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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 TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 21 December 2009 in relation to, among others, the Patent Agreement which will be expired on 31 December 2012.

As the transactions contemplated under the Patent Agreement are expected to continue after the expiration of the term thereof, the Group, on 28 December 2012, entered into the Renewed Patent Agreement for a term of three years from 1 January 2013 to 31 December 2015 with Liuzhou Wuling.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios for the Renewed Patent Agreement is, on an annual basis, less than 5%, under Rule 14A.34 of the Listing Rules, the Renewed Patent Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE RENEWED PATENT AGREEMENT

Date : 28 December 2012

Licensor : Liuzhou Wuling

Licensee : Wuling Industrial

Subject of the licence

Pursuant to the Renewed Patent Agreement, Liuzhou Wuling will grant a non-exclusive licence to Wuling Industrial in respect of the use by the Wuling Industrial Group of the Patents for manufacturing of products acknowledged by Liuzhou Wuling (being an aggregate of 219 types of patent rights and know-how of Liuzhou Wuling in relation to the manufacturing of engines, automotive components and specialized vehicles, and other related business).

The term of the licence shall be for a period of three years from 1 January 2013 to 31 December 2015 (both dates inclusive).

Licence fee

A licence fee of RMB1,300,000 per annum shall be payable in arrears at the end of each year during the term of the licence and will be calculated in proportion to the number of days of use of the Patents by the Wuling Industrial Group if the Patents are not used by it for a full year under the Renewed Patent Agreement.

As there is no sufficient comparable transaction(s) available and it is commercially impracticable and inefficient to determine the commercial value of each Patent underlying the Renewed Patent Agreement, in renewing the Patent Agreement, the management of the Company considered that except for the replacement of certain expired items and inclusion of certain additional items, there is no significant change(s) in the application of the Patents in the operation of the Wuling Industrial Group, which are continuously used for the production of the engines, automotive components and specialized vehicles products of the Wuling Industrial Group, the licence fee payable pursuant to the Renewed Patent Agreement were determined by the parties upon arm's length negotiations with reference to the current licence fee payable under the Patent Agreement as shown in the paragraph headed "Historical amounts in respect of the use of the Patents" below and the continuous application of the Patents in the operation of the Wuling Industrial Group as a whole.

The current licence fee of RMB1,300,000 payable under the Patent Agreement was determined in 2007 by the parties upon arm's length negotiations with reference to the audited consolidated net profits of the Wuling Industrial Group for the year ended 31 December 2006 and represented approximately 0.49% of the audited consolidated net profits of the Wuling Industrial Group for the year ended 31 December 2006. For reference, such licence fee of RMB1,300,000 also represented approximately 0.96% of the audited consolidated net profits of the Wuling Industrial Group for the year ended 31 December 2011.

Conditions

The Renewed Patent Agreement should become effective upon (i) the execution of the Renewed Patent Agreement by the parties thereto; and (ii) (if necessary) approval of the Renewed Patent Agreement and the transactions contemplated thereunder by the independent shareholders of the Company. The Renewed Patent Agreement was executed by Liuzhou Wuling and Wuling Industrial on 28 December 2012 and, as discussed in the section headed “Listing Rules Implications” below, it is exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Renewed Patent Agreement has become effective upon its execution on 28 December 2012.

Historical amounts in respect of the use of the Patents

During the years ended 31 December 2010 and 2011 and eleven months ended 30 November 2012, the aggregate amounts of the licence fee paid by Wuling Industrial pursuant to the Patent Agreement were RMB1,300,000, RMB1,300,000 and approximately RMB1,192,000 respectively (equivalent to approximately HK\$1,625,000, HK\$1,625,000 and HK\$1,490,000 respectively) and were within the annual cap of RMB1,300,000 (equivalent to approximately HK\$1,625,000) as disclosed in the announcement of the Company dated 21 December 2009.

Annual cap for the licence fee payable by Wuling Industrial under the Renewed Patent Agreement

It is proposed that the annual cap for the licence fee payable by Wuling Industrial pursuant to the Renewed Patent Agreement for each of the three years ending 31 December 2015 shall be RMB1,300,000 (equivalent to approximately HK\$1,625,000).

The above annual cap is determined based on the annual licence fee payable pursuant to the Renewed Patent Agreement which is determined by making reference to the historical amounts paid under the Patent Agreement.

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 state-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 total issued share capital of the Company, and therefore is a connected person of the Company.

REASONS FOR THE RENEWAL OF THE PATENT AGREEMENT

At present, the Wuling Industrial Group has employed (or is going to employ) the technologies under the Patents for its business and operation. The Patents are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines, automotive components and 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 Lizhou Wuling entered into the Renewed Patent Agreement to renew the term of the Patent Agreement, which will be expired on 31 December 2012, for three years from 1 January 2013 to 31 December 2015.

The Directors, including the independent non-executive Directors, consider that execution of the Renewed Patent Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and the terms of the Renewed Patent Agreement (including the annual cap for the transactions contemplated thereunder) are fair and reasonable.

Messrs. Sun Shaoli, Wei Hongwen and Zhong Xianhua, who are also directors or senior management of Liuzhou Wuling, have abstained from voting at the related Board meeting to approve the Renewed Patent Agreement.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios for the Renewed Patent Agreement is, on an annual basis, less than 5%, under Rule 14A.34 of the Listing Rules, the Renewed Patent Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 liability enterprise established in the PRC and a Substantial Shareholder of the Company which is beneficially interested in approximately 37.05% of the total issued share capital of the Company
“Patents”	a total of 219 types of patent rights and know-how of Liuzhou Wuling in relation to the manufacturing of engines, automotive components and specialized vehicles, and other related business which will be licenced to Wuling Industrial in respect of the use of such patent rights and know-how by the Wuling Industrial Group (majority of such patent rights and know-how are currently licensed to Wuling Industrial pursuant to the Patent Agreement)
“Patent Agreement”	the agreement dated 21 December 2009 entered into between Wuling Industrial and Liuzhou Wuling in relation to the grant of a licence by Liuzhou Wuling to Wuling Industrial to use an aggregate of 167 types of patent rights and know-how in relation to the manufacturing of engines, automotive components and specialized vehicles, and other related business for a period of three years ending 31 December 2012
“PRC”	The People’s Republic of China
“Renewed Patent Agreement”	the agreement dated 28 December 2012 entered into between Wuling Industrial and Liuzhou Wuling in relation to the grant of a licence by Liuzhou Wuling to Wuling Industrial to use the Patents for a period of three years ending 31 December 2015

“RMB”	Renminbi, the lawful currency of the PRC
“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
“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, 28 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*