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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)*

**RENEWAL OF CONTINUING CONNECTED TRANSACTION**

**CONTINUING CONNECTED TRANSACTION**

References are made to the announcement and the circular of the Company dated 13 November 2009 and 30 November 2009 respectively in relation to the Tenancy Agreement which will be expired on 31 December 2012.

As the transactions contemplated under the Tenancy Agreement are expected to continue after the expiration of the terms thereof, the Group, on 21 December 2012, entered into the Renewed Tenancy Agreement for a term of three years from 1 January 2013 to 31 December 2015 with Liuzhou Wuling.

**LISTING RULES IMPLICATIONS**

As the consideration ratio (as defined in the Listing Rules) for the Renewed Tenancy Agreement is, on an annual basis, more than 5% and the annual consideration is more than HK\$10,000,000, the Renewed Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rule 14A.35 of the Listing Rules.

**GENERAL**

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Renewed Tenancy Agreement and the transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors) and the Independent Shareholders to consider the terms of the Renewed Tenancy Agreement and the transactions contemplated thereunder. The circular containing, inter alia, details of the Renewed Tenancy Agreement, the recommendation of the Independent Board Committee as well as the advice of the Independent Financial Adviser in relation to the Renewed Tenancy Agreement will be dispatched to the Shareholders on or before 16 January 2013.

References are made to the announcement and the circular of the Company dated 13 November 2009 and 30 November 2009 respectively in relation to the Tenancy Agreement which will be expired on 31 December 2012.

As the transactions contemplated under the Tenancy Agreement are expected to continue after the expiration of the terms thereof, the Group, on 21 December 2012, entered into the Renewed Tenancy Agreement for a term of three years from 1 January 2013 to 31 December 2015 with Liuzhou Wuling.

## **THE RENEWED TENANCY AGREEMENT**

- Date : 21 December 2012
- Landlord : Liuzhou Wuling
- Tenant : Wuling Industrial
- Leased Properties : 12 parcels of land and 68 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC. The total floor area of the land and buildings are approximately 731,766.20 square metres and 187,102.82 square metres respectively. The Leased Properties are currently leased by Liuzhou Wuling to Wuling Industrial pursuant to the Tenancy Agreement, which are used as offices and production plants of the Wuling Industrial Group and will continue to be used by the Wuling Industrial Group for such purposes under the Renewed Tenancy Agreement.
- Rental and terms : A total of RMB2,349,832.62 (equivalent to approximately HK\$2,937,000) per month shall be payable in arrears at the end of each month for the period of three years from 1 January 2013 to 31 December 2015 (both dates inclusive) and will be calculated in proportion to the number of days of use of the Leased Properties by the Wuling Industrial Group if the Leased Properties are not used by it for a full month under the Renewed Tenancy Agreement. Accordingly, the total rental payable under the Renewed Tenancy Agreement, on an annual basis for each of the three years ending 31 December 2015, shall be RMB28,197,991.46 (equivalent to approximately HK\$35,247,000). In addition, in case of late payment of any monthly rental by Wuling Industrial, a penalty charge of 0.02% per day will be charged thereon.

The rental payable pursuant to the terms of the Renewed Tenancy Agreement was determined by the parties upon arm's length negotiations based on the current rental payable by Wuling Industrial for the use of the Leased Properties pursuant to the Tenancy Agreement and after making references to (i) the positive economic development of Liuzhou, where the Leased Properties are located, since the execution of the Tenancy Agreement on 13 November 2009; and (ii) the terms of the rental agreements signed by the Wuling Industrial Group with independent third parties in recent years in respect of the lease by the Wuling Industrial Group of land and properties for similar uses. The Directors considered that favorable terms have been granted to the Wuling Industrial Group under the Renewed Tenancy Agreement.

Conditions : The Renewed Tenancy Agreement shall become effective upon (i) the execution thereof; and (ii) approval of the Renewed Tenancy Agreement and the transactions contemplated thereunder by the Independent Shareholders.

The parties to the Renewed Tenancy Agreement agreed that prior to the fulfillment of the above conditions, Wuling Industrial shall continue to occupy the Leased Properties and pay the relevant rental. If Independent Shareholders do not approve the Renewed Tenancy Agreement and transactions contemplated thereunder in the SGM, Wuling Industrial shall return the Leased Properties and pay the relevant rental to Liuzhou Wuling as soon as possible.

### **Historical amounts in respect of the use of the Leased Properties**

During the years ended 31 December 2010 and 2011 and eleven months ended 30 November 2012, the rentals paid by Wuling Industrial pursuant to the Tenancy Agreement were approximately RMB30,204,000, RMB30,204,000 and RMB27,687,000 respectively (equivalent to approximately HK\$37,755,000, HK\$37,755,000 and HK\$34,609,000 respectively) and were within the annual cap of RMB30,205,000 (equivalent to approximately HK\$37,756,000) during the three years ending 31 December 2012 as disclosed in the circular of the Company dated 30 November 2009.

### **Annual cap for the rental payable by Wuling Industrial under the Renewed Tenancy Agreement**

It is proposed that the annual cap for the rental payable by Wuling Industrial pursuant to the Renewed Tenancy Agreement for each of the three years ending 31 December 2015 shall be RMB28,200,000 (equivalent to approximately HK\$35,250,000).

The above annual cap is determined based on the rentals payable under the Renewed Tenancy Agreement which has been determined by the parties after making references to the current rental payable under the Tenancy Agreement, the positive economic development of Liuzhou since the execution of the Tenancy Agreement on 13 November 2009, and the

rental agreements entered into by the Wuling Industrial Group and independent third parties in recent years in respect of the lease by the Wuling Industrial Group of land and properties for similar uses.

## **INFORMATION ON THE GROUP**

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

## **INFORMATION ON LIUZHOU WULING**

Liuzhou Wuling is a wholly stated-owned limited liability company established in the PRC with the State-owned Assets Supervisions and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) being its registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Liuzhou Wuling and its subsidiaries are principally engaged in the businesses of trading, manufacturing and design of various types of machinery, moulds and tools for the production of motor vehicles, engines and other related components, the provision of other related services and properties rental.

Liuzhou Wuling is a Substantial Shareholder of the Company which is beneficially interested in approximately 37.05% of the Company, and therefore is a connected person of the Company.

## **REASONS FOR THE RENEWAL OF TENANCY AGREEMENT**

At present, the Wuling Industrial Group has occupied the Leased Properties pursuant to the Tenancy Agreement for its business and operation. The Leased Properties are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines and parts, automotive components and accessories, specialized vehicles, and other related business. In order to ensure that the business and operation of the Wuling Industrial Group will not be affected, Wuling Industrial and Liuzhou Wuling propose to enter into the Renewed Tenancy Agreement to renew the terms of the Tenancy Agreement, which will be expired on 31 December 2012, for three years from 1 January 2013 to 31 December 2015.

The Directors, other than the independent non-executive Directors who will express their opinion in a separate letter to be included in the circular, consider that execution of the Renewed Tenancy Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole, and the terms of the Renewed Tenancy Agreement (including the annual cap for the transactions contemplated under this agreement) are fair and reasonable.

## **LISTING RULES IMPLICATIONS**

As the consideration ratio (as defined in the Listing Rules) for the Renewed Tenancy Agreement is, on an annual basis, more than 5% and the annual consideration is more than HK\$10,000,000, the Renewed Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rule 14A.35 of the Listing Rules.

In the event that the annual cap applicable to the transactions contemplated under the Renewed Tenancy Agreement as stated above is exceeded or if the Group enters into any new agreement relating to any continuing connected transaction with any connected person in the future, the Company must re-comply with Chapter 14A of the Listing Rules dealing with continuing connected transactions.

## **GENERAL**

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Renewed Tenancy Agreement and the transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors) and the Independent Shareholders to consider the terms of the Renewed Tenancy Agreement and the transactions contemplated thereunder. The circular containing, inter alia, details of the Renewed Tenancy Agreement, the recommendation of the Independent Board Committee as well as the advice of the Independent Financial Adviser in relation to the Renewed Tenancy Agreement will be dispatched to the Shareholders on or before 16 January 2013.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the 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 and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Renewed Tenancy Agreement (together with the transactions contemplated thereunder)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company to be formed to consider the terms of the Renewed Tenancy Agreement (together with the transactions contemplated thereunder)
“Independent Shareholders”	Shareholders other than Liuzhou Wuling and its associates
“Leased Properties”	12 parcels of land and 68 buildings located in Liuzhou, Guangxi, the PRC, which will be leased by Liuzhou Wuling to Wuling Industrial for the occupancy of such parcels of land and buildings by the Wuling Industrial Group pursuant to the Renewed Tenancy Agreement (the same parcels of land and buildings are currently leased by Liuzhou Wuling pursuant to the Tenancy Agreement)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Wuling”	柳州五菱汽車有限責任公司 (Liuzhou Wuling Motors Company Limited*), a wholly state-owned limited enterprise established in the PRC and a Substantial Shareholder of the Company which is beneficially interested in approximately 37.05% of the Company
“PRC”	The People’s Republic of China
“Renewed Tenancy Agreement”	the agreement dated 21 December 2012 entered into between Wuling Industrial and Liuzhou Wuling in connection with the lease by Wuling Industrial from Liuzhou Wuling of the Leased Properties for the occupancy thereof by the Wuling Industrial Group for a period of three years ending 31 December 2015
“RMB”	Renminbi, the lawful currency of the PRC

“SGM”	special general meeting of the Company to be held to approve the Renewed Tenancy Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreement”	the agreement dated 13 November 2009 entered into between Wuling Industrial and Liuzhou Wuling in connection with the lease by Wuling Industrial from Liuzhou Wuling of 12 parcels of land and 69 buildings located in Liuzhou for the occupancy thereof by the Wuling Industrial Group for a period of three years ending 31 December 2012
“Wuling Industrial”	柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*), a company established in the PRC and a subsidiary of the Company
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“%”	per cent

*Translations of RMB into Hong Kong dollars are, based on the exchange rate of HK\$1.25 to RMB1, for information purpose only. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.*

On behalf of the Board  
**Sun Shaoli**  
*Chairman*

Hong Kong, 21 December 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.*

\* For identification purpose only