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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)

CONTINUING CONNECTED TRANSACTIONS

**REVISED ANNUAL CAPS UNDER THE
COMMODITY VEHICLES MASTER SALES AGREEMENT**

References is made to (i) the continuing connected transaction announcement of Dongfeng Motor Group Company Limited* (the “**Company**”) dated 28 December 2016; and (ii) the clarification announcement of the Company dated 30 December 2016 (together, the “**Continuing Connected Transaction Announcements**”).

On 28 November 2017, the Company and Dongfeng Motor Corporation* (東風汽車集團有限公司) (formerly known as 東風汽車公司, “**DFM**”) agreed to revise the Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement as follows:

Original Annual Caps

Amount	For the financial year ending 31 December		
	2017	2018	2019
RMB million	2,300	2,400	2,500
(approximately HKD million)	2,719	2,837	2,955

Revised Annual Caps

Amount	For the financial year ending 31 December		
	2017	2018	2019

RMB million	3,500	3,600	3,600
(approximately HKD million)	4,137	4,256	4,256

Pursuant to Rule 14A.54 of the Listing Rules, as the Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement have been revised, the Company is required to re-comply with the reporting and announcement requirements under the Listing Rules.

As the parent of the Company, DFM holds, directly and indirectly, approximately 68% (as at 31 December 2016) in aggregate of equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Therefore, the revision to the Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement 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 exceed 0.1% but are less than 5%, the revision to the Annual Caps in respect of the continuing connected transactions contemplated under 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.

BACKGROUND

References is made to the Continuing Connected Transaction Announcements. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the Continuing Connected Transaction Announcements.

On 28 December 2016, the Company and DFM entered into the Commodity Vehicles Master Sales Agreement, the principal terms of which are set out in the Continuing Connected Transaction Announcements.

REVISION OF ANNUAL CAPS

The Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement are revised (the “**Revised Annual Caps**”) as follows:

Original Annual Caps

Amount	For the financial year ending 31 December		
	2017	2018	2019
RMB million	2,300	2,400	2,500

(approximately HKD million) (Note)	2,719	2,837	2,955
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Revised Annual Caps

Amount	For the financial year ending 31 December		
	2017	2018	2019
RMB million	3,500	3,600	3,600
(approximately HKD million) (Note)	4,137	4,256	4,256

Note: For illustration purpose only, the exchange rate used in this announcement is RMB1.00 = HKD1.1821

Historical Transaction Amounts

The historical cumulative transaction amounts in relation to sales of whole vehicles and chassis of commodity vehicles by the Company and its subsidiaries (the “**Group**”) to DFM and its subsidiaries are as follows:

Amount (not audited)	For the financial year ending 31 December			For the nine months ended 30 September 2017
	2014	2015	2016	
RMB million	2,005	1,374	1,112	2,130

Reasons for and Benefits of the Revision of Annual Caps

The revision to the Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement is determined by the Company with reference to the following factors:

- (i) the expected sales growth of whole vehicles and chassis of commodity vehicles by the Group to DFM and its subsidiaries (including but not limited to Dongfeng Motor Trading), and in particular, the expected sales growth of tractors due to the structural upgrade of the industry demand; and
- (ii) the expected increase in the price of whole vehicles after implementation of the new emission standards in the PRC.

The Revised Annual Caps have been determined based on the demands of DFM and its subsidiaries for whole vehicles and chassis of commodity vehicles.

Taking into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that the continuing connected

transactions contemplated under the Commodity Vehicles Master Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms (including but not limited to the Revised Annual Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.54 of the Listing Rules, as the Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement have been revised, the Company is required to re-comply with the reporting and announcement requirements under the Listing Rules.

As the parent of the Company, DFM holds, directly and indirectly, approximately 68% (as at 31 December 2016) in aggregate of equity interest in the Company, DFM is a connected person of the Company under the Listing Rules. Therefore the revision to the Annual Caps in respect of the continuing connected transactions contemplated under the Commodity Vehicles Master Sales Agreement 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 exceed 0.1% but are less than 5%, the revision to the Annual Caps in respect of the continuing connected transactions contemplated under 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 Revised Annual Caps thereof.

INFORMATION RELATING TO THE PARTIES

The 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 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. DFM has changed its Chinese registered company name from “東風汽車公司” to “東風汽車集團有限公司” in November 2017. Dongfeng Motor Trading is a wholly-owned subsidiary of DFM and it is principally engaged in sales and after-sales services of whole vehicles and chassis of vehicles.

By order of the Board of Directors

ZHU YANFENG

Chairman

Wuhan, the PRC, 28 November 2017

As at the date of this announcement, Mr. Zhu Yanfeng, Mr. Li Shaozhu and Mr. Liu Weidong are the 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*