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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)

PROPOSED INVESTMENT IN PSA CONSTITUTING A DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

The Company is pleased to announce that on 26 March 2014(French time) the Company entered into the Master Agreement with the French Republic, EPF, FFP and PSA, under which, among other things, the Company has agreed to enter into the DFG Subscription Agreement to (1) subscribe for 69,866,666 PSA Shares to be issued by PSA pursuant to the PSA Reserved Capital Increase for a price of 7.50 euros per share (issuance premium included); and (2) subscribe for PSA Shares to be issued pursuant to the PSA Rights Issue by exercising all of its preferential subscription rights to be allocated pursuant to the PSA Rights Issue at the PSA Rights Issue Subscription Price. The total consideration payable by the Company under the DFG Subscription Agreement is approximately 800 million euros. Under the Master Agreement, the parties have agreed to enter into the Shareholders' Agreement, which organizes the parties' relationships in PSA in particular to the governance of PSA and their undertakings in respect of dealing in shares and equity securities in PSA. Immediately after the completion of the PSA Reserved Capital Increase, the PSA Rights Issue and exercise of the PSA Warrants, DMHK is expected to hold approximately 14% of the enlarged issued share capital of PSA.

On 26 March 2014(French time), the Company also entered into the Framework Agreement with PSA which provides a basis on which the Company and PSA will continue discussions on their strategic partnership based on the cooperation of DPCA, an existing Jointly-controlled Entity owned as to 50% by each of the Company and PSA (through its subsidiaries).

Each of the Company and PSA (through its subsidiaries) holds a 50% equity interest in DPCA. For the sole purpose of listing and applying the Listing Rules, the Stock Exchange has required,

as one of the conditions to the listing of the Company, that DPCA, being a Jointly-controlled Entity of the Company, should in general be regulated in a manner consistent with the regulation of subsidiaries of the Company for the purpose of applying the Listing Rules. Accordingly, PSA, being an associate of a substantial shareholder of DPCA, is a connected person of the Company. The Investment Transaction would therefore constitute a connected transaction of the Company under the Listing Rules.

Application has been made to, and approval has been obtained from, the Stock Exchange for the adoption of alternative tests (the “**Alternative Tests**”) for the purpose of classifying the Investment Transaction under Chapters 14 and 14A of the Listing Rules, pursuant to Rule 14.20 of the Listing Rules. Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules after adopting the Alternative Tests in respect of the Investment Transaction exceeds 5% but is below 25%, the Investment Transaction constitutes a discloseable transaction, as well as a connected transaction of the Company, the Investment Transaction is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, announcement and independent shareholders’ approval under Chapter 14A of the Listing Rules.

As a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules, the Investment Transaction is subject to approval by its independent shareholders at a general meeting. To the best knowledge of the Company, as at the date of this announcement, no shareholder of the Company has a material interest in the Investment Transaction which would require such shareholder to abstain from voting at the general meeting to be convened to, among other things, consider and approve the Investment Transaction.

The Company has obtained a written shareholder’s approval in accordance with Rule 14A.43 of the Listing Rules from Dongfeng Motor Corporation, which currently holds 5,760,388,000 domestic shares in the Company representing approximately 66.86% equity interest in the Company’s registered share capital and is independent of PSA, approving the Master Agreement, the DFG Subscription Agreement, the Shareholders’ Agreement and the Investment Transaction contemplated thereunder. Accordingly, the Company has applied for a waiver from the Stock Exchange to accept the written shareholder’s approval from Dongfeng Motor Corporation in lieu of holding a physical shareholders’ meeting for the approval of the Master Agreement, the DFG Subscription Agreement, the Shareholders’ Agreement and the Investment Transaction.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders and an Independent Financial Advisor appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Agreement, the DFG Subscription Agreement, the Shareholders’ Agreement and the Investment Transaction.

The Company expects to dispatch a circular to the Shareholders containing (i) information of the Master Agreement, the DFG Subscription Agreement, the Shareholders’ Agreement and the Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter from the Independent Financial Adviser containing its advice to

the Independent Board Committee and the Independent Shareholders on or before 17 April 2014.

A. INTRODUCTION

Reference is made to (a) the clarification announcement issued by the Company on 10 February 2014 in relation to a possible investment by the Company into securities of certain car-making company, and (b) the announcement issued by the Company on 19 February 2014 regarding, amongst others, the MOU in relation to the proposed investment in PSA.

B. PROPOSED INVESTMENT IN PSA

1. MOU

On 18 February 2014, the Company entered into the MOU with PSA, the French Republic and EPF/FFP. Under the MOU, PSA expressed its intention to carry out the PSA Reserved Capital Increase, the PSA Rights Issue and the distribution of the PSA Warrants. The Company expressed its intention to subscribe for PSA Shares pursuant to the PSA Reserved Capital Increase and the PSA Rights Issue for a total consideration of approximately 800 million euros (the French Republic is expected to subscribe for the same number of PSA Shares pursuant to the PSA Reserved Capital Increase and the PSA Rights Issue on the same terms), and to enter into a Shareholders' Agreement with PSA, the French Republic and EPF/FFP with respect to the Company's, the French Republic's and EPF/FFP's shareholdings in PSA.

2. THE MASTER AGREEMENT

On 26 March 2014(French time), the Company entered into the Master Agreement with the French Republic, EPF, FFP and PSA.

(a) Date of the Master Agreement:

26 March 2014

(b) Parties to the Master Agreement

- (i) The Company
- (ii) The French Republic
- (iii) EPF
- (iv) FFP

- (v) PSA

(c) Principal terms of the Master Agreement

- (i) Subscription in the PSA Reserved Capital Increase

Subject to the satisfaction of the Conditions Precedent, each of the Company and the French Republic has irrevocably undertaken to subscribe for 69,866,666 PSA Shares to be issued pursuant to the PSA Reserved Capital Increase for a price of 7.50 euros per share (issuance premium included), representing a total subscription price (issuance premium included) of 523,999,995 euros for each of the Company and the French Republic.

- (ii) Subscription in the PSA Rights Issue

Subject to the satisfaction of the Conditions Precedent and completion of the PSA Reserved Capital Increase, each of the Company and the French Republic has irrevocably undertaken to subscribe for shares of PSA to be issued pursuant to the PSA Rights Issue by exercising all of their respective preferential subscription rights to be allocated pursuant to the PSA Rights Issue at the PSA Rights Issue Subscription Price, representing a subscription amount of approximately 276 million euros for each of the Company and the French Republic.

Subject to the satisfaction of the Conditions Precedent and completion of the PSA Reserved Capital Increase, EPF/FFP has irrevocably undertaken, severally but not jointly, to subscribe such number of PSA Shares to be issued pursuant to the PSA Rights Issue by exercising part of the preferential subscription rights to be allocated to EPF/FFP pursuant to the PSA Rights Issue at the PSA Rights Issue Subscription Price, so that at the PSA Rights Issue Closing Date, EPF and FFP will hold together exactly the same number of PSA Shares as each of the Company and the French Republic.

- (iii) Conditions Precedent

Signature of each of the Subscription Agreements is subject to satisfaction of the following conditions:

- (1) authorisation by the PSA GM of both the PSA Reserved Capital Increase and the PSA Rights Issue;
- (2) approval by the PSA GM of the relevant resolutions specified in

the Master Agreement;

- (3) the decision of each of the PSA Management Board and the chairman of the PSA Management Board to carry out the PSA Reserved Capital Increase, the issue of the PSA Warrants and the PSA Rights Issue in accordance with the terms of the Master Agreement;
- (4) clearance by the AMF of PSA's prospectus relating to the PSA Reserved Capital Increase and the issue of PSA Warrants;
- (5) obtaining by the Company of all the necessary approvals, verifications or registrations by the relevant government authorities of the PRC in respect of the transactions contemplated in the Master Agreement, including the approvals, verifications or registration by the State-owned Assets Supervision and Administration Commission, the National Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange of the PRC; and
- (6) obtaining by the French Republic of the necessary administrative approval.

(iv) Closing

Following the PSA GM, the PSA Management Board will delegate to the chairman of the PSA Management Board the powers necessary to (1) implement the PSA Reserved Capital Increase and (2) set, on the Business Day following the date of the PSA GM and in any event no later than 30 June 2014, the terms of the PSA Rights Issue, in particular the PSA Rights Issue Subscription Prices and the date of opening of the subscription period of the PSA Rights Issue.

Subject to the Conditions Precedent, each of the Company, the French Republic and EPF/FFP has agreed to simultaneously sign their respective Subscription Agreements promptly following the decision of the chairman of the PSA Management Board to implement the PSA Reserved Capital Increase, and prior to the signing of the Underwriting Agreement. The parties have agreed to sign the Shareholders' Agreement simultaneously with the Subscription Agreements.

In the event the Underwriting Agreement, which is expected to be signed immediately after the Subscription Agreements are signed, is not signed

on the Business Day following the signature of the Subscription Agreements, the Subscription Agreements will be deemed null and void without prejudice to the rights and obligations set forth in the Master Agreement.

The PSA Reserved Capital Increase will be completed on the Business Day following the determination of the PSA Rights Issue Subscription Price, and in no event later than 1 July 2014. The Company has agreed to pay 523,999,995 euros to PSA for subscription of the DFG Reserved Capital Increase Shares on the date of completion of the PSA Reserved Capital Increase.

The opening of the subscription period of the PSA Rights Issue will be on the third Business Day following the determination of the PSA Rights Issue Subscription Price, and in any event no later than 3 July 2014. The PSA Rights Issue is expected to be open for subscription for 9 Business Days. Settlement and delivery of the PSA Rights Issue is expected to take place on the 7th Business Day after the close of the subscription period of the PSA Rights Issue. The Company has agreed to pay to PSA the amount required to fully pay up the DFG Rights Issue Shares on the 4th Business Day prior to the PSA Rights Issue Closing Date or on any earlier date the parties may agree.

PSA may delay the commencement of the steps involved in view of market conditions that would seriously compromise the transactions contemplated under the Master Agreement. However, in such event, the sequence of the steps will remain the same with the related dates being postponed correspondingly.

(v) Double voting rights

Subject to the approval of the PSA GM, PSA has agreed to amend its articles of association to the effect that the vesting period of the double voting rights will be reduced from four years to two years. Subject to the Conditions Precedent, EPF/FFP has agreed not to exercise its voting rights in excess of the voting rights held by each of DMK and SOGEPA during the two years' period. Accordingly, DMHK, SOGEPA and EPF/FFP are expected to have the same voting rights at the general meetings of PSA.

(vi) Termination

The Master Agreement will terminate on 31 July 2014 at 24:00 CET if the PSA Rights Issue Closing Date has not occurred at such time.

PSA is entitled to terminate the Master Agreement on or after 30 April 2014 if the Condition Precedent in relation to the obtaining of all necessary approvals, verifications or registrations by the relevant government authorities of the PRC as set out in paragraph B.2.(c).(iii).(5) in this announcement has not been satisfied prior to 30 April 2014.

The Company and the French Republic may, acting jointly and in good faith, terminate the Master Agreement on or prior to the signing of the Subscription Agreements by notice to PSA, if on or prior to such time a Material Adverse Change occurs.

(vii) Termination of MOU

The parties have agreed that the MOU terminated and ceased to be of further effect upon signing of the Master Agreement.

(viii) Special purpose entity

Under the Master Agreement, the Company is entitled to designate a special purpose entity to enter into and perform any of, among other things, the DFG Subscription Agreement, the Shareholders' Agreement and the Framework Agreement. The special purpose entity must be an affiliate of the Company.

3. THE DFG SUBSCRIPTION AGREEMENT

Under the Master Agreement, the Company has agreed, subject to the Conditions Precedent, to sign the DFG Subscription Agreement promptly following the decision of the chairman of the PSA Management Board to implement the PSA Reserved Capital Increase, and prior to the signing of the Underwriting Agreement.

(a) Parties to the DFG Subscription Agreement

- (i) The Company
- (ii) DMHK
- (iii) PSA

DMHK is a wholly-owned subsidiary of the Company.

(b) Shares to be acquired

Pursuant to the DFG Subscription Agreement, DMHK will:

- (i) subscribe for 69,866,666 new shares of PSA to be issued in connection with the PSA Reserved Capital Increase for a price per new share of 7.5 euros (issuance premium included), representing a total subscription amount, issuance premium included, of 523,999,995 euros; and
- (ii) subscribe for all the new shares of PSA to which it will be entitled to subscribe in the PSA Rights Issue by exercising all the preferential subscription rights allocated to the Company pursuant to the PSA Rights Issue, representing a total subscription amount, issuance premium included, of approximately 276 million euros.

Immediately after completion of the PSA Reserved Capital Increase, the PSA Rights Issue and exercise of the PSA Warrants, DMHK is expected to hold approximately 14% of the enlarged issued share capital of PSA.

(c) Basis of the consideration

The PSA Reserved Capital Increase Subscription Price of 7.5 euros per PSA share represents a discount of approximately 40.8% relative to the closing price of PSA Shares quoted on NYSE-Euronext Paris on 25 March 2014 (being 12.66 euros) and a discount of approximately 42.5% relative to the average of the closing prices of PSA Shares over the five trading days ended 25 March 2014 (being 13.045 euros).

The PSA Rights Issue Subscription Price will be determined by the Joint Global Coordinators after consultation with PSA in accordance with, among other things, market practice for such types of transaction in the light of PSA's trading characteristics and prevailing market conditions at the relevant time.

The total consideration of approximately 800 million euros payable by DMHK under the DFG Subscription Agreement will be fully funded by a loan from a syndicate of banks, which is guaranteed by the Company.

(d) Conditions precedent

DMHK's undertakings under the DFG Subscription Agreement will be subject to the following conditions precedent:

- (i) the clearance of the AMF on the prospectus of the PSA Rights Issue; and
- (ii) the execution by PSA and the Joint Global Coordinators of the

Underwriting Agreement.

(e) Lock-up undertakings of DMHK

DMHK will undertake from the date of the DFG Subscription Agreement and, for a period ending 180 days after the PSA Rights Issue Closing Date, not to take any of the following actions, without the prior written consent of the Joint Global Coordinators, save in case of a merger, spin-off, public offer or similar transactions relating to PSA Shares:

- (i) offer, assign, sell, use as collateral or otherwise transfer (including without limitation in market transactions, private placements to institutional investors or over the counter transactions), directly or indirectly (including through the use of any options or other derivatives), any shares or any other security giving access, by conversion, exchange, repayment, warrants, exercise or in any other manner, with immediate or future effect, to the share capital of PSA provided, however, that sales or transfers of shares or securities to affiliates of the Company shall be permitted, subject to (a) such affiliate(s) agreeing in writing to be bound by this provision and (b) the Company and such affiliate(s) undertake in writing to re-sell or re-transfer such shares or securities to the Company prior to any such affiliate(s) ceasing to be an affiliate of the Company ; or
- (ii) publicly disclose its intention with regard to the actions listed in paragraph (i) above.

Such lock-up undertaking applies to all the shares that DMHK may hold in PSA and to all new shares that DMHK will subscribe in connection with the PSA Rights Issue, the PSA Reserved Capital Increase or otherwise acquired prior to the PSA Rights Issue Closing Date.

(f) Undertaking by the Company

The Company has agreed to (1) own 100% of the issued share capital and the voting rights of DMHK from the date of the DFG Subscription Agreement to the date of settlement and delivery of the PSA Rights Issue; and (2) own more than 50% of the issues share capital and the voting rights of DMHK from the date of settlement and delivery of the PSA Rights Issue to the 181st day following such date.

(g) Long Stop Date

In the event that the conditions precedent of the DFG Subscription Agreement have not been fulfilled by or before 30 June 2014, the DFG Subscription Agreement will automatically terminate.

4. THE SHAREHOLDERS' AGREEMENT

DMHK, SOGEPa and EPF/FFP are expected to be shareholders of PSA upon completion of the PSA Reserved Capital Increase. The Shareholders' Agreement will organise the parties' relationships in PSA in relation in particular to the governance of PSA and their undertakings in respect of dealing in shares and equity securities in PSA. Under the Master Agreement, the Shareholders' Agreement will be signed simultaneously with the Subscription Agreements.

(a) Parties to the Shareholders' Agreement

- (i) The Company
- (ii) DMHK
- (iii) The French Republic
- (iv) SOGEPa
- (v) EPF
- (vi) FFP
- (vii) PSA

(b) Principal terms of the Shareholders' Agreement

- (i) PSA Supervisory Board
 - (1) The parties to the Shareholders' Agreement have agreed that, with effect on the Effective Date, the PSA Supervisory Board

comprises:

(a) two DFG Supervisory Board Members;

(b) two French Republic Supervisory Board Members;

(c) two EPF/FFP Supervisory Board Members;

(d) six Independent Supervisory Board Members; and

(e) two Employee Supervisory Board Members;

(2) DFG Supervisory Board Members:

For such time as the Company (and/or its affiliates) holds at least 7% of the total number of shares of PSA upon completion of the PSA Rights Issue, (i) two of the PSA Supervisory Board Members will be appointed from candidates proposed by the Company and (ii) the Company will be entitled to appoint one observer at the PSA Supervisory Board.

If the number of PSA Shares held by the Company (and/or its affiliates) falls below 7% of the total number of shares of PSA upon completion of the PSA Rights Issue but is equal to or exceeds 3% of the total number of shares of PSA upon completion of the PSA Rights Issue, (i) the number of DFG Supervisory Board Members will be reduced to one and (ii) the Company will not be entitled to appoint any observer at the PSA Supervisory Board.

If the number of PSA Shares held by the Company (and/or its affiliates) falls below 3% of the total number of shares of PSA upon completion of the PSA Rights Issue, the Company will no longer be entitled to designate any PSA Supervisory Board Member or observer at the PSA Supervisory Board.

(ii) Reserved matters for the PSA Supervisory Board

The parties have agreed that under the articles of association of PSA, the following actions by the PSA Management Board require the prior consent of the PSA Supervisory Board by way of a simple majority:

- shareholder-approved share issues (whether paid up in cash or by capitalizing retained earnings) and capital reductions;

- any and all issues of ordinary bonds or convertible bonds;
- the negotiation of any merger agreements or agreements for an *apport partiel d'actif*;
- the execution or termination of any manufacturing or sales agreements representing a future commitment for PSA, with companies whose corporate purpose is similar or related to that of PSA, and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of PSA or the PSA Group;
- the purchase, sale, exchange or transfer of any and all operating real estate and businesses in transactions representing an amount in excess of a threshold to be set by the PSA Supervisory Board;
- the purchase, acquisition or sale of any equity interest in any and all existing or future entities, directly or indirectly, representing an immediate or future investment, expense, debt guarantee or seller's warranty involving an amount in excess of a threshold to be set by the PSA Supervisory Board; and
- the execution of loan agreements, other than for bond issues, for a period or an amount in excess of the thresholds set by the PSA Supervisory Board.

(iii) PSA Supervisory Board committees

- (1) There will be four committees under the PSA Supervisory Board:
- the Financial and Audit Committee;
 - the Nomination, Governance and Compensation Committee;
 - the Strategy Committee; and
 - the Asia Business Development Committee.
- (2) Given the Company's experience and footprint in Asia, PSA has agreed to recommend and use its best efforts so that the Asia Business Development Committee will be chaired by a DFG Supervisory Board Member until the expiration of the Shareholders' Agreement for so long as there is at least one

DFG Supervisory Board Member. The French Republic, SOGEPA and EPF/FFP have agreed to support this recommendation for the same time period, including through their respective PSA Supervisory Board Members.

(iv) Dealings in PSA Shares

(1) No Lock-Up

The PSA Shareholders will not be subject to any lock-up obligations (other than 180 day lock-up period under the Master Agreement).

(2) Standstill obligation

With effect from the Effective Date, each of the PSA Shareholder, DFG and the French Republic undertakes that it will not directly or indirectly, alone or in concert with any Third Party increase its number of shares or equity securities above the number of shares or equity securities which each of DMHK, SOGEPA and EPF/FFP will hold in PSA upon completion of the PSA Rights Issue.

In the event of a subsequent issue of shares or equity securities by PSA following the PSA Rights Issue which includes pre-emptive rights or priority rights, each PSA Shareholder is allowed under the Shareholders' Agreement to subscribe to such subsequent issue within the limits of its irreducible rights. In such a case, the number of PSA Shares subject to the standstill obligation will be adjusted accordingly.

The PSA Shareholders may be released from the standstill obligation with the consent of (i) all the PSA Shareholders holding at such time at least 5% of the PSA Shares and (ii) PSA, pursuant to a decision of the PSA Supervisory Board.

(3) Transfers

Each of the PSA Shareholders shall be entitled to transfer the shares it held in PSA without any restrictions; provided, however, that the party transferring the PSA Shares is required, to the extent that is reasonably practicable and subject to compliance with legal requirements, to provide to the other parties notice of such transfer at least four Business Days prior to the transfer, such notice to identify (i) the type of transfer, and

(ii) the transferee of such shares (to the extent known).

In the event that any party to the Shareholders' Agreement envisages to transfer PSA Shares on the market, such party is required to inform and discuss with the PSA's management such transfer prior to completion with a view to minimizing the impact of such transfer on the share price.

(v) No action in concert

Each of the PSA Shareholders agrees that it will not act in concert (which has the meaning set forth under Article L. 233-10 of the French commercial code) with any of the other PSA Shareholders or any affiliate of any other PSA Shareholder *vis-à-vis* PSA.

(vi) Effective date and termination

The Shareholders' Agreement becomes effective on the Effective Date.

The Shareholders' Agreement terminates without notice on the tenth anniversary of the Effective Date.

The Shareholders' Agreement may be terminated by the written agreement of all the PSA Shareholders, except for any termination of any clauses in relation to the rights and obligations of PSA which requires the written agreement of PSA.

(vii) Joint liability

The Company and DMHK have agreed that they are jointly and severally liable for all the obligations and undertakings of DMHK under the Shareholders' Agreement.

C. THE FRAMEWORK AGREEMENT

On 26 March 2014(French time), the Company and PSA entered into the Framework Agreement, which involves, among other things:

(1) expanding and deepening their current cooperation in DPCA, enhancing the research and development capabilities of the entire value chain, strengthening cooperation in overseas market, optimising the operation cost of DPCA, overall enhancing the competitive ability of DPCA, making effort to achieve the objective of selling 1.5 million vehicles comprising 500,000 vehicles under each of the Dongfeng, Peugeot SA and Citroën brands per year starting from 2020;

(2) enhancing strategic collaboration in research and development of both parties, including joint establishment of a research and development centre in the PRC, whose business is expected to include but not limited to the preliminary study of products, modeling, platform technology, complete vehicle development, powertrain, electronic products and modularization, as well as industrial design, project management, quality and other development business of the whole value chain. The parties are expected to maximise synergies in the areas of product technology and model platform; and

(3) strengthening their cooperation in overseas markets, in particular in the Asia-Pacific region and emerging markets, establishing a new sales company (export company) which is held equally by the Company and PSA (or wholly owned by DPCA) and is responsible for the sales of products of DPCA and PSA and service provision in the Asia-Pacific region (excluding the PRC), in particular the ASEAN region.

The Framework Agreement provides a basis on which the Company and PSA will continue discussions on their strategic partnership in order to finalise the terms and conditions thereof. Accordingly, if the initiatives contemplated under the Framework Agreement proceed, the Dongfeng Motor Group (including the Company and/or DPCA and/or subsidiaries authorized by the Company) and the PSA Group (including PSA and/or subsidiaries authorized by PSA) will enter into further agreements to set out the terms and conditions under which such initiatives will be implemented. In such cases, the Company will comply with any applicable requirements under the Listing Rules, including any applicable disclosure requirement and shareholders' approval requirement, in relation to such agreements to be entered into.

D. REASONS FOR THE INVESTMENT TRANSACTION AND THE PROPOSED TRANSACTIONS CONTEMPLATED UNDER THE FRAMEWORK AGREEMENT

The Investment Transaction and the proposed transactions contemplated under the Framework Agreement are in line with the internationalization and outward-looking strategy of the Company and strengthen strategic collaboration with PSA. The Investment Transaction and the proposed transactions contemplated under the Framework Agreement help to procure the improvement of the existing cooperation mechanism and structure between the two parties. They help to enhance the capability of the Company in the areas of research and development and manufacturing in relation to passenger vehicles as well as realize the synergy between the businesses of the Company and DPCA in relation to self-owned brands of passenger vehicles. They also help to realize the cooperation between the Company and PSA in the international market in which both have common interests. They also allow the Company to recruit talents with transnational operation and management capabilities.

The Board (other than the independent non-executive Directors) considers that the terms of the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Investment Transaction are fair and reasonable and that the Company's entry into the Master Agreement, the DFG Subscription Agreement, the

Shareholders' Agreement and the Investment Transaction is in the interest of the Company and the Shareholders as a whole.

The opinions of the independent non-executive Directors and advice of the Independent Financial Adviser will be set out in the circular to be issued by the Company.

E. INFORMATION ABOUT THE COMPANY AND DMHK

The Dongfeng Motor 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 Dongfeng Motor 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, auto finance businesses, insurance agency businesses and used car businesses.

DMHK is a wholly-owned subsidiary of the Company. DMHK is a special purpose entity established by the Company for the purpose of the Investment Transaction.

F. INFORMATION ABOUT PSA, THE FRENCH REPUBLIC, SOGEP, EPF AND FFP

PSA is a company manufacturing automobiles and light commercial vehicles, and is listed on NYSE-Euronext Paris. Its automotive segment engages in the designing, manufacturing and selling of cars and light commercial vehicles under the Peugeot and Citroën brands. Other business segments comprise Automotive Equipment, Transportation & Logistics, and Finance, which provides retail and wholesale financing to Peugeot and Citroën customers and dealers. The company was founded in 1896 and is headquartered in Paris, France.

The audited net asset value of PSA as at 31 December 2013 was approximately EUR 7,791 million. The audited consolidated net profit / (loss) (before and after taxation) of PSA for the two years ended 31 December 2013 and 31 December 2012 are as follows:

	For the year ended 31 December 2013 in million euros (audited)	For the year ended 31 December 2012 in million euros (audited)
Net profit / (loss) before tax	(1,831)	(4,149)
Net profit / (loss) after tax	(2,218)	(4,923)

The French Republic carries out the transactions under contemplation to which it is a party through SOGEP. SOGEP, a wholly-owned affiliate of the French Republic, is a holding company whose main asset is a 11% stake in Airbus Group.

EPF is a Peugeot Family holding company, which owns 79.2% of FFP's share capital and 6.3% of Peugeot SA share capital.

FFP is a Peugeot Family-related investment company listed on NYSE-Euronext Paris, majority-owned by Etablissements Peugeot Frères. FFP is the leading shareholder of Peugeot SA and pursues a minority shareholdings and long term investment policy. FFP holds participations in listed companies (Zodiac Aerospace, SEB, DKSH or ORPEA), non listed companies (Sanef or Onet), and private equity funds.

G. IMPLICATIONS OF THE INVESTMENT TRANSACTION UNDER THE LISTING RULES

1. Discloseable and connected transaction

Each of the Company and PSA (through its subsidiaries) holds a 50% equity interest in DPCA. For the sole purpose of listing and applying the Listing Rules, the Stock Exchange has required, as one of the conditions to the listing of the Company, that DPCA, being a Jointly-controlled Entity of the Company, should in general be regulated in a manner consistent with the regulation of subsidiaries of the Company for the purpose of applying the Listing Rules. Accordingly, PSA, being an associate of a substantial shareholder of DPCA, is a connected person of the Company. The Investment Transaction would therefore constitute a connected transaction of the Company under the Listing Rules.

Application has been made to, and approval has been obtained from, the Stock Exchange for the adoption of alternative tests (the “**Alternative Tests**”) for the purpose of classifying the Investment Transaction under Chapters 14 and 14A of the Listing Rules, pursuant to Rule 14.20 of the Listing Rules. Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules after adopting the Alternative Tests in respect of the Investment Transaction exceeds 5% but is below 25%, the Investment Transaction constitutes a discloseable transaction, as well as a connected transaction of the Company, the Investment Transaction is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

2. Shareholders' meeting waiver

As a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules, the Investment Transaction is subject to approval by its Independent Shareholders at a general meeting. To the best knowledge of the Company, as at the date of this announcement, no Shareholder of the Company has a material interest in the Investment Transaction which would require such Shareholder to abstain from voting at the general meeting to be convened to, among other things, consider and approve the Investment Transaction.

The Company has obtained a written shareholder's approval in accordance with Rule 14A.43 of the Listing Rules from Dongfeng Motor Corporation, which currently holds 5,760,388,000 domestic shares in the Company representing approximately 66.86% equity interest in the Company's registered share capital and is independent of PSA, approving the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Investment Transaction contemplated thereunder. Accordingly, the Company has applied for a waiver from the Stock Exchange to accept the written shareholder's approval from Dongfeng Motor Corporation in lieu of holding a physical shareholders' meeting for the approval of the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Investment Transaction.

3. Independent Board Committee

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ma Zhigeng, Mr. Zhang Xiaotie, Mr. Cao Xinghe and Mr. Chen Yunfei, has been established to advise the Independent Shareholders as to whether the terms of the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Investment Transaction are fair and reasonable so far as the Independent Shareholders are concerned and whether the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Investment Transaction are in the interests of the Company and the Shareholders as a whole. None of the members of the Independent Board Committee has a material interest in the Investment Transaction.

4. Independent Financial Adviser

The Company has appointed Halcyon Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Investment Transaction.

5. Circular

The Company expects to dispatch a circular to the Shareholders containing (i) information of the Master Agreement, the DFG Subscription Agreement, the Shareholders' Agreement and the Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on or around 17 April 2014.

H. DEFINITIONS

“affiliate” means, in relation to an entity, any entity 50% of the share capital and voting rights of which is directly or

	indirectly, through one or more intermediaries, held by that that entity;
“AMF”	means the French Autorité des Marchés Financiers or any successor;
“associates”	has the meaning given in the Listing Rules;
“Board”	means the board of Directors of the Company;
“Business Day”	means any day (other than a Saturday or Sunday) when banks in France and in the PRC are open for the transaction of normal business;
“Commitment Letter”	means the commitment letter signed on 18 February 2014 by Banco Santander, S.A., BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, HSBC Bank plc, Morgan Stanley & Co. International plc, Natixis and Société Générale;
“Company”	means 東風汽車集團股份有限公司 (Dongfeng Motor Group Company Limited), a joint stock limited company duly incorporated in the PRC with limited liability and the H Shares of which are listed on the Stock Exchange;
“Conditions Precedent”	means the conditions precedent to the signing of the Subscription Agreements as specified in the Master Agreement;
“connected person(s)”	has the meaning given in the Listing Rules;
“DFG Supervisory Board Member”	means any PSA Supervisory Board Members appointed from candidates proposed by the Company;
“DFG Reserved Capital Increase Shares”	means the 69,866,666 PSA Shares to be issued pursuant to the PSA Reserved Capital Increase and subscribed by the Company under the DFG Subscription Agreement;
“DFG Rights Issue Shares”	means the PSA Shares to be issued pursuant to the PSA Rights Issue and subscribed by the Company

pursuant to the DFG Subscription Agreement;

“DFG Subscription Agreement”	means the subscription agreement to be entered into between the Company, DMHK and PSA under which DMHK will agree to subscribe for PSA Shares to be issued pursuant to the PSA Reserved Capital Increase and PSA Rights Issue;
“Director(s)”	means the director(s) of the Company;
“DMHK”	means Dongfeng Motor (Hong Kong) International Co., Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Dongfeng Joint Venture Companies”	means the Jointly-controlled Entities in which the Company, its subsidiaries or Jointly-controlled Entities (including their respective subsidiaries and Jointly-controlled Entities) have equity interests as at the date of this announcement;
“Dongfeng Motor Corporation”	means 東風汽車公司 (Dongfeng Motor Corporation), a state-owned enterprise incorporated under the laws of the PRC which directly holds approximately 66.86% equity interests in the registered capital of the Company;
“Dongfeng Motor Group”	means the Group, the Dongfeng Joint Venture Companies and their respective subsidiaries and associates;
“DPCA”	means Dongfeng Peugeot Citroën Automobile Company Ltd, a Jointly-controlled Entity owned as to 50% by each of the Company and PSA (through its subsidiaries);
“Effective Date”	means the date of the settlement-delivery of the PSA Reserved Capital Increase;
“Employee Supervisory Board Member”	means (i) any employee of PSA or any of its affiliates who is appointed as a PSA Supervisory Board Member in accordance with law and (ii) any PSA Supervisory Board Member appointed as a representative of the employee shareholders in

	accordance with law;
“EPF”	means Etablissements Peugeot Frères, a société anonyme organized and existing under the laws of France;
“EPF/FFP”	means EPF and FFP, collectively;
“EPF/FFP Supervisory Board Member”	means any of the PSA Supervisory Board Members appointed from candidates proposed by EPF/FFP;
“EPF/FFP Subscription Agreement”	means the subscription agreement to be signed by EPF/FFP and PSA under which EPF/FFP will agree to subscribe for PSA Shares to be issued pursuant to the PSA Reserved Capital Increase and PSA Rights Issue;
“FFP”	means FFP, a société anonyme organized and existing under the laws of France;
“Framework Agreement”	means the legally binding framework agreement entered into between the Company and PSA on 26 March 2014, in relation to the industrial cooperation between the Company and PSA;
“French Republic Supervisory Board Member”	means any of the PSA Supervisory Board Members appointed from candidates proposed by the French Republic;
“French Republic Subscription Agreement”	means the subscription agreement to be signed by the French Republic, SOGEPA and PSA under which SOGEPA will agree to subscribe for shares in PSA;
“Group”	means the Company and its subsidiaries;
“H Shares”	means overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Stock Exchange;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means the independent board committee of the Board

comprising all the independent non-executive Directors, namely Mr. Ma Zhigeng, Mr. Zhang Xiaotie, Mr. Cao Xinghe and Mr. Chen Yunfei established to advise the Independent Shareholders in respect of the Investment Transaction;

“Independent Supervisory Board Member”	means any person who meets the criteria for independence set out in the AFEP-MEDEF Governance Code and who is appointed as a PSA Supervisory Board Member;
“Independent Financial Adviser” or “Halcyon Capital”	means Halcyon Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Investment Transaction;
“Independent Shareholders”	means independent Shareholders for the purposes of the Investment Transaction, being all Shareholders;
“Investment Transaction”	means collectively the transactions to which the Company is a party as contemplated under the Master Agreement, the DFG Subscription Agreement and the Shareholders’ Agreement;
“Jointly-controlled Entity” or “JCE”	means a Joint Venture Company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity. A joint venture party’s investments in its Jointly-controlled Entities are stated in the consolidated statement of financial position at the share of net assets under the equity method;
“Joint Global Coordinators”	means Banco Santander, S.A., BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, HSBC Bank plc, Morgan Stanley & Co. International plc, Natixis and Société Générale, and/or any successors or substitutes, or any other bank(s) that may join them, acting as joint global coordinators of the PSA Rights Issue pursuant to the Commitment Letter;

“Joint Venture Company”

means a company set up by contractual agreement, whereby joint venture parties undertake an economic activity. A joint venture company operates as a separate entity in which each party has an interest. The joint venture agreement between the ventures stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realized upon its dissolution. The profits and losses from the joint venture company’s operations and any distributions of surplus assets are shared by the ventures, either in proportion to their respective capital contributions, or in accordance with terms of the joint venture agreement.

A joint venture company is treated by a joint venture party as:

- (a) a subsidiary, if the joint venture party has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the joint venture party does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the joint venture party does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20 per cent. of the joint venture company’s registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) an investment, if the joint venture party holds, directly or indirectly, less than 20 per cent. of the joint venture company’s registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company;

“Listing Rules”

means the Rules Governing the Listing of Securities

	on The Stock Exchange of Hong Kong Limited;
“Macau”	means Macau Special Administrative Region of the People’s Republic of China;
“Master Agreement”	means the master agreement on equity investment entered into between the Company, the French Republic, EPF/FFP and PSA on 26 March 2014(French time) in relation to, among other things, the Investment Transaction;
“Material Adverse Change”	means the occurrence of any event, circumstances or change (or series of similar events, circumstances or changes having their origin in the same factual circumstances) which results in a material adverse impact on the financial position, shareholders’ equity or results of operations of PSA and its subsidiaries (taken as a whole), but excluding any event, circumstance or change occurring as a result of (i) general economic or financial conditions or (ii) events affecting the industry generally or (iii) any matter publicly disclosed or disclosed to the Company and the French Republic prior to the date of the Master Agreement;
“MOU”	means the memorandum of understanding entered into on 18 February 2014 by the Company, the French Republic, EPF/FFP and PSA in relation to, among other things, the proposed investment in PSA by the Company;
“PSA”	means Peugeot SA, a company organized under the laws of France as a société anonyme;
“PSA GM”	means the general meeting of PSA to be held on 25 April 2014;
“PSA Group”	means PSA and its subsidiaries;
“PSA Management Board”	means the management board (<i>directoire</i>) of PSA;
“PSA Reserved Capital Increase”	means a share capital increase of PSA in an aggregate amount of approximately 1,048 million euros (issuance premium included) reserved equally to the benefit of the Company and the French

Republic;

“PSA Reserved Capital Increase Subscription Price”	means 7.5 euros per PSA share, being the price per share at which PSA Shares to be issued under the PSA Reserved Capital Increase will be subscribed;
“PSA Rights Issue”	means a share capital increase of PSA in an amount of 1,952 million euros (issuance premium included) with pre-emptive rights for existing shareholders, a portion of which is to be subscribed by the Company and the French Republic equally pro rata to their shareholding ownership after the PSA Reserved Capital Increase on the one hand, and EPF/FFP, on the other;
“PSA Rights Issue Closing Date”	means the date of settlement and delivery of the PSA Rights Issue;
“PSA Rights Issue Subscription Price”	means the price per share at which PSA Shares issued under the PSA Rights Issue will be subscribed;
“PSA Share”	means a share in the equity capital of PSA;
“PSA Shareholder(s)”	means each of DMHK, SOGEPa and EPF/FFP (which together are deemed a PSA Shareholder);
“PSA Supervisory Board”	means the Supervisory Board (<i>conseil de surveillance</i>) of PSA;
“PSA Supervisory Board Member”	means a member of the PSA Supervisory Board;
“PSA Warrants”	means the share warrants with an exercise price of 7.5 euros per newly issued PSA Shares proposed to be issued by PSA to its shareholders prior to the PSA Reserved Capital Increase;
“PRC”	means the People’s Republic of China, but for the purposes of this document only, excludes Hong Kong, Macau and Taiwan;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Share(s)”	means ordinary share(s) of RMB1.00 each in the share capital of the Company;

“Shareholders”	means shareholders of the Company;
“Shareholders’ Agreement”	means the shareholders’ agreement proposed to be entered into between the Company, DMHK, PSA, the French Republic, SOGEPA and EPF/FFP with respect to the DMHK’s, SOGEPA’s and EPF/FFP’s shareholdings in PSA pursuant to the Master Agreement;
“SOGEPA”	means SOGEPA, a société anonyme established in accordance with the laws of France;
“Subscription Agreements”	means the DFG Subscription Agreement, the French Republic Subscription Agreement and the EPF/FFP Subscription Agreement;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Third Party”	means any person other than a party to the Shareholders’ Agreement or any affiliate of such a party;
“Underwriting Agreement”	means the underwriting agreement relating to the PSA Rights Issue to be signed by the Joint Global Coordinators and PSA immediately following the signature of the Subscription Agreements, whose form has been agreed in the Commitment Letter; and
“%”	means per cent.

By order of the Board of Directors
XU PING
Chairman

Wuhan, the PRC, 27 March 2014

As at the date of this announcement, Mr. Xu Ping, Mr. Zhu Fushou and Mr. Li Shaozhu are the executive directors of the Company, Mr. Tong Dongcheng, Mr. Ouyang Jie, Mr. Liu Weidong and Mr. Zhou Qiang 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*