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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

CAPITAL CONTRIBUTION TO DONGFENG NISSAN AUTO FINANCE CO., LTD.

On 2 November 2018, the Company, Nissan and NCIC (a wholly-owned subsidiary of Nissan), being the existing shareholders of DNAF, entered into the 2018 Capital Contribution Agreement in relation to the increase of registered capital of DNAF, pursuant to which the Company and NCIC will each make a capital contribution to DNAF. Upon completion of the Capital Contribution, the enlarged registered capital in DNAF will be held as to (i) 49.50% by the Company and (ii) 50.50% by Nissan JV Partners respectively.

Nissan through its wholly-owned subsidiary, NCIC, indirectly owns a 50% equity interest in DFL (a jointly-controlled entity of the Company and NCIC, which is required by the Stock Exchange to be regulated in a manner consistent with the regulation of subsidiaries of the Company, as a condition to its listing on the Stock Exchange). Both Nissan and NCIC constitute connected persons of the Company at the subsidiary level by being substantial shareholders of a subsidiary of the Company. The equity interests in DNAF are owned as to (i) 50.50% by Nissan JV Partners and (ii) 49.50% by the Company. As such, DNAF is an associate of Nissan, hence a connected person of the Company. The Capital Contribution contemplated under the 2018 Capital Contribution Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Capital Contribution constitutes a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms or better which are fair and reasonable and in the interests of the Company and its shareholders as a whole and has been approved by the Board, according to Rule 14A.101 of the Listing Rules, the Capital Contribution is exempt from the circular, independent financial advice and shareholders' approval requirements.

INTRODUCTION

Reference is made to:

- (i) the announcements of the Company dated 30 August 2006, 30 November 2007 and 28 December 2016 in relation to the establishment of DNAF and continuing connected transaction in respect of the placement of deposit with DNAF by the Company; and
- (ii) the announcement of the Company dated 16 October 2017 in relation to the 2017 Capital Contribution Agreement.

On 16 October 2017, the Company, DFL, Nissan and NCIC entered into the 2017 Capital Contribution Agreement, pursuant to which the Company, DFL, Nissan and NCIC would make a capital contribution to DNAF. Due to change in the commercial arrangement of the parties as regards DNAF subsequent to the signing of the 2017 Capital Contribution Agreement, the capital contribution contemplated under the 2017 Capital Contribution Agreement did not take place and the parties ceased to have any further rights and obligations thereunder.

ACQUISITION OF EQUITY INTERESTS IN DNAF

Pursuant to equity transfer agreements dated 2 November 2018, the Company conditionally agreed to acquire:

- (i) from DFL 14% of DNAF's equity interest held by DFL for a consideration of approximately RMB924 million; and
- (ii) from NCIC 0.5% of DNAF's equity interest held by NCIC for a consideration of approximately RMB33 million (collectively, the **"Equity Transfers"**).

Completion of the Equity Transfers is subject to the approval of the relevant regulatory authorities.

Upon completion of the Equity Transfers, DFL will cease to hold any equity interest in the registered capital of DNAF.

Immediately after completion of the Equity Transfers but prior to the Capital Contribution, DNAF's registered capital will be held by the Company, Nissan and NCIC as to RMB757,058,940, RMB455,000,070 and RMB317,352,990, respectively (representing 49.50%, 29.75% and 20.75% of DNAF's registered capital, respectively).

THE 2018 CAPITAL CONTRIBUTION AGREEMENT

On 2 November 2018, the Company, Nissan and NCIC (a wholly-owned subsidiary of Nissan), being the existing shareholders of DNAF, entered into the 2018 Capital Contribution Agreement in relation to the increase of registered capital of DNAF, pursuant to which the Company and NCIC will, after the completion of the Equity Transfers, each make a capital contribution in cash to DNAF. Upon completion of the Capital Contribution, the enlarged registered capital in DNAF will be held as to (i) 49.50% by the Company and (ii) 50.50% by Nissan JV Partners (among which 29.75% will be held by Nissan and 20.75% will be held by NCIC) respectively.

The joint venture agreement entered into between the Company and Nissan in relation to DNAF and the articles of association of DNAF will be amended to reflect the completion of the Capital Contribution accordingly.

Date

2 November 2018

Parties

- (1) Dongfeng Motor Group Co., Ltd.;
- (2) Nissan Motor Co., Ltd.; and
- (3) Nissan (China) Investment Co., Ltd.

Capital Contribution

Subject to the 2018 Capital Contribution Agreement, the Company and NCIC shall, after the completion of the Equity Transfers, make a capital contribution in cash to DNAF's registered capital in the amount of RMB2,722,500,000 and RMB2,777,500,000 respectively.

Upon completion of the Capital Contribution, the registered capital of DNAF will:

- (a) increase from RMB1,529,412,000 to RMB7,029,412,000, representing an increase of RMB5,500,000,000; and
- (b) remain to be owned as to (i) 49.50% by the Company and (ii) 50.50% by Nissan JV Partners.

Shareholding table

Set forth below is a table showing the capital structure of DNAF immediately before and after the completion of the Capital Contribution.

Capital Structure of DNAF before completion of the Capital Contribution:

Name of shareholder	Contribution to registered capital (RMB)	Shareholding percentage
The Company	757,058,940.00	49.50%
Nissan	455,000,070.00	29.75%
NCIC	317,352,990.00	20.75%
Total	<u>1,529,412,000.00</u>	<u>100.00%</u>

Capital Structure of DNAF after completion of the Capital Contribution:

Name of shareholder	Contribution to registered capital (RMB)	Shareholding percentage (approx.)
The Company	3,479,558,940.00	49.50%
Nissan	1,140,649,749.17	16.23%
NCIC	2,409,203,310.83	34.27%
Total	<u>7,029,412,000.00</u>	<u>100.00%</u>

Completion

Completion will take place on the fifth working day after the relevant regulatory approval is obtained by DNAF.

INFORMATION ON DNAF

DNAF is principally engaged in providing loans to end users and auto dealers for purchase of automobiles. DNAF mainly provides auto loans to auto dealers and end users for purchase of NISSAN brand vehicles, Venucia brand vehicles, INFINITI brand vehicles and Renault brand vehicles, accepts deposits from shareholders in accordance with the scope of business approved by the regulatory authorities of the PRC, and accepts security deposits from automobile dealers for automobile purchase loans.

Pursuant to the audited accounts of DNAF prepared in accordance with the generally accepted accounting principles of the PRC for the two years ended 31 December 2017, the net profits (before taxation) of DNAF for 2016 and 2017 amounted to approximately RMB1,276.36 million and approximately RMB1,588.08 million, respectively and the net profits (after taxation) of DNAF for 2016 and 2017 amounted to approximately RMB950.23 million and approximately RMB1,200.68 million, respectively.

BASIS FOR DETERMINING THE AMOUNT OF THE CAPITAL CONTRIBUTION

The amount of the Capital Contribution is determined with reference to (i) the relevant capital requirements for Macro Prudential Assessment (MPA) of the People's Bank of China applicable to DNAF and (ii) DNAF's need for additional funding for its business operations.

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION TO DNAF

The Capital Contribution will strengthen DNAF's capital sufficiency for further development in the market of passenger vehicles. It will also foster DNAF's performance in Macro Prudential Assessment (MPA) by the People's Bank of China, which aims to mitigate financial risks and satisfy regulatory requirements.

The Board (including the independent non-executive Directors) is of the view that the 2018 Capital Contribution Agreement has been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Nissan through its wholly-owned subsidiary, NCIC, indirectly owns a 50% equity interest in DFL (a jointly-controlled entity of the Company and NCIC, which is required by the Stock Exchange to be regulated in a manner consistent with the regulation of subsidiaries of the Company, as a condition to its listing on the Stock Exchange). Both Nissan and NCIC constitute connected persons of the Company at the subsidiary level by being substantial shareholders of a subsidiary of the Company. The equity interests in DNAF are owned as to (i) 50.50% jointly by Nissan and NCIC and (ii) 49.50% by the Company. As such, DNAF is an associate of Nissan, hence a connected person of the Company. The Capital Contribution contemplated under the 2018 Capital Contribution Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Capital Contribution constitutes a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms or better which are fair and reasonable and in the interests of the Company and its shareholders as a whole and has been approved by the Board, according to Rule 14A.101 of the Listing Rules, the Capital Contribution is exempt from the circular, independent financial advice and shareholders' approval requirements.

The acquisition of DNAF's registered capital from NCIC 0.5% also constitutes a connected transaction for the Company. As all applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are lower than 0.1%, according to Rule 14A.76 of the Listing Rules, the transaction is fully exempt from the shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

None of the Directors has a material interest in the transaction contemplated under the 2018 Capital Contribution Agreement, nor has any of them abstained from voting on the Board resolutions to approve the transaction contemplated under the 2018 Capital Contribution Agreement.

INFORMATION ON THE GROUP

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.

INFORMATION ON NISSAN AND NCIC

Nissan is principally engaged in the manufacture and sale of diesel engines, light- duty, medium-duty and heavy-duty diesel trucks, buses, bus chassis and special-purpose vehicles.

NCIC is a wholly-owned subsidiary of Nissan.

DEFINITIONS

“2017 Capital Contribution Agreement”	the agreement in relation to the increase of registered capital of DNAF entered into on 16 October 2017 by the Company, DFL, Nissan and NCIC
“2018 Capital Contribution Agreement”	the agreement in relation to the increase of registered capital of DNAF dated 2 November 2018 entered into among the Company, Nissan and NCIC
“associate(s)”	has such meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Capital Contribution”	the capital contribution to the registered capital of DNAF by the Company, Nissan and NCIC in cash as contemplated under the 2018 Capital Contribution Agreement
“Company”	Dongfeng Motor Group Company Limited* (東風汽車集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the H shares of which are listed on the Stock Exchange
“connected person(s)”	has such meaning ascribed to it under the Listing Rules
“DFL”	Dongfeng Motor Co., Ltd., a company incorporated under the laws of the PRC
“Directors”	the directors of the Company
“DNAF”	Dongfeng Nissan Auto Finance Co., Ltd., a company incorporated under the laws of the PRC

“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NCIC”	Nissan (China) Investment Co., Ltd., a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Nissan
“Nissan”	Nissan Motor Co., Ltd., a company incorporated under the laws of Japan
“Nissan JV Partners”	collectively, Nissan and NCIC
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
ZHU YANFENG
Chairman

Wuhan, the PRC, 2 November 2018

As at the date of this announcement, Mr. Zhu Yanfeng and Mr. Li Shaozhu are the executive Directors, and Mr. Ma Zhigeng, Mr. Zhang Xiaotie, Mr. Cao Xinghe and Mr. Chen Yunfei are the independent non-executive Directors.

* *For identification purposes only*