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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

The Company is pleased to announce that, on 28 December 2016, the Company entered into eight agreements with DFM (the controlling shareholder of the Company), in the ordinary and usual course of its business, as set out below:

- (i) the Commodity Vehicles Master Sales Agreement pursuant to which the Company agreed to sell and procure its subsidiaries to sell commodity vehicles to DFM and its subsidiaries;
- (ii) the Master Auto Parts Sales Agreement pursuant to which the Company agreed to sell and procure its subsidiaries to sell auto parts and other products to DFM and its subsidiaries;
- (iii) the Master Auto Parts Procurement Agreement regarding the procurement of auto parts and other products for the Company Group;
- (iv) the Master Logistics Services Agreement pursuant to which DFM agreed to provide and procure its subsidiaries to provide logistics services to the Company and its subsidiaries;
- (v) the Master Automobile Inspection Services Agreement pursuant to which DFM agreed to provide and procure its subsidiaries to provide technology consultancy and vehicle inspection services to the Company and its subsidiaries;
- (vi) the Master Ancillary Services Agreement pursuant to which DFM agreed to procure its subsidiaries to provide ancillary services, including electricity, water and steam, to the Company and its subsidiaries;
- (vii) the Master Land Lease pursuant to which DFM agreed to lease and procure its subsidiaries to lease the land to the Company and its subsidiaries; and
- (viii) the Financial Services Master Agreement pursuant to which the Company agreed to provide and procure its subsidiaries to provide financial services to DFM and its subsidiaries.

In addition, the Company also entered into the Deposit Agreement with DF Nissan Auto

Finance, pursuant to which the Company agreed to purchase and DF Nissan Auto Finance agreed to provide financial services to the Company and its subsidiaries.

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Meanwhile, since Nissan Motor Co., Ltd. through its wholly owned subsidiary, Nissan (China) Investment Co., Ltd., indirectly owns a 50% equity interest in Dongfeng Motor Co. Ltd. a jointly-controlled entity and a deemed subsidiary of the Company. Nissan Motor Co., Ltd. is a substantial shareholder of a subsidiary of the Company, and thus a connected person of the Company. The equity interests in DF Nissan Auto Finance are owned as to 51% by Nissan Motor Co., Ltd., 14% by the Dongfeng Motor Co. Ltd. and as to 35% by the Company. As such, DF Nissan Auto Finance is an associate (as defined in the Listing Rules) of Nissan Motor Co., Ltd. and a connected person of the Company and therefore the Deposit Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of these agreements exceed 0.1% but are less than 5%, these agreements are subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

INTRODUCTION

The Company is pleased to announce that, on 28 December 2016, the Company entered into eight agreements with DFM (the controlling shareholder of the Company), in the ordinary and usual course of its business.

In addition, the Company also entered into the Deposit Agreement with DF Nissan Auto Finance, pursuant to which the Company agreed to purchase and DF Nissan Auto Finance agreed to provide financial services to the Company and its subsidiaries.

1. Commodity Vehicles Master Sales Agreement

On 28 December 2016, the Company and DFM entered into a commodity vehicles master sales agreement with DFM (the “**Commodity Vehicles Master Sales Agreement**”), the principal terms of which are set out below.

Date: 28 December 2016

Parties: (1) the Company
(2) DFM

Subject matter: Pursuant to the Commodity Vehicles Master Sales Agreement, the Company agreed to sell and procure its subsidiaries to sell whole vehicles and chassis of commodity vehicles to DFM and its subsidiaries. During the term of the Commodity Vehicles Master Sales Agreement, the Company and its subsidiaries may from time to time enter into definitive written agreement(s) with

DFM and/or its subsidiaries in relation to sales of whole vehicles and chassis of commodity vehicles to DFM and/or its subsidiaries, based on both parties' production plan and actual needs.

Term: Three years from 1 January 2017 to 31 December 2019 (both days inclusive)

Pricing: The prices of sales under the Commodity Vehicles Master Sales Agreement will be determined and negotiated based on normal commercial terms that are in the interest of the Company, with reference to the prevailing fair market prices range of comparable products. The selling price charged by the Company and its subsidiaries for the commodity vehicles sold to DFM and its subsidiaries will not be lower than the abovementioned fair market prices range.

When determining the fair market prices range, the terms of the Commodity Vehicles Master Sales Agreement (including price and payment terms) will be no less favourable to the Company Group than those applicable to sales by the Company Group to the independent third parties for comparable type of products of comparable quality.

Although it is not part of the terms of the Commodity Vehicles Master Sales Agreement, the marketing department of the Company will collect the relevant market information, review and compare the quotations obtained from at least two independent purchasers for identical or comparable products, and prepare fee quotes for review by the sales department of the Company. Depending on the amount and size of the transaction, the sales department of the Company may further submit the fee quotes to the management of the Company for review and approval. The transactions contemplated under the Commodity Vehicles Master Sales Agreement and the relevant definitive sales agreements will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to sales of commodity vehicles by the Company Group to the subsidiaries of DFM are as follows:

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
2,005	1,374 (<i>Note 1</i>)	1,112 (<i>Note 2</i>)

Note 1: The historical transaction amounts for the year 2015 reflects the decrease of sales volume of commercial vehicles, as disclosed in the Company's 2015 annual report, due to the adjustment to national policies, fluctuation in market demand and other factors.

Note 2: As disclosed in the Company's 2016 interim report, the sales of commercial vehicles experienced its low point in 2015 which have rebounded with sales growth in the first half of 2016.

The proposed Annual Caps for the transactions contemplated under the Commodity Vehicles Master Sales Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	2,300	2,400	2,500
(approximately HKD million)	2,047	2,136	2,225

Each of the Annual Caps has been determined with reference to (i) the prevailing prices of comparable products in the market provided by independent third parties; and (ii) the historical and estimated volume and prices of purchases of commodity vehicles by DFM and its subsidiaries in each of the financial years ending 31 December 2017, 2018 and 2019.

Reasons for and Benefits of the Transaction

The historical and long-term cooperation between the Company Group and Dongfeng Motor Trading Corporation ("**Dongfeng Motor Trading**"), a subsidiary of DFM, has enabled DFM to gain a comprehensive and deep understanding of the Company Group's automotive manufacturing structure as well as its needs for sales services to maintain its business. Compared to other third parties, DFM and Dongfeng Motor Trading can therefore ensure uninterrupted sales services can be provided to the Company Group at a competitive price, and thus ensuring uninterrupted production by the Company Group. The Company Group can also ensure that it could continue to receive high quality sales services at a competitive price which can effectively lower its

operational expenses. Moreover, the sales services are conducted at market price on normal commercial terms in the ordinary course of business of the Company Group. The Company therefore considers that it is in the interest of the Company Group to continue to receive sales services from DFM and its subsidiaries (including Dongfeng Motor Trading).

As disclosed before, on 26 November 2013, the Company and Dongfeng Motor Trading entered into the Commodity Vehicles Master Sales Agreement (2013), which is effective from 1 January 2014 to 31 December 2016, and pursuant to which Company Group would sell commodity vehicles to Dongfeng Motor Trading. The Company considers that it is in the interest of the Company Group to enter into the Commodity Vehicles Master Sales Agreement and continue to sell commodity vehicles to DFM and its subsidiaries, including Dongfeng Motor Trading.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Commodity Vehicles Master Sales Agreement (and the transactions contemplated thereunder) and the terms of the Commodity Vehicles Master Sales Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Commodity Vehicles Master Sales Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Commodity Vehicles Master Sales Agreement exceed 0.1% but are less than 5%, the Commodity Vehicles Master Sales Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Commodity Vehicles Master Sales Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Commodity Vehicles Master Sales Agreement and the proposed Annual Caps thereof.

2. Master Auto Parts Sales Agreement

On 28 December 2016, the Company and DFM entered into a master agreement (the “**Master Auto Parts Sales Agreement**”) in relation to sales of auto parts and other products, the principal terms of which are set out below.

Date:	28 December 2016
Parties:	<p>(1) the Company</p> <p>(2) DFM</p>
Subject matter:	<p>Pursuant to the Master Auto Parts Sales Agreement, the Company agreed to sell and procure its subsidiaries to sell auto parts and other products (including, amongst others, fuel tank, exhaust pipes, mounting and other auto parts of commercial vehicles) to DFM and its subsidiaries. During the term of the Master Auto Parts Sales Agreement, the Company and its subsidiaries may from time to time enter into definitive written agreement(s) with DFM and/or its subsidiaries in relation to sales of auto parts and other products (including, amongst others, fuel tank, exhaust pipes, mounting and other auto parts of commercial vehicles) to DFM and/or its subsidiaries, based on both parties' production plan and actual needs.</p>
Term:	Three years from 1 January 2017 to 31 December 2019 (both days inclusive)
Pricing:	<p>The transactions under the Master Auto Parts Sales Agreement will be conducted in the ordinary and usual course of business and on normal commercial terms and such terms and conditions will be negotiated on an arm's length basis and will be no less favourable than those available from independent third parties of the Company.</p> <p>The prices of the auto parts and other products charged by the Company will be determined in accordance with prevailing market prices that are comparable to the price offered to the Company by its other independent customers and are to be agreed between the parties.</p> <p>Although it is not part of the terms of the Master Auto Parts Sales Agreement, the marketing department of the Company will collect the relevant market information, review and compare the quotations obtained from at least two independent purchasers for identical or comparable products, and prepare fee quotes for review by the sales department of the Company. Depending on the amount and size of the transaction, the sales</p>

department of the Company may further submit the fee quotes to the management of the Company for review and approval.

The transactions contemplated under the Master Auto Parts Sales Agreement and the relevant definitive sales agreements will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to sales of auto parts and other products (including, amongst others, fuel tank, exhaust pipes, mounting and other auto parts of commercial vehicles) by the Company Group to the subsidiaries of DFM are as follows:

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
70	85	139 (Note)

Note: As disclosed in the Company's 2016 interim report, the Company recorded growth for sales volume of proprietary brands, joint venture brands and new energy vehicles, which contributed to the increased transaction amounts in relation to sales of auto parts and other products to the subsidiaries of DFM for the nine months ended 30 September 2016.

The proposed Annual Caps for the transactions contemplated under the Master Auto Parts Sales Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	300	400	500
(approximately HKD million)	267	356	445

The proposed Annual Caps are determined with reference to (i) the historical price of auto parts and other products supplied by the Company Group, (ii) expected demand by DFM in the upcoming three years, (iii) the estimated production capacity of the Company Group during the relevant period, and (iv) the expected market conditions for the relevant period.

Reasons for and Benefits of the Transaction

The Company Group is principally engaged in the manufacture of commercial vehicles (including trucks and buses), passenger vehicles, engines and other auto parts. As disclosed previously, in order to develop its own brand of vehicles by DFM, it has been purchasing auto parts and other products from the Company Group since 2008. DFM will continue to purchase auto parts and other products from the Company Group. As part of its ordinary and usual course of business, the Company sells auto parts and other products to DFM and its subsidiaries. The entering into of the Master Auto Parts Sales Agreement will allow the Company to secure an additional sales channel in advance which will enable the Company Group to arrange its production in a more reasonable manner.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Master Auto Parts Sales Agreement (and the transactions contemplated thereunder) and the terms of the Master Auto Parts Sales Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Master Auto Parts Sales Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Master Auto Parts Sales Agreement exceed 0.1% but are less than 5%, the Master Auto Parts Sales Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Master Auto Parts Sales Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Master Auto Parts Sales Agreement and the proposed Annual Caps thereof.

3. Master Auto Parts Procurement Agreement

On 28 December 2016, the Company and DFM entered into a master agreement (the “**Master Auto Parts Procurement Agreement**”) regarding the procurement of auto parts and other products for the Company Group, the principal terms of which are set out below.

Date: 28 December 2016

Parties:	<p>(1) the Company</p> <p>(2) DFM</p>
Subject matter:	<p>Pursuant to the Master Auto Parts Procurement Agreement, DFM agreed to provide and procure its subsidiaries to provide auto parts and other products (including, amongst others, event data recorders, electronic products and other customised auto parts) to the Company Group based on the production plan and actual needs of the Company Group. During the term of the Master Auto Parts Procurement Agreement, the Company Group may from time to time enter into definitive agreement(s) with DFM and/or its subsidiaries in relation to procurement of auto parts and other products (including, amongst others, event data recorders, electronic products and other customised auto parts) for the Company Group.</p>
Term:	<p>Three years from 1 January 2017 to 31 December 2019 (both days inclusive)</p>
Pricing:	<p>The purchase prices to be payable by the Company under the Master Auto Parts Procurement Agreement are determined with reference to the market price of comparable products which are available on an arm's length basis and on terms no less favourable than those provided by at least two independent suppliers for comparable products.</p> <p>Although it is not part of the terms of the Master Auto Parts Procurement Agreement, the marketing department of the Company will collect the relevant market information, review and compare the quotations obtained from at least two independent purchasers for identical or comparable products, and prepare fee quotes for review by the sales department of the Company. Depending on the amount and size of the transaction, the sales department of the Company may further submit the fee quotes to the management of the Company for review and approval.</p> <p>The terms of the definitive procurement agreements will be fair and reasonable and the transaction contemplated thereunder will be on normal commercial terms and will be no less favourable to the Company than such terms available to the Company when the Company contracts with independent parties for comparable products.</p>

The transactions contemplated under the Master Auto Parts Procurement Agreement and the definitive procurement agreements will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to procurement of auto parts and other products (including, amongst others, event data recorders, electronic products and other customised auto parts) for the Company Group from the subsidiaries of DFM are as follows:

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
279	313	254

The proposed Annual Caps for the transactions contemplated the Master Auto Parts Procurement Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	500	700	900
(approximately HKD million)	445	623	801

The proposed Annual Caps are determined with reference to (i) the historical quantity and prices of auto parts and other products purchased by Company Group, (ii) the expected growth of production and increase in production capacity of the Company Group in the upcoming three years to the best knowledge of the Company and (iii) forecast purchase volumes for auto parts and other products by the Company Group.

Reasons for and Benefits of the Transaction

The historical unique relationship and long-term cooperation between the DFM and the Company Group has enabled the DFM to gain a comprehensive and deep understanding of the Company Group's automotive manufacturing structure as well as its needs for auto parts and others to maintain its business. Compared to other third parties, DFM can ensure high quality auto parts and other products produced to the exact specification as required by the Company Group and can be supplied to the

Company Group at a competitive price, thus lowering production costs. The Company Group can also ensure that it could continue to receive high quality auto parts and other products at a competitive price which can effectively lower its operational expenses. Moreover, the procurement is conducted at market price upon normal commercial terms in the ordinary and usual course of business of the Company Group.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Master Auto Parts Procurement Agreement (and the transactions contemplated thereunder) and the terms of the Master Auto Parts Procurement Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Master Auto Parts Procurement Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Master Auto Parts Procurement Agreement exceed 0.1% but are less than 5%, the Master Auto Parts Procurement Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Master Auto Parts Procurement Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Master Auto Parts Procurement Agreement and the proposed Annual Caps thereof.

4. Master Logistics Services Agreement

On 28 December 2016, the Company and DFM entered into a master agreement in relation to provision of logistics services (the “**Master Logistics Services Agreement**”), the principal terms of which are set out below.

Date:	28 December 2016
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 to the Company 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 in relation to provision of logistics services to the Company Group.

Term: Three years from 1 January 2017 to 31 December 2019.

Pricing: 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.

Although it is not part of the terms of the Master Logistics Services Agreement, the marketing department of the Company will collect the relevant market information, 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 sales department of the Company. Depending on the amount and size of the transaction, the sales department of the Company may further submit the fee quotes to the management of the Company for review and approval.

The transactions contemplated under the Master Logistics Services Agreement and the individual agreements or sales orders contemplated thereunder will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

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

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
733	570	738

The proposed Annual Caps for the transactions contemplated under the Master Logistics Services Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	2,100	2,300	2,500
(approximately HKD million)	1,869	2,047	2,225

The proposed Annual Caps are based on considerations of (i) the pricing of the logistics services supplied by DFM, (ii) estimated demand for the logistics services of the Company Group in the upcoming three years, (iii) the change in relevant PRC regulations regarding logistics and transportation services, and (iv) the expected market conditions for the relevant period. In particular, on 26 July 2016, the Ministry of Industry and Information Technology of the PRC (“**Ministry of Industry and Information Technology**”) issued the revised mandatory national standard GB1589 (Limits of dimensions, axle load and masses for motor vehicles, trailers and combination vehicles) and on 18 August 2016, five national authorities (including, among others, Ministry of Industry and Information Technology and Ministry of Transport of the PRC) issued Management Plan on Car Carrier Trailers (《車輛運輸車治理工作方案》) (“**New Regulations**”), to further combat illegal conversion and overloading vehicles in relation to logistic services of whole vehicles. Pursuant to the New Regulations issued by the PRC authorities, “double row trailers” (雙排車) are prohibited from entering the highway from 21 September 2016 and all car carrier trailers must in compliance with the New Regulations from 1 July 2018. To comply with the New Regulations, the costs of logistic services required by the Company Group will significantly increase, given that more car carrier trailers will be required and all trailers must be up to the revised national standard. Taking into account the New Regulations and the estimated demand for logistics services of the Company Group in the upcoming three years, the Company envisages that the transactions amount contemplated under the Master Logistics Services Agreement (and as a result, the corresponding Annual Caps) will increase significantly (around two times of the historical transaction amounts for the year 2016).

Reasons for and Benefits of the Transaction

As disclosed previously, the Company Group has received logistics services from a subsidiary of DFM since 2010. Taking into account the long-term cooperation between DFM and the Company Group, compared to other third parties, DFM can ensure uninterrupted logistics services provided to the Company Group at a competitive price. The Company Group can also ensure that it could continue to receive high quality logistics services from DFM and its subsidiaries at a reasonable price which can effectively lower its operational expenses.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Master Logistics Services Agreement (and the transactions contemplated thereunder) and the terms of the Master Logistics Services Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Master Logistics Services Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Master Logistics Services Agreement exceed 0.1% but are less than 5%, the Master Logistics Services Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Master Logistics Services Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Master Logistics Services Agreement and the proposed Annual Caps thereof.

5. Master Automobile Inspection Services Agreement

On 28 December 2016, the Company and DFM entered into the master technology consultancy and automobile inspection services agreement (the “**Master Automobile Inspection Services Agreement**”), the principal terms of which are set out below.

Date: 28 December 2016

Parties: (1) the Company
(2) DFM

Subject matter: Pursuant to the Master Automobile Inspection Services Agreement, the Company agrees to engage DFM and its subsidiaries for provision of technology consultancy and vehicle inspection services. During the term of the Master Automobile Inspection Services Agreement, the Company and its subsidiaries may from time to time enter into definitive written agreement(s) with DFM and its subsidiaries in relation to the provision of technology consultancy and vehicle inspection services to the Company Group, subject to the terms and conditions of and in compliance with the Master Automobile Inspection Services Agreement.

Term: Three years from 1 January 2017 to 31 December 2019 (both days inclusive)

Pricing: The price will be determined with reference to the market prices for comparable services which are available on an arm's length basis and on terms no less favourable than those provided by at least two independent service providers for services of the same type and comparable quality. In determining the market prices, the marketing department of the Company will collect the relevant market information, review and compare the quotations obtained from at least two independent service providers for identical or comparable services, and prepare fee quotes for review by the business department of the Company. Depending on the amount and size of the transaction, the business department of the Company may further submit the fee quotes to the management of the Company for review and approval.

The transactions contemplated under the Master Automobile Inspection Services Agreement and the definitive agreements will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to provision of technology consultancy and vehicle inspection services to the Company Group by the subsidiaries of DFM are as follows:

Historical Transaction Amounts (RMB million)

For the year ended 31	For the year ended 31	For the nine months ended
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December 2014
(not audited)

176

December 2015
(not audited)

314

30 September 2016
(not audited)

182 (*Note*)

Note: Some of the service payments are due on an annual basis and the others due on a semi-annual basis. The historical transaction amounts for the nine months ended 30 September 2016 only reflect the service payments due on a semi-annual basis.

The proposed Annual Caps for the transactions contemplated under the Master Automobile Inspection Services Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	700	800	900
(approximately HKD million)	623	712	801

The Annual Caps have been determined with reference to (i) the prevailing prices of comparable services in the market provided by independent third parties; and (ii) the estimated volume of services that the Company and/or its associates may require, based on the actual and estimated demand for the services and possible expansion of the business operation of the Company Group to the best knowledge of the Company.

Reasons for and Benefits of the Transaction

Some of DFM's subsidiaries possess the required professional qualifications and experience in carrying out technology consultancy and vehicle inspection services. Compared to other service providers, it would be most cost efficient to engage DFM and its subsidiaries as the relevant subsidiary of DFM is located in close proximity to the Company Group's main production facilities. Moreover, DFM and its subsidiaries offer competitive price which can help the Company Group to control its operational costs.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Master Automobile Inspection Services Agreement (and the transactions contemplated thereunder) and the terms of the Master Automobile Inspection Services Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Master Automobile Inspection Services Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the

applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Master Automobile Inspection Services Agreement exceed 0.1% but are less than 5%, the Master Automobile Inspection Services Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Master Automobile Inspection Services Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Master Automobile Inspection Services Agreement and the proposed Annual Caps thereof.

6. Master Ancillary Services Agreement

On 28 December 2016, the Company and DFM entered into the master ancillary services agreement (the “**Master Ancillary Services Agreement**”) in relation to supply of electricity, water and steam to the Company Group, the principal terms of which are set out below.

Date: 28 December 2016

Parties: (1) the Company
(2) DFM

Subject matter: Pursuant to the Master Ancillary Services Agreements, DFM agreed to procure its subsidiaries to provide ancillary services, including electricity, water and steam, to the Company and its subsidiaries. During the term of the Master Ancillary Services Agreement, the Company and its subsidiaries may from time to time enter into definitive written agreement(s) with DFM and its subsidiaries in relation to the provision of ancillary services to the Company Group, subject to the terms and conditions of and in compliance with the Master Ancillary Services Agreement.

Pursuant to the Master Ancillary Services Agreement, the Company agreed that it will give priority in using the ancillary services of DFM's subsidiaries if the terms offered by them are no less favourable than the terms offered by an independent third party. Moreover, DFM's subsidiaries are entitled to provide ancillary services to third parties provided that this would not affect the provision of services pursuant to the Master Ancillary Services Agreement. If the ancillary services supplied by DFM's subsidiaries cannot satisfy the needs of the Company Group in any respect, the Company

Group is entitled to obtain such ancillary services from third parties. However, if the Company Group fails to obtain such ancillary services from third parties, DFM shall procure its subsidiaries not to terminate the provision of such ancillary services under such circumstances.

Term: Three years from 1 January 2017 to 31 December 2019

Pricing: The above ancillary services shall be provided at (i) the government-prescribed prices approved by the state or local government; (ii) where there is no government-prescribed price but where there is a government-guidance price, the government-guidance prices; and (iii) where there is neither a government prescribed price nor a government-guidance price, the market prices. The market price is defined as the price at which the same or similar type of products or services are provided by independent third parties in their ordinary course of businesses. The prices for electricity, water and steam are currently prescribed by the PRC government. It has been agreed that based on the nature of usage by the Company Group, DFM shall procure its subsidiaries to charge the electricity, water and steam supply in accordance with the government-prescribed price approved by the local government of Shiyan City, Hubei Province, as amended from time to time by the price control department of Hubei Province.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to supply of electricity, water and steam to the Company Group by the subsidiaries of DFM are as follows:

Electricity - Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
857	733	470 (Note)

Note: The Company Group requires more electricity for heating in winter compared to other seasons, and therefore due to the seasonality in relation to the usage of electricity, the

historical transaction amount for the nine months ended 30 September 2016 is substantially lower than the full year amounts in 2014 and 2015, respectively.

Water - Historical Transaction Amounts (RMB million)

For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
42	40	23

Steam - Historical Transaction Amounts (RMB million)

For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
123	115	135

Proposed Annual Caps

The proposed Annual Caps for the transactions contemplated under the Master Ancillary Services Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

Electricity	For the financial year ending 31 December		
	2017	2018	2019
RMB million	1,200	1,300	1,400
(approximately HKD million)	1,068	1,157	1,246

Water	For the financial year ending 31 December		
	2017	2018	2019
RMB million	80	100	100
(approximately HKD million)	71.2	89	89

Steam	For the financial year ending 31 December		
	2017	2018	2019
RMB million	200	300	300
(approximately HKD million)	178	267	267

Each of the proposed Annual Caps is determined based on the (i) historical rate of usage of electricity, water and steam, (ii) expected growth of production and increase in production capacity of the Company Group to the best knowledge of the Company, (iii) historical and forecast government-prescribed prices of electricity, water and steam in the PRC (on which DFM and its subsidiaries base its electricity, water and steam unit

charge), and (iv) estimated electricity, water and steam consumption pattern of the Company Group.

Reasons for and Benefits of the Transaction

The terms of the Master Ancillary Services Agreement are substantially the same as those of the ancillary services agreements previously entered into with DFM which will be expired at the end of 2016. The historical unique relationship and long-term cooperation between DFM and the Company Group has enabled DFM to gain a comprehensive and deep understanding of the Company Group's automotive manufacturing structure as well as its needs for ancillary services to maintain its business. Compared to other third parties, DFM can therefore ensure uninterrupted ancillary services can be provided to the Company Group at a competitive price, thus ensuring uninterrupted production by the Company Group. The Company Group can also ensure that it could continue to receive high quality ancillary services at a competitive price which can effectively lower its operational expenses. Moreover, the ancillary services are obtained on normal commercial terms in the ordinary course of business of the Company Group.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Master Ancillary Services Agreement (and the transactions contemplated thereunder) and the terms of the Master Ancillary Services Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Master Ancillary Services Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Master Ancillary Services Agreement exceed 0.1% but are less than 5%, the Master Ancillary Services Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Master Ancillary Services Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Master Ancillary Services Agreement and the proposed Annual Caps thereof.

7. Master Land Lease

On 28 December 2016, the Company and DFM entered into a master land lease (the "**Master Land Lease**"), the principal terms of which are set out below.

Date:	28 December 2016
Parties:	(1) DFM (2) the Company
Subject matter:	<p>Pursuant to the Master Land Lease, DFM agreed to lease and procure its subsidiaries to lease the land located in Hubei Province (the “Land”) to the Company and its subsidiaries and the Company agreed to lease the Land from DFM and its subsidiaries to meet the Company Group’s production and operational needs. The parties will enter into individual land lease for each leased Land pursuant to the terms and conditions of the Master Land Lease.</p> <p>The transactions contemplated under the Master Land Lease and the individual land leases will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.</p>
Lease term:	Three years from 1 January 2017 to 31 December 2019; and three months before the lease term expires, the parties may negotiate to extend or renew the Master Land Lease.
Rental:	<p>The annual rental amount paid by the Company Group will not exceed the Proposed Cap. The rental amounts for the Master Land Lease were determined by the parties to the individual land lease on arm’s length basis. During the term of the Master Land Lease (as extended or renewed thereafter), the rental amount may be adjusted every three years since the relevant dates of the individual land lease subject to negotiation and agreement between the parties, which will be no more than the fair market value of the leased Land as determined by an independent valuer jointly engaged by both parties. During the term of the Master Land Lease, rental payments shall be made semi-annually and within 10 days after half of or the whole calendar year (i.e. 30 June or 31 December). If the Company or its subsidiaries fail to meet their payment obligations under the Master Land Lease, it will pay to DFM or its subsidiaries a fine on a daily basis at the rate of 5‰ until the outstanding payment has been made.</p>

Sublet: Without written consent from DFM or its subsidiaries, the Company or its subsidiaries cannot sublet the Land or assign any rights or obligations under the Master Land Lease and will use the Land for the purpose as set out in the Master Land Lease.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to lease of land to the Company Group by the subsidiaries of DFM are as follows:

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
170	169	81(<i>Note</i>)

Note: Some of the rental payments are due on an annual basis and the others due on a semi-annual basis. The historical transaction amounts for the nine months ended 30 September 2016 only reflect the rental payments due on a semi-annual basis.

The proposed Annual Caps for the transactions contemplated under the Master Land Lease for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	230	254	262
(approximately HKD million)	204.7	226.06	233.18

The proposed Annual Caps are determined based on the maximum annual amounts payable by the Company Group under the Master Land Lease and historical levels and expected adjustments of the rental payments of comparable land parcels.

Reasons for and Benefits of the Transaction

The rental amounts for the Master Land Lease were determined by the parties to the agreement on arm's length basis. The terms of the Master Land Lease are determined based on market conditions and comparable to those entered into with independent third parties. The leased Land are mainly located in Shiyan, Xiangfan and Wuhan in Hubei Province. As the location of the Land is close to the Company Group's relevant production facilities, entering into the Master Land Lease effectively facilitates the Company Group to meet its production and operational needs.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and its shareholders as a whole to enter into the Master Land Lease (and the transactions contemplated thereunder) and the terms of the Master Land Lease are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Master Land Lease entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Master Land Lease exceed 0.1% but are less than 5%, the Master Land Lease is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Master Land Lease and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Master Land Lease and the proposed Annual Caps thereof.

8. Financial Services Master Agreement

On 28 December 2016, the Company and DFM entered into a financial services master agreement (the "**Financial Services Master Agreement**"), the principal terms of which are set out below.

Date:	28 December 2016
Parties:	(1) the Company (2) DFM
Subject matter:	Pursuant to the Financial Services Master Agreement, the Company agreed to provide and procure its subsidiaries to provide financial services to DFM and its subsidiaries. The parties may from time to time enter into individual financial services agreement in compliance with the principles set out in the Financial Services Master Agreement.
Services to be provided:	Services to be provided by the Company Group to DFM and its subsidiaries include (i) treasury services, including budget management, settlement, fund allocation and depository; (ii) financing services,

including lending, discount, acceptance and factoring; and (iii) financial services in relation to the automobile products of DFM, including consumer facilities, buyer facilities and leasing.

Term: Three years from 1 January 2017 to 31 December 2019

Pricing: Financial services to be provided under the Financial Services Master Agreement will be charged at (i) the government-prescribed prices approved by the state or local government; (ii) where there is no government-prescribed price but where there is a government-guidance price, the government-guidance prices; and (iii) where there is neither a government prescribed price nor a government-guidance price, the market prices; and/or (iv) at rates determined on an arm's length and reasonable basis and comply with the applicable policies and requirements stipulated by the relevant financial regulatory authorities from time to time and other applicable laws, rules and regulations of the PRC.

In determining market prices, the Company will compare at least two quotations for comparable services which are available on an arm's length basis and ensure the price payable by DFM or its subsidiaries are on terms no less favourable than those provided by independent third parties.

The transactions contemplated under the Financial Services Master Agreement will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

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

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
217	210	225

The proposed Annual Caps for the transactions contemplated under the Financial Services Master Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	800	1,200	1,500
(approximately HKD million)	712	1,068	1,335

The Annual Caps are determined on the basis of (i) the ability in the provision of financial services within the Company Group, (ii) the estimated growth of financial services functions of the Company Group, (iii) the expected increase in DFM's demand for financial services and (iv) the change in transaction model to comply with the new regulations issued by the PRC authorities in relation to the centralised fund management. In particular, in order to comply with the internal policy of DFM (which reflecting the PRC policies regarding centralised fund management), most of the financial services required by DFM and its subsidiaries will be centralised to a designated company in the Company Group, Dongfeng Motor Finance Co., Ltd. ("**Dongfeng Finance**"), which means all the funds previously provided by one subsidiary of DFM to another subsidiary of DFM will be provided by the Dongfeng Finance instead. Such change in transaction model will significantly increase DFM's demand for financial services from the Company Group.

Reasons for and Benefits of the Transaction

A subsidiary of the Company, Dongfeng Finance, is qualified to provide, and has been providing, financial services to DFM and its subsidiaries, as accorded to its nature and as part of its ordinary business. The terms of the Financial Services Master Agreement are substantially the same as those of the financial services agreement between a subsidiary of the Company and DFM which will be expired at the end of 2016. In order to ensure the continuous provision and effectiveness of financial services to DFM, it is necessary to enter into the Financial Services Master Agreement so as to regulate the scope and way of providing or receiving the financial services. Following the recent implementation of DFM's internal policy and the relevant PRC policies in relation to centralised fund management, Dongfeng Finance has been designated as the centralised platform of providing financial services to DFM and its subsidiaries. Entering into the Financial Services Master Agreement will allow Dongfeng Finance to secure more business in advance as part of its ordinary and usual course of business. The Company considers that it is in the interest of the Company Group to continue to provide financial services to DFM and its subsidiaries.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that it is in the best interests of the Company and the shareholders as a whole to enter into the Financial Services Master Agreement (and the transactions contemplated thereunder) and the terms of the Financial Services Master Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Listing Rules Implications

As DFM holds approximately 68% equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Hence, the Financial Services Master Agreement entered into between the Company and DFM constitutes a continuing connected transaction under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Financial Services Master Agreement exceed 0.1% but are less than 5%, the Financial Services Master Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Financial Services Master Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Financial Services Master Agreement and the proposed Annual Caps thereof.

9. Deposit Agreement

On 28 December 2016, the Company has entered into the deposit agreement (the “**Deposit Agreement**”) with DF Nissan Auto Finance for the provision of financial services to DF Nissan Auto Finance, the principal terms of which are set out below.

Date: 28 December 2016

Parties: (1) the Company
(2) DF Nissan Auto Finance

Subject matter: Pursuant to the Deposit Agreement, the Company agreed to purchase and DF Nissan Auto Finance agreed to provide financial services to the Company and its subsidiaries. The parties may from time to time enter into individual financial services agreement in compliance with the principles set out in the Financial Services Master Agreement.

Services to be provided: Services to be provided by the Company Group to DF Nissan Auto Finance and its subsidiaries include (i) placing deposit; (ii) treasury services, including budget management, settlement, fund allocation and depository; (iii) financing services, including lending, discount, acceptance and factoring; and (iv) financial services in relation to the automobile products of DF Nissan Auto Finance, including consumer facilities, buyer facilities and leasing.

Term: Three years from 1 January 2017 to 31 December 2019

Pricing: Financial services to be provided under the Deposit Agreement will be charged at (i) the government-prescribed prices approved by the state or local government; (ii) where there is no government-prescribed price but where there is a government-guidance price, the government-guidance prices; and (iii) where there is neither a government prescribed price nor a government-guidance price, the market prices; and/or (iv) at rates determined on an arm's length and reasonable basis and comply with the applicable policies and requirements stipulated by the relevant financial regulatory authorities from time to time and other applicable laws, rules and regulations of the PRC.

In determining market prices, the Company will compare at least two quotations for comparable services which are available on an arm's length basis and ensure the price payable by DF Nissan Auto Finance or its subsidiaries are on terms no less favourable than those provided by independent third parties.

The transactions contemplated under the Deposit Agreement will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The Proposed Annual Caps

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to provision of financial services to the Company Group by DF Nissan Auto Finance are as follows:

Historical Transaction Amounts (RMB million)		
For the year ended 31 December 2014 (not audited)	For the year ended 31 December 2015 (not audited)	For the nine months ended 30 September 2016 (not audited)
2,000	2,000	2,800

The proposed Annual Caps for the transactions contemplated under the Deposit Agreement for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 respectively are as follows:

	For the financial year ending 31 December		
	2017	2018	2019
RMB million	2,800	2,800	2,800
(approximately HKD million)	2,492	2,492	2,492

The Annual Caps are determined based on the experience of the Company Group, business development needs of DF Nissan Auto Finance, the capital management policies of the Company Group, the ability in the provision of financial services within the Company Group and the estimated growth of financial services functions of the Company Group.

Reasons for and Benefits of the Transaction

As DF Nissan Auto Finance mainly provides auto loans to end users and auto dealers for purchase of NISSAN brand vehicles and INFINITI brand vehicles, the Company considers that providing financial services to, and placing the deposits with, DF Nissan Auto Finance will improve the fund utilisation efficiency of the Company Group and facilitate the sale of DF Nissan passenger vehicles.

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

Listing Rule Implications

Nissan Motor Co., Ltd. through its wholly owned subsidiary, Nissan (China) Investment Co., Ltd., indirectly owns a 50% equity interest in Dongfeng Motor Co. Ltd., a jointly-controlled entity and a deemed subsidiary of the Company. Nissan Motor Co., Ltd. is a substantial shareholder of a subsidiary of the Company, and thus a connected person of the Company. The equity interests in DF Nissan Auto Finance are owned as to 51% by Nissan Motor Co., Ltd., 14% by the Dongfeng Motor Co. Ltd. and as to 35% by the Company. As such, DF Nissan Auto Finance is an associate (as defined in the Listing Rules) of Nissan Motor Co., Ltd. and a connected person of the Company and therefore the Deposit Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Deposit Agreement exceed 0.1% but are less than 5%, the Deposit Agreement is subject to the reporting and announcement requirements set out in Rules 14A.35, 14A.49, 14A.68 and 14A.71 of the Listing Rules, and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Deposit Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Deposit Agreement and the proposed Annual Caps thereof.

INFORMATION RELATING TO THE PARTIES

The Company 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 Company 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.

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

DF Nissan Auto Finance is principally engaged in providing loans to end users and auto dealers for purchase of automobiles.

DEFINITIONS

“Annual Caps”	the proposed maximum aggregate annual amount for the transactions contemplated under the agreements for each of the financial years ending on 31 December 2017, 2018 and 2019;
“Board”	means the board of Directors of the Company;
“commodity vehicles”	whole vehicles and chassis sold by 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;
“Company Group”	the Company and its subsidiaries;
“Director(s)”	the director(s) of the Company;
“DFM”	Dongfeng Motor Corporation* (東風汽車公司), the parent company of the Company, which holds approximately 68% equity interest in the Company;
“DF Nissan Auto Finance”	Dongfeng Nissan Auto Finance Co., Ltd., an associate (as defined in the Listing Rules) of the Company;
“HKD”	Hong Kong dollar, the lawful currency of Hong

“Hong Kong”	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;
“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”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	companies directly or indirectly controlled by the parties; and
“%”	Per cent.

Note: For illustration purpose only, the exchange rate used in this announcement is HKD1.00 = RMB0.89.

By order of the Board of Directors
ZHU YANFENG
Chairman

Wuhan, the PRC, 28 December 2016

As at the date of this announcement, Mr. Zhu Yanfeng and Mr. Li Shaozhu are the executive directors of the Company, Mr. Tong Dongcheng, Mr. Ouyang Jie and Mr. Liu Weidong are the non-executive directors of the Company and Mr. Ma Zhigeng, Mr. Zhang Xiaotie, Mr. Cao Xinghe and Mr. Chen Yunfei are the independent non-executive directors of the Company.

** For identification purposes only*