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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)

**DISCLOSABLE TRANSACTION
ESTABLISHMENT OF JOINT VENTURE**

SUMMARY

The Board is pleased to announce that Wuling Industrial, a non-wholly owned subsidiary of the Company, and Guangxi Liugong will enter into the JV Agreement in relation to the establishment of the JV Company on 28 August 2013. The JV Company shall be owned as to 50% by Wuling Industrial and 50% by Guangxi Liugong. The total registered capital of the JV Company is RMB50,000,000 (equivalent to approximately HK\$63,450,000). Wuling Industrial intends to finance its contribution to the JV Company in the amount of RMB25,000,000 (equivalent to approximately HK\$31,725,000) by internal resources.

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the establishment of the JV Company constitutes a disclosable transaction under Chapter 14 of the Listing Rules.

THE JV AGREEMENT

Date of the JV Agreement

Proposed to be 28 August 2013.

Parties to the JV Agreement

- (i) Wuling Industrial, a non-wholly owned subsidiary of the Company; and
- (ii) Guangxi Liugong, a company incorporated in the PRC and principally engaged in the design, manufacturing and trading of engineering machinery and other construction and industrial vehicles including wheel loaders, bulldozers, backhoes, skid steers, forklifts, graders, excavators, rollers, truck mounted cranes, pavers and cold planners. Its main production bases are located in Liuzhou, Tianjin, Shanghai, Changzhou, Zhenjiang, Jiangyin, Bengbu, etc. Guangxi Liugong is also a publicly listed company, whose shares are listed on the Shenzhen Stock Exchange.

Principal terms of the JV Agreement

Proposed name: To be determined by the JV Parties

Period term: 30 years from the date of issue of business license to the JV Company.

Scope of business: The scope of business of the JV Company, subject to the licenses to be obtained (if necessary), shall include research and design, production, sales and after sales services relating to plate metal sheets and cooling system for engineering machinery and other industrial vehicles such as forklift vehicles, etc, which shall be supplied to Guangxi Liugong and other third parties customers.

Registered capital: The registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$63,450,000), which shall be contributed as to RMB25,000,000 (equivalent to approximately HK\$31,725,000), representing 50% of the registered capital of the JV Company, by each of Wuling Industrial and Guangxi Liugong.

Wuling Industrial and Guangxi Liugong shall pay their respective contribution to the registered capital of the JV Company in cash by one payment within 5 business days upon the JV Company's bank account having been set up for injected capital examination purpose.

The total investment of the JV Company amounts to RMB180,000,000 (equivalent to approximately HK\$228,420,000) pursuant to the JV Agreement. Subject to the future production and development of the JV Company, if Wuling Industrial and Guangxi Liugong both agree, the registered capital of the JV Company may increase to RMB100,000,000 (equivalent to approximately HK\$126,900,000).

Any increase or decrease in the registered capital of the JV Company shall be approved by at least two-third of its directors and by its shareholders. In case of increase in the registered capital, (i) the increased registered capital shall be contributed by the JV Parties on a pro rata basis, and (ii) if a JV Party chooses not to contribute to part or all of its entitlement, the other JV Party shall have the right to contribute to the relevant amount and its equity interest in the JV Company shall increase accordingly.

Transfer of equity interests: Any transfer of the equity interests in the JV Company between the JV Parties shall be conducted based on the valuation of the equity interests assessed by independent valuers.

A JV Party which proposes to sell any of its equity interest in the JV Company to a third party purchaser (including but not limited to the competitors of the JV Company and of the other JV Party) must obtain written consent from the other JV Party. In addition, the other JV Party shall, for a 60-day period and subject to the same terms of sales offered to the third party purchaser, have the priority right to purchase such equity interest in the JV Company proposed to be sold.

Composition of the board of directors and other senior management:

The board of the JV Company shall comprise six directors, majority of which shall be nominated by Wuling Industrial while the other directors shall be nominated by Guangxi Liugong. The chairman and vice chairman of the board of directors shall be nominated by Guangxi Liugong and Wuling Industrial respectively.

The senior management team of the JV Company shall comprise a general manager and two deputy general managers. The general manager shall be nominated by Wuling Industrial, and Wuling Industrial and Guangxi Liugong shall each nominate one deputy general manager.

Undertakings from the JV Parties:

The JV Parties have undertaken the followings:

- (i) all transactions between the JV Parties and the JV Company shall be conducted on a fair basis and in compliance with the applicable rules and regulations;
- (ii) each JV Party, together with the enterprises controlled by it or by its shareholders, shall not establish or invest in other joint ventures in the PRC if such companies shall compete with the JV Company; and
- (iii) each JV Party, together with the enterprises controlled by it or by its shareholders, shall not directly or indirectly engage or be involved in any business which shall compete with the JV Company.

Other transactions to be entered into by the JV Parties and the JV Company:

As set out in the JV Agreement, any assets (including fixed assets and inventories) which are required by the JV Company for its business and operation shall be acquired from the JV Parties if they possess such assets. The fixed assets and the inventories shall be acquired by the JV Company at prices to be determined based on the valuation of the fixed assets assessed by the independent valuers and the net value of the inventories respectively.

In addition, pursuant to the terms of the JV Agreement, the JV Parties and the JV Company shall enter into certain agreements in relation to, among other things, the sales and purchases of goods and provision of services for the purpose of facilitating the business and operation of the JV Company.

If there is any further material development on the establishment of the JV Company, among other things, execution of any agreements and any transactions entered into between Wuling Industrial (or any member of the Group) and the JV Company, timely action will be taken by the Company to comply with the disclosure and approval requirements under the Listing Rules, if appropriate.

THE JV ARTICLES

For the purpose of setting up the JV Company in the PRC and regulating the rights and obligations of the shareholders of the JV Company, the JV Parties will enter into the JV Articles in the capacity of the JV Company's shareholders. The principal terms of the JV Articles are substantially the same as those under the JV Agreement. Should there be any discrepancies between the terms of the JV Agreement and the JV Articles, terms of the JV Agreement shall prevail.

INFORMATION OF GUANGXI LIUGONG

廣西柳工機械股份有限公司 (Guangxi Liugong Machinery Stock Company Limited*), a company incorporated in the PRC, is principally engaged in the design, manufacturing and trading of engineering machinery and other construction and industrial vehicles which include wheel loaders, bulldozers, backhoes, skid steers, forklifts, graders, excavators, rollers, truck mounted cranes, pavers and cold planners. Its main production bases are located in Liuzhou, Tianjin, Shanghai, Changzhou, Zhenjiang, Jiangyin, Bengbu, etc. Guangxi Liugong is also a publicly listed company, whose shares are listed on the Shenzhen Stock Exchange.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Guangxi Liugong and its associates are third parties independent of and not connected with the Company and its subsidiaries and its connected persons (as defined in Chapter 14A of the Listing Rules).

INFORMATION OF THE JV COMPANY

The JV Company, upon establishment, will be owned as to 50% by the Group. The JV Company may be accounted for as a joint venture of the Company or, if the Company's auditors consider that the Group will have control over the JV Company, the Company's subsidiary. Further announcement will be made by the Company with this regard in accordance with the Listing Rules, if necessary.

REASONS FOR THE ESTABLISHMENT OF THE JV COMPANY

Wuling Industrial is a sino-foreign joint venture, which is currently owned as to approximately 50.98% and approximately 49.02% by the Company and Liuzhou Wuling respectively. Accordingly, Wuling Industrial is a non-wholly owned subsidiary of the Company. The Company, through Wuling Industrial and its subsidiaries, is principally engaged in the 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.

Guangxi Liugong is a leading enterprise in the businesses of engineering machinery in the PRC specializing in the design, manufacturing and trading of engineering machinery and other construction and industrial vehicles which include wheel loaders, bulldozers, backhoes, skid steers, forklifts, graders, excavators, rollers, truck mounted cranes, pavers and cold planners. The machinery and other construction and industrial vehicles manufactured by Guangxi Liugong require large volume of plate metal sheets components which will be the main business focus of the JV Company. Guangxi Liugong has also been a customer of Wuling Industrial since 2008 through its supply of certain components to the driver's cabs of Guangxi Liugong's construction vehicles, and Guangxi Liugong has maintained good business relationship with Wuling Industrial. The JV Parties, including Wuling Industrial, consider the existing demands from Guangxi Liugong provide a stable business volume to the JV Company for entering into this business aspect. Moreover, co-operation between Guangxi Liugong and Wuling Industrial, both of which have extensive and long standing business experiences in the industry of engineering machinery and automotive components, will promote synergy to the JV Company in furthering its business potential in this business aspect through supplying to other customers.

The terms of the JV Agreement and the JV Articles, including the JV Parties' contribution to the registered capital of the JV Company, were agreed upon after arm's length negotiations between the JV Parties. The Board considers that the terms of the JV Agreement and the JV Articles are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole.

Wuling Industrial intends to finance its contribution to the JV Company in the amount of RMB25,000,000 (equivalent to approximately HK\$31,725,000) by internal resources.

IMPLICATIONS OF THE LISTING RULES

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the establishment of the JV Company constitutes a disclosable transaction under Chapter 14 of the Listing Rules.

If there is any further material development on the establishment of the JV Company, among other things, execution of any agreements and any transactions entered into between Wuling Industrial (or any member of the Group) and the JV Company, timely action will be taken by the Company to comply with disclosure and approval requirements under the Listing Rules, if appropriate.

DEFINITIONS

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

“Board”	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 and the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guangxi Liugong”	廣西柳工機械股份有限公司 (Guangxi Liugong Machinery Stock Company Limited*), a company incorporated in the PRC and principally engaged in the design, manufacturing and trading of engineering machinery and other construction and industrial vehicles including wheel loaders, bulldozers, backhoes, skid steers, forklifts, graders, excavators, rollers, truck mounted cranes, pavers and cold planners. Its main production bases are located in Liuzhou, Tianjin, Shanghai, Changzhou, Zhenjiang, Jiangyin, Bengbu, etc. Guangxi Liugong is also a publicly listed company, whose shares are listed on the Shenzhen Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Agreement”	the joint venture agreement to be entered into between Guangxi Liugong and Wuling Industrial for the purpose of setting up the JV Company on 28 August 2013
“JV Articles”	an articles of association to be entered into between Wuling Industrial and Guangxi Liugong to regulate their rights and obligations as shareholders of the JV Company
“JV Company”	a company to be established in the PRC which shall be owned as to 50% by Wuling Industrial and 50% by Guznngxi Liugong pursuant to the JV Agreement
“JV Party(ies)”	a party/parties to the JV Agreement, namely Wuling Industrial and/or Guangxi Lingong, as the case maybe
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“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, being the ultimate beneficial controlling shareholder of the Company which is indirectly interested in approximately 37.05% of the total issued share capital of the Company
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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 non-wholly owned subsidiary of the Company

Conversion of RMB into Hong Kong dollars is, based on the exchange rate of RMB1 to HK\$1.269, for information purpose only. Such conversion 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.

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

Hong Kong, 27 August 2013

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 purposes only