a consideration of RMB150,872,289.00. The details of the agreement are as follows:

Agreement Date

18 June 2021

Parties

Dongfeng Wuhan, as the transferor

Da'an, as the purchaser

Subject Assets

Da'an purchases the research and development equipment and appliances and office assets from Dongfeng Wuhan.

Confirmation and Transfer of the Assets List

Given that both parties have counted and confirmed the Subject Assets on site and signed the Assets Transfer List, Dongfeng Wuhan shall duly deliver the title of the Subject Assets to Da'an after entering into the Assets Transfer Agreement.

Assets Transfer Price and Method of Payment

The assets sale price from Dongfeng Wuhan this time shall be determined with reference to the valuation result of RMB133,515,300 by adopting the cost method pursuant to the Asset Valuation Explanation for the Asset Valuation Project of the Proposed Transfer of Certain Equipment of Dongfeng Motor (Wuhan) Co., Ltd. The transfer price (tax inclusive) is RMB150,872,289 in aggregate. As of 28 February 2021, the net book value of the Subject Assets was RMB77,877,900.

Dongfeng Wuhan shall issue a VAT invoice to Da'an within one week after entering into the Assets Transfer Agreement. Da'an shall remit the total transfer consideration to the designated bank account within 30 days upon receiving the full-amount invoice.

Liability for Breach of Contract

The deliverables under the Assets Transfer Agreement are all legally owned by Dongfeng Wuhan, and there are no restrictions on transfer or transaction. Dongfeng Wuhan is obliged to deliver the assets in accordance with their current status as at the date of entering into the Assets Transfer Agreement. There were no undisclosed defects in rights or liabilities as of the date entering into the Assets Transfer Agreement. In the event of any loss caused to Da'an due to the aforesaid undisclosed title defects, Dongfeng Wuhan shall bear the responsibility.

Da'an understands and agrees that Dongfeng Wuhan shall carry out the delivery of the Subject Assets on an as-is basis, that is, Da'an shall continue to enjoy the after-sales maintenance and other rights of the Subject Assets which originally belonged to Dongfeng Wuhan. If the after-sale rights of the Subject Assets including the maintenance services have been terminated, Da'an shall resolve the after-sale maintenance matters on its own, and Da'an shall not require Dongfeng Wuhan to bear the expenses incurred in the subsequent use of the after-sale services including the maintenance services for the Subject Assets for any reason.

Both parties are obliged to safeguard the interests of the other party so that the interests of the other party are not prejudiced or to minimize damages. In the event that one party fails to perform its duties under the agreement, resulting in economic loss to the other party, the party incurring such economic loss shall reserve the right to claim for compensation against the other party based on the actual damage.

Financial Impact of the Proposed Disposal of Transfer Assets

Based on the existing information available to the Company, the directors estimate that the gains of Dongfeng Wuhan from the disposal of transfer assets to Da'an will be RMB557,637,400, which was determined with reference to the net book value and transfer price of the Subject Assets as of 28 February 2021.

Reasons for and Benefits of the Transaction

Upon reorganization and liquidation, the former Dongfeng Renault Motor Co., Ltd. (the “**Dongfeng Renault**”) was renamed as Dongfeng Wuhan. The former Dongfeng Renault possesses the domestic leading vehicle test functions in its R&D environment warehouse, performance laboratory, long test track and other assets, which are in fairly good condition and of high value in reuse due to the quite short time after their completion of constructions. Dongfeng Wuhan currently mainly produces engines and their parts, leaving this part of vehicle R&D resources idle. In order to supplement its existing development and test capabilities, and expand its business layout, Da'an is willing to receive the test resources from Dongfeng Wuhan. The proceeds of Dongfeng Wuhan will be used to supplement working capital and promote the operation of the Company.

The directors (including independent non-executive directors) are of the view that the terms of the Assets 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, Dongfeng Motor Corporation (the “**Dongfeng Motor Company**”) 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 Securities Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Da'an is a wholly-owned subsidiary of Dongfeng Motor Company and is also a connected person of the Company. Therefore, entering into the Assets Transfer Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage of the transaction (as defined in the Listing Rules) exceeds 0.1% and is less than 5%, the transaction is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules, but is exempt from the independent shareholder approval requirements.

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, 17SUVs), 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. The ultimate beneficial owner of the Company is the State-owned Assets Supervision and Administration Commission of the State Council.

Information on Dongfeng Wuhan

Dongfeng Wuhan is a wholly-owned subsidiary of the Company, which is principally engaged in R&D, manufacturing, assembly of automobile parts, castings, engines and engine parts, etc.

Information on Da'an

Da'an is a company incorporated in the PRC with limited liability, which is principally engaged in automobile all-round testing, certification, engineering development, consulting and evaluation services, etc. The ultimate beneficial owner of Da'an is the State-owned Assets Supervision and Administration Commission of the State Council.

Information on Dongfeng Motor Company

Dongfeng Motor Company 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. The ultimate beneficial owner of Dongfeng Motor Company is the State-owned Assets Supervision and Administration Commission of the State Council.

By order of the Board
Chairman
ZHU YANFENG

Wuhan, the PRC, 18 June 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