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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 TRANSACTIONS ASSET TRANSFER AGREEMENTS**

### **BACKGROUND**

On 19 October 2023, the Company and Dongfeng Peugeot Citroën Automobile Company Ltd, (“DPCA”) entered into the Asset Transfer Agreements, pursuant to which the Company has agreed to acquire and DPCA has agreed to sell the Target Assets at the Consideration of RMB1,714 million, subject to the terms and conditions therein.

### **LISTING RULES IMPLICATIONS**

DPCA is a sino-foreign joint venture company established under the laws of the PRC and owned as to 50% by each of the Company and Stellantis. DPCA has been treated as a subsidiary of the Company and the Company’s investment in DPCA has been accounted for in the consolidated financial statements of the Group using the equity method. Subsequent to the Acquisition, the Target Assets will be fully consolidated into the accounts of the Group. As such, the Acquisition constitutes deemed acquisition for the Company and is subject to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Asset Transfer Agreements exceeds 5% but less than 25%, the transactions contemplated under the Asset Transfer Agreements constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

On 19 October 2023, the Company and DPCA entered into the Asset Transfer Agreements, pursuant to which the Company has agreed to acquire and DPCA has agreed to sell the Target Assets at the Consideration of RMB1,714 million, subject to the terms and conditions therein.

## ASSET TRANSFER AGREEMENTS

<b>Date</b>	19 October 2023
<b>Parties</b>	(i) the Company (as the transferee); and  (ii) DPCA (as the transferor).
<b>Nature of transaction</b>	The Company has agreed to acquire, and DPCA has agreed to transfer the Target Assets.
<b>Assets to be acquired</b>	The Target Assets include certain land use rights, buildings, structures situated in Wuhan and Xiangyang, the PRC. The Target Assets have been used by DPCA mainly to produce its existing passenger vehicles of Peugeot and Citroën as well as Fukang models.
<b>Consideration</b>	<p>The Consideration under the Asset Transfer Agreements in aggregate shall be RMB1,714 million, which was determined with reference to the appraised value of the Target Assets as at 31 August 2023 of approximately RMB1,714 million as set out in the Valuation Report.</p> <p>The Net book value of the target assets in 2023 is RMB1,157 million.</p>
<b>Conditions</b>	<p>The following representations and warranties were given by the parties (if and as applicable) under the Asset Transfer Agreements:</p> <p>(i) DPCA represents and warrants that it has legal, valid, and complete disposal rights over the Target Assets and that there are no hidden or unexpected conditions associated with the assets or liabilities of the Target Assets;</p> <p>(ii) the Company possesses legal capacity and has not committed any fraudulent activities;</p>

- (iii) the Acquisition complies with the provisions of applicable laws and regulations, and does not violate relevant industry policies in the PRC;
- (iv) the documents and information provided by both parties regarding the Acquisition are true, complete, and valid. There are no deliberate omissions of any debts, disputes, litigations, or any other circumstances that would materially adversely affect the Asset Transfer Agreements;
- (v) all procedures, including but not limited to authorisations, approvals, and internal corporate decisions, required for the signing of the Asset Transfer Agreements by both parties remain legal and valid. The prerequisites for the validity of the Asset Transfer Agreements and the Acquisition have been fulfilled; and
- (vi) without prior written approval from the other party, neither party shall disclose the Asset Transfer Agreements and the appendices, except as required by relevant regulations.

## **Handover**

The parties shall complete the following handover procedures:

- (i) DPCA shall complete all procedures related to the transfer registration, certificate change registration, and transfer of complete documentation corresponding to the Target Assets within 20 business days of the Asset Transfer Agreements becoming effective;
- (ii) both parties shall complete the asset transfer and handover based on the asset transfer checklist provided by DPCA and sign the asset transfer confirmation before 30 October 2023, with the Target Assets in “as-is” condition as at the physical inspection on site;

- (iii) all responsibilities and expenses related to the maintenance, storage, transportation, cleaning, dismantling, as well as water and electricity fees for the Target Assets shall be borne (a) by DPCA before signing of the asset transfer confirmation; and (b) by the Company after signing of the asset transfer confirmation; and
- (iv) DPCA shall transfer the technical documentation and drawings in relation to the Target Assets.

<b>Payment</b>	The Company shall pay the the Consideration to DPCA in cash by instalments to the bank account designated by DPCA.
<b>Termination</b>	Company or DPCA may, by mutual agreement, change or terminate the Asset Transfer Agreements.
<b>Governing law</b>	PRC laws

## **LEASING ARRANGEMENT**

On 19 October 2023, the Company also entered into a leasing agreement with DPCA, pursuant to which the Company will lease the Target Assets to the DPCA for a term of 10 years commencing from the handover of the Target Assets.

## **INFORMATION RELATING TO THE PARTIES**

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.

DPCA is principally engaged in the manufacture and sale of whole vehicles and components.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is implementing the “TECH ADVANCE” plan for its new energy passenger vehicles and consolidating its in-house new energy passenger vehicle businesses. The Acquisition and the leasing arrangement enables the Group to fully utilise the available capacity within the Group and is beneficial to give full play to the synergies of the Group’s manufacturing resources. After the Acquisition, the Company and Stellantis will further deepen their cooperation to support DPCA’s continued production of its existing Peugeot and Citroen as well as Fukang models, while expanding DPCA’s vehicle and component export business. In addition, both parties remain committed to fulfill the strategic cooperation agreement signed in 2019. The existing governance model of DPCA will be maintained, and both Stellantis and the Company will continue to provide unwavering support for DPCA’s sustainable growth. The Company also considers the DPCA manufacturing resources to serve the overall new energy strategic objectives of Dongfeng Motor Group.

Taking into account of the factors mentioned above, the Directors (including the independent non-executive Directors) considered that the terms of the Asset Transfer Agreements are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Asset Transfer Agreements and therefore, none of the Director has abstained from voting on the Board resolutions to approve the Asset Transfer Agreements and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

DPCA is a sino-foreign joint venture company established under the laws of the PRC and owned as to 50% by each of the Company and Stellantis. DPCA has been treated as a subsidiary of the Company and the Company’s investment in DPCA has been accounted for in the consolidated financial statements of the Group using the equity method. Subsequent to the Acquisition, the Target Assets will be fully consolidated into the accounts of the Group. As such, the Acquisition constitutes deemed acquisition for the Company and is subject to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Asset Transfer Agreements exceeds 5% but less than 25%, the transactions contemplated under the Asset Transfer Agreements constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the Target Assets pursuant to the Asset Transfer Agreements
“Asset Transfer Agreements”	the asset transfer agreements entered into between the Company and DCPA dated 19 October 2023, pursuant to which the Company has agreed to acquire and DPCA has agreed to sell the Target Assets
“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
“Consideration”	the consideration under the Asset Transfer Agreements, being RMB1,714 million
“DPCA”	Dongfeng Peugeot Citroën Automobile Company Ltd (神龍汽車有限公司), a sino-foreign joint venture company established under the laws of the PRC and owned as to 50% by each of the Company and Stellantis
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau and Taiwan
“RMB”	the lawful currency of the PRC

“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share(s)”	ordinary shares in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time, with no par value
“Stellantis”	Stellantis N.V., a public limited liability company incorporated under the laws of, and is domiciled in the Netherlands which listed on Milan’s Borsa Italiana, Euronext Paris and the New York Stock Exchange
“Target Assets”	the assets to be acquired by the Company under the Asset Transfer Agreements including certain land use rights, buildings, structures situated in Wuhan and Xiangyang, the PRC
“Valuation Report”	the valuation report prepared dated 18 October 2023 for valuation of Target Assets based on cost method and market method as at the 31 August 2023
“%”	per cent.

By order of the Board  
**ZHU YANFENG**  
*Chairman*

Wuhan, the PRC, 19 October 2023

*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. Zong Qingsheng, Mr. Leung Wai Lap, Philip and Mr. Hu Yiguang are the independent non-executive directors of the Company.*

\* *For identification purpose only*