

**HONG KONG UNDERWRITERS**

*(in alphabetical order)*

**Joint Lead Managers**

China International Capital Corporation (Hong Kong) Limited

Deutsche Bank AG, Hong Kong Branch

Merrill Lynch Far East Limited

**Co-Lead Managers**

Cazenove Asia Limited

DBS Asia Capital Limited

First Shanghai Securities Limited

**Co-Managers**

China Merchants Securities (HK) Co. Limited

CMB International Capital Corporation Limited

Guotai Junan Securities (Hong Kong) Limited

Kingston Securities Limited

Shenyin Wanguo Capital (H.K.) Limited

South China Securities Limited

Tai Fook Securities Company Limited

VC Brokerage Limited

**UNDERWRITING ARRANGEMENTS AND EXPENSES****Hong Kong Public Offering***Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on 23<sup>rd</sup> November, 2005. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering initially 248,326,000 Public Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Purchase Agreement having been signed and becoming unconditional.

### *Grounds for termination*

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination with prior consultation with the Company and by notice in writing from the Joint Global Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) if, at any time prior to 8:00 a.m. on 7<sup>th</sup> December, 2005:

- (1) there comes to the notice of the Joint Global Bookrunners or the Joint Sponsors that any event or series of events, matters or circumstances shall have developed, occurred or happened that concerns or relates to:
  - (i) any change in, or any event or series of events likely to result in any change in, local, national or international financial, political, economic, military, industrial, fiscal, regulatory, currency or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States or a devaluation of the Reminbi against any other currencies) in the PRC, Hong Kong, the United States, Canada, the United Kingdom, Japan, Singapore, France, Germany, Italy, Switzerland or any other member of the European Union or any other jurisdiction considered by the Joint Global Bookrunners or the Joint Sponsors to be relevant; or
  - (ii) any new law or change in existing Laws or any change in the interpretation or application thereof by any court or other competent authority in the PRC, Hong Kong, the United States, Canada, the United Kingdom, Japan, Singapore, France, Germany, Italy, Switzerland or any other member of the European Union or any other jurisdiction considered by the Joint Global Bookrunners or the Joint Sponsors to be relevant; or
  - (iii) any adverse change in the financial markets in the PRC, the United States, Hong Kong or in the international financial markets; or
  - (iv) any event of force majeure affecting Hong Kong, the United States, Canada, the United Kingdom, Japan, the PRC, Singapore, France, Germany, Italy, Switzerland or any other member of the European Union or any other jurisdiction considered by the Joint Global Bookrunners or the Joint Sponsors to be relevant including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance); or
  - (v) the imposition of any suspension or restriction on trading in securities generally on the New York Stock Exchange or the Stock Exchange or any suspension of trading of any of the securities of the Company on any exchange or over-the-counter market or any major disruption of any securities settlement or clearing services or procedures or on commercial banking activities in the United States, Hong Kong, the PRC, European Union, Japan or any other jurisdiction considered by the Joint Global Bookrunners or the Joint Sponsors to be relevant; or

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- (vi) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at Federal or New York State level or otherwise), the PRC, the European Union or Japan; or
- (vii) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the United States, Canada, the United Kingdom, Japan, the PRC, Singapore, France, Germany, Italy, Switzerland or any member of the European Union or any other jurisdiction considered by the Joint Global Bookrunners or the Joint Sponsors to be relevant; or
- (viii) any material litigation or claim being instigated against any member of the Dongfeng Motor Group; or
- (ix) any change or prospective change in the condition, financial or otherwise, in the business affairs, business prospects or trading position of the Company or the Dongfeng Motor Group (taken as a whole)

which, in the sole opinion of the Joint Global Bookrunners (for themselves and on behalf of the Hong Kong Underwriters):

- (a) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Dongfeng Motor Group or to any present or prospective shareholder of the Company in its capacity as such; or
  - (b) has or will have or is likely to have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares or dealings in the Shares in the secondary market; or
  - (c) makes it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering on the terms and in the manner contemplated in the prospectus; or
- (2) there comes to the notice of the Joint Global Bookrunners or the Joint Sponsors any breach by the Company or the Selling Shareholder of any of the provisions of the Hong Kong Underwriting Agreement; or
  - (3) there comes to the notice of the Joint Global Bookrunners or the Joint Sponsors any matter or event showing any of the warranties given by the Company or the Selling Shareholder in the Hong Kong Underwriting Agreement to be untrue or misleading in a material respect; or
  - (4) there comes to the notice of the Joint Global Bookrunners or the Joint Sponsors any matter which would, had it arisen immediately before the Prospectus Date, not having been disclosed in the prospectus, constitute an omission therefrom; or
  - (5) there comes to the notice of the Joint Global Bookrunners or the Joint Sponsors any statement contained in the prospectus that is discovered to be or has become untrue, incorrect or misleading in any respect; or
  - (6) there comes to the notice of the Joint Global Bookrunners or the Joint Sponsors the occurrence of any event, act or omission which gives or is likely to give rise to any

liability of the Company or the Selling Shareholder pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement;

in which case the Joint Global Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) may terminate the Hong Kong Underwriting Agreement with immediate effect.

### *Undertakings*

The Company has undertaken to the Stock Exchange that except pursuant to the Global Offering or the Over-allotment Option, at any time during the period commencing on the Prospectus Date and ending on the date which is six months from the date on which dealings in the H Shares commence on the Stock Exchange (the “First Six-month Period”), it will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any H Shares or other securities of the Company (including warrants or other convertible securities) or grant or agree to grant any options or rights over any H Shares or other securities of the Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any H Shares or offer to or agree to do any of the foregoing or have any intention to do so.

The Company has undertaken to each of the Joint Global Bookrunners, the Hong Kong Underwriters and the Joint Sponsors pursuant to the Hong Kong Underwriting Agreement, and will undertake to each of the Joint Global Bookrunners and the International Purchasers pursuant to the International Purchase Agreement, and the Selling Shareholder has undertaken and will undertake to procure that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) during a period of six months from the date of the Hong Kong Underwriting Agreement and the International Purchase Agreement respectively, the Company will not without the prior written consent of the Joint Global Bookrunners and unless in compliance with the requirements of the Listing Rules offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of its share capital or other securities of the Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital), or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise.

The Selling Shareholder has undertaken to the Stock Exchange that except pursuant to the Global Offering (including pursuant to the Over-allotment Option):

- (i) it will not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, during the First Six-month Period, dispose of any of the Shares in respect of which the Selling Shareholder is shown by this prospectus to be the beneficial owner; and
- (ii) it will not, without the prior written consent of the Stock Exchange, in the six months after the expiry of the First Six-month Period dispose of any of the Shares if, immediately following such disposal, the Selling Shareholder would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

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Further, the Selling Shareholder (i) has undertaken to each of the Company, the Joint Global Bookrunners, the Hong Kong Underwriters and the Joint Sponsors, and (ii) will undertake to each of the Company, the Joint Global Bookrunners and the International Purchasers that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or as disclosed in this prospectus, it will not, without the prior written consent of the Joint Global Bookrunners and unless in compliance with the requirements of the Listing Rules, at any time during a period of six months after the date of the Hong Kong Underwriting Agreement and the International Purchase Agreement respectively, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of the Company or any interest therein held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise. The Selling Shareholder has further undertaken that, in the event of disposal by it of any of the share capital of the Company or any interest therein during the six month period immediately after the expiry of the first six month period commencing on the date of the Hong Kong Underwriting Agreement and the International Purchase Agreement respectively, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares of the Company.

The Selling Shareholder has further undertaken to the Company, the Joint Global Bookrunners, the Joint Sponsors, the Hong Kong Underwriters and the Stock Exchange that it will, at any time within the period commencing on the Prospectus Date and ending on the date which is 12 months after the date on which dealings in the H Shares commence on the Stock Exchange immediately inform the Company, the Joint Global Bookrunners, the Joint Sponsors and the Stock Exchange of:

- (i) any pledge of or charge over any Shares or other share capital of the Company beneficially owned by it and the number of such Shares or other securities so pledged or charged; and
- (ii) any indication received by it, either verbal or written, from any pledgee or chargee of any Shares or other share capital of the Company pledged or charged that such Shares or other share capital of the Company will be disposed of.

The Selling Shareholder has also undertaken to the Company, the Joint Global Bookrunners, the Joint Sponsors and each of the Hong Kong Underwriters, and will undertake to the Company, the Joint Global Bookrunners and each of the International Purchasers, that it will not, and will procure that the Company will not, (save as disclosed in this prospectus) issue or agree to issue any H Shares or other securities of the Company or repurchase any securities of the Company or grant or agree to grant any options, warrants or other rights to subscribe for H Shares or other securities on or before the date falling six months after the date of the Hong Kong Underwriting Agreement and the International Purchase Agreement respectively, without first having obtained the prior written consent of the Joint Global Bookrunners on behalf of the Hong Kong Underwriters or (as the case may be) the International Purchasers.

The Company will also inform the Stock Exchange as soon as it has been informed of the above matters (if any) by the Selling Shareholder and disclose such matters by way of a press notice

which is published in the newspapers as soon as practicable after being so informed by the Selling Shareholder.

### **The International Offering**

In connection with the International Offering, it is expected that the Company and the Selling Shareholder, amongst others, will enter into the International Purchase Agreement with the International Purchasers. Under the International Purchase Agreement, the International Purchasers will, subject to certain conditions set out therein, severally agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for such International Offer Shares.

The Company and the Selling Shareholder are expected to grant to the International Purchasers the Over-allotment Option, exercisable by the Joint Global Bookrunners on behalf of the International Purchasers at any time from the day on which dealings in the H Shares commence on the Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require (i) the Company to allot and issue up to an aggregate of 338,620,000 additional H Shares and (ii) the Selling Shareholder to sell up to an aggregate of 33,862,000 additional H Shares, together representing approximately 15% of the initial Offer Shares, at the same price per H Share under the International Offering, to among other things, cover over-allocations (if any) in the International Offering.

Each of the Company and the Selling Shareholder will agree to indemnify the International Purchasers against certain liabilities, including liabilities under the U.S. Securities Act and the U.S. Exchange Act.

### **Total Commission and Expenses**

The Hong Kong Underwriters will receive an underwriting commission of 2.50% on the Offer Price of the Public Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Public Offer Shares reallocated to the International Offering, the Company and the Selling Shareholder will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Global Bookrunners and the relevant International Purchasers (but not the Hong Kong Underwriters).

The aggregate commissions and fees, together with listing fees, SFC transaction levy, investor compensation levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to range from approximately HK\$419 million to approximately HK\$453 million (assuming the Over-allotment Option is not exercised) and are payable by the Company and the Selling Shareholder in proportion to the amount of H Shares sold by the Company and the Selling Shareholder in the Global Offering. In addition, the Company and the Selling Shareholder have agreed to pay, on a pro-rata basis, at the discretion of the Company and the Selling Shareholder, the International Purchasers an additional incentive commission of a certain percentage of the total Offer Price for the H Shares sold in the International Offering to be agreed.

Each of the Company and the Selling Shareholder has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their

performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company or the Selling Shareholder of the Hong Kong Underwriting Agreement.

### **Hong Kong Underwriters' Interests in the Company**

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in the Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.