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五菱汽車集團控股有限公司
WULING MOTORS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) (股份代號 Stock Code : 305)

CONNECTED TRANSACTION
DISPOSAL OF SUBSIDIARIES AND ASSIGNMENT OF SALE LOAN

The Board announces that on 16 May 2012, the Company and DH Holdings entered into the Disposal Agreement pursuant to which the Company has agreed to (i) sell to DH Holdings (and/or its nominees) the DHFS Sale Shares and the Jenpoint Sale Shares and (ii) assign to DH Holdings the Sale Loan for an aggregate consideration of HK\$6,000,000 pursuant to the terms of the Disposal Agreement.

The DHFS Sale Shares represent the entire issued share capital of DHFS, which beneficially owns the entire issued share capital of DH Credit. The Jenpoint Sale Shares represent the entire issued share capital of Jenpoint. Upon Completion, DHFS, DH Credit and Jenpoint will cease to be subsidiaries of the Company.

Given that DH Holdings is a company wholly owned by Mr. Lee, who is also an executive Director, the chief executive officer and a substantial shareholder of the Company, DH Holdings is an associate of Mr. Lee and a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Thus, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE DISPOSAL AGREEMENT

Date: 16 May 2012

Parties to the Disposal Agreement:

- (1) the Company as the vendor; and
- (2) DH Holdings as the purchaser, which is an investment holding company and is wholly owned by Mr. Lee, who is an executive Director, the chief executive officer and a substantial shareholder of the Company, DH Holdings is therefore an associate of Mr. Lee and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Disposal

Pursuant to the Disposal Agreement, the Company has agreed to (i) sell to DH Holdings (and/or its nominees) the DHFS Sale Shares and the Jenpoint Sale Shares and (ii) assign to DH Holdings the Sale Loan. Upon Completion, DHFS, DH Credit and Jenpoint will cease to be subsidiaries of the Company.

As at the date of the Disposal Agreement, the DHFS Loan owed by DHFS to the Company amounted to HK\$67,257,493, and the Jenpoint Receivables owed by the Company to Jenpoint amounted to HK\$11,576,373. Upon Completion, the Jenpoint Receivables will be set off against the DHFS Loan on a dollar to dollar basis and the net amount of HK\$55,681,120 due by DHFS to the Company (i.e. the Sale Loan) will then be assigned by the Company to DH Holdings.

Consideration

The aggregate consideration for the Disposal is HK\$6,000,000, comprising HK\$2,999,900 for the DHFS Sale Shares, HK\$3,000,000 for the Jenpoint Sale Shares and HK\$100 for the Sale Loan, which shall be satisfied in cash payable to the Company upon Completion. The consideration was determined after arm's length negotiations between the parties based on the unaudited net asset or liability attributable to the Group by the Disposed Subsidiaries as at 30 April 2012 and after taking into consideration: (a) the market values of the First Property of HK\$17,400,000, the Second Property of HK\$14,700,000 and the Third Property of HK\$3,530,000, as at 30 April 2012, based on a property valuation report on the First Property, the Second Property and the Third Property dated 10 May 2012, issued by an independent property valuer; and (b) the Sale Loan.

Based on the consideration of HK\$6,000,000 for the Disposal and the aggregate values of: (i) the unaudited consolidated net liability of DHFS of approximately HK\$52,846,000 as at 30 April 2012; (ii) the unaudited net asset of Jenpoint of approximately HK\$1,180,000 as at 30 April 2012; and (iii) the Sale Loan, it is expected that the Group will realize a gain on the Disposal of approximately HK\$2,000,000. Net proceeds from the Disposal will be used as the general working capital of the Group.

Conditions

Completion of the Disposal Agreement is conditional upon:

- (a) if applicable, all consents, approvals and authorizations in relation to the transactions contemplated under the Disposal Agreement; and
- (b) the representations and warranties given by the parties to the Disposal Agreement remaining true and accurate in all respects.

The parties to the Disposal Agreement may waive (in whole or in part) condition (b) above. If the conditions above shall not be fulfilled (or, in respect of condition (b) only, waived) on or before 31 July 2012 or such other date as the parties to the Disposal Agreement may agree, the Company or DH Holdings shall be entitled to rescind the Disposal Agreement and no party to the Disposal Agreement shall have any liability save for any antecedent breach.

Neither the Company nor DH Holdings shall be obliged to complete the sale and purchase of the DHFS Sale Shares, the Jenpoint Sale Shares and the assignment of the Sale Loan unless the same are completed simultaneously.

REASONS FOR THE TRANSACTIONS

The Group is principally engaged in manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles and the trading and supply services of raw materials, water and power in the PRC.

The Group, through DH Credit and Jenpoint, holds certain properties in Hong Kong, in which the First Property and the Second Property were acquired in August 2009 with the then existing tenancies for investment purpose, whereas, the Third Property was acquired in December 2006 for own use by the Group, which has no direct relationship to the principal business activities of the Group. All of these properties are currently subject to first mortgage charges created in favour of a financial institution as security for a mortgage loan and an overdraft facility offered to Jenpoint, the total outstanding amount of which is HK\$29,695,231 in aggregate as at 30 April 2012. The Company considers the Disposal will provide the Group with an opportunity to dispose of its non-core business related assets as well as to reduce its debt positions and generate working capital to the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON DHFS AND DH CREDIT

DHFS is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, DHFS is a wholly owned subsidiary of the Company. DHFS is the beneficial owner of the entire issued share capital of DH Credit. DH Credit is a company incorporated in Hong Kong with limited liability, principally engaged in property investment and whose only asset of significance is its interest in the First Property.

The First Property comprises a retail shop on the ground floor with a saleable area of approximately 162.86 square metres plus a yard of approximately 17.19 square metres in the property known as "Park Avenue Tower (百富中心)" located at No. 5 Moreton Terrace, Hong Kong. The First Property was acquired by DH Credit in August 2009 under the then existing tenancy at a consideration of HK\$12,000,000, which was occupied by the tenant as a bar and private club. The First Property has been vacant since the tenant moved out of the First Property in March 2010.

Based on the unaudited consolidated accounts of DHFS as at 30 April 2012, the unaudited consolidated net liability of DHFS was approximately HK\$52,846,000, which comprises primarily: (i) the book value of the First Property of HK\$17,400,000; (ii) the DHFS Loan; and (iii) an amount due to Jenpoint of HK\$3,000,000. The unaudited consolidated net profits/(losses) before and after taxation and extraordinary items of DHFS for the two years ended 31 December 2010 and 2011 were as follows:

	Year ended 31 December 2010	Year ended 31 December 2011
Unaudited consolidated net profits (losses) before taxation and extraordinary items	HK\$(2,666,146)	HK\$260,137
Unaudited consolidated net profits (losses) after taxation and extraordinary items	HK\$(2,626,546)	HK\$(26,055,773)

INFORMATION ON JENPOINT

Jenpoint is a company incorporated in Hong Kong with limited liability whose entire issued share capital, as at the date of this announcement, is beneficially owned by the Company. Jenpoint is principally engaged in property investment and its only assets of significance are its interest in the Second Property and the Third Property.

The Second Property comprises a retail shop on the first floor with a saleable area of approximately 234.77 square metres in the property known as “Park Avenue Tower (百富中心)” located at No. 5 Moreton Terrace, Hong Kong. The Second Property was acquired by Jenpoint in August 2009 under the then existing tenancy at a consideration of HK\$13,600,000, which was occupied by the tenant as a bar and private club. The said tenancy was subsequently renewed in January 2011. However, since July 2011, Jenpoint had experienced difficulties in collecting the rental income from the tenant. As such, a legal action was taken by Jenpoint against the tenant in August 2011. The Second Property has been vacant since the tenant moved out of the Second Property in March 2012 on conclusion of the aforesaid legal action.

The Third Property comprises a domestic unit situated at Flat H on the 13th floor with a saleable area of approximately 57.69 square metres (inclusive of balcony of approximately 19.97 square metres) in the property known as “Southern Building” located at Nos. 257–273, King’s Road, North Point, Hong Kong. The Third Property was acquired by Jenpoint in December 2006 at a consideration of HK\$1,660,000 which was vacant at that time and was then redecorated and used by the Group as the staff quarters.

Based on the unaudited accounts of Jenpoint as at 30 April 2012, the unaudited net asset of Jenpoint was approximately HK\$1,180,000, which comprises primarily: (i) book values of the Second Property and the Third Property which were approximately HK\$14,700,000 and approximately HK\$1,510,000, respectively; (ii) the Jenpoint Receivables; (iii) an amount due from DHFS of HK\$3,000,000; and (iv) the total outstanding amounts of a mortgage loan and a bank overdraft advanced by a financial institution to Jenpoint of HK\$29,695,231. The audited net profits (losses) before and after taxation and extraordinary items of Jenpoint for

the two years ended 31 December 2010 and 2011 were as follows:

	Year ended 31 December 2010	Year ended 31 December 2011
Audited net profits (losses) before taxation and extraordinary items	HK\$1,121,700	HK\$(1,924,889)
Audited net profits (losses) after taxation and extraordinary items	HK\$1,121,700	HK\$(1,924,889)

INFORMATION ON DH HOLDINGS

DH Holdings is an investment holding company incorporated in the Republic of Seychelles with limited liability company and is wholly owned by Mr. Lee.

IMPLICATIONS UNDER THE LISTING RULES

Given that DH Holdings is a company wholly owned by Mr. Lee, who is also an executive Director, the chief executive officer and a substantial shareholder of the Company, DH Holdings is an associate of Mr. Lee and a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Thus, the Disposal constitutes a connected transaction for the Company. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Lee is considered to be interested in the Disposal and he has abstained from voting on the Board resolution proposed to approve the Disposal.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Wuling Motors Holdings Limited (五菱汽車集團控股有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal pursuant to the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“DH Credit”	Dragon Hill Credit Limited (俊山財務有限公司), a company incorporated in Hong Kong with limited liability, whose entire issued share capital is beneficially owned by DHFS
“DH Holdings”	Dragon Hill Holdings Limited (俊山控股有限公司), a company incorporated in the Republic of Seychelles with limited liability and is wholly owned by Mr. Lee
“DHFS”	Dragon Hill Financial Services Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“DHFS Loan”	the non-interest bearing and unsecured debt in the amount of HK\$67,257,493 owed by DHFS to the Company as at the date of the Disposal Agreement
“DHFS Sale Shares”	the 2,500,000 shares of par value of US\$1.00 each in the issued share capital of DHFS, representing the entire issued share capital of DHFS
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the DHFS Sale Shares, Jenpoint Sale Shares and the Sale Loan by the Company to DH Holdings (and/or its nominees) pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 16 May 2012 entered into between the Company and DH Holdings in relation to the Disposal
“Disposed Subsidiaries”	DH Credit, DHFS and Jenpoint collectively
“First Property”	the property located on the ground floor of “Park Avenue Tower (百富中心)”, No. 5 Moreton Terrace, Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholder”	has the meaning ascribed to it under the Listing Rules
“Jenpoint”	Jenpoint Limited (聚剛有限公司), a company incorporated in Hong Kong with limited liability, whose entire issued share capital is beneficially owned by the Company
“Jenpoint Receivables”	the account receivables in the amount of HK\$11,576,373 owed by the Company to Jenpoint as at the date of the Disposal Agreement

“Jenpoint Sale Shares”	the 2 shares of par value of HK\$1.00 each in the issued share capital of Jenpoint, representing the entire issued share capital of Jenpoint
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Shing, a substantial shareholder of the Company, and also an executive Director, a vice-chairman and the chief executive officer of the Company
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Taiwan and the Macau
“Sale Loan”	the amount of HK\$55,681,120 owed by DHFS to the Company as at the date of the Disposal Agreement, which is the net balance of the DHFS Loan after setting off against the Jenpoint Receivables upon Completion
“Second Property”	the property located on the first floor of “Park Avenue Tower (百富中心)”, No. 5 Moreton Terrace, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.004 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Third Property”	the property located at Flat H on 13th Floor, Southern Building, Nos. 257–273 King’s Road, North Point, Hong Kong
“US\$”	the United States dollar, the lawful currency of the United States of America

By Order of the Board
Wuling Motors Holdings Limited
Sun Shaoli
Chairman

Hong Kong, 16 May 2012

As at the date of this announcement, the Board comprises Mr. Sun Shaoli (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Wei Hongwen, Mr. Zhong Xianhua, Ms. Liu Yaling, and Mr. Zhou Sheji as executive directors and Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang as independent non-executive directors.