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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 RELATING TO  
PROPOSED ISSUE OF CONVERTIBLE NOTES,  
APPLICATION FOR WHITEWASH WAIVER  
AND  
SPECIAL DEAL CONSENT**

**THE SUBSCRIPTION AGREEMENT AND THE CONVERTIBLE NOTES**

On 27 November 2013 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Notes in the aggregate principal amount of HK\$200,000,000. Completion of the Subscription is subject to the Conditions Precedent. Detailed terms of the Convertible Notes are set out in the paragraph headed “Principal terms of the Convertible Notes” in this announcement.

Assuming that the Conversion Rights in relation to the total principal amount of the Convertible Notes of HK\$200,000,000 are exercised in full at the initial Conversion Price of HK\$0.58 per Conversion Share, a total of up to 344,827,586 Conversion Shares will be allotted and issued, representing approximately 29.42% of the issued share capital of the Company as at the date of this announcement and approximately 22.73% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares (assuming that save for the issue of the 344,827,586 Conversion Shares to the Subscriber, there will be no change to the share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from full exercise of the Conversion Rights).

The gross proceeds and net proceeds from the issue of the Convertible Notes will be HK\$200,000,000 and estimated to be approximately HK\$198,000,000 respectively. Pursuant to the terms of the Subscription Agreement, upon completion thereof, the issue price of the Convertible Notes in the total amount of HK\$200,000,000 will be satisfied by setting off against the Company’s obligation to repay the respective principal amounts of the 2009 Convertible Notes and the Shareholder’s Loan.

## **THE WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber holds 433,651,975 Shares, representing approximately 37.0% of the existing issued share capital of the Company. Upon issue of up to 344,827,586 Conversion Shares to the Subscriber resulting from exercise of the Conversion Rights at the initial Conversion Price in full, and assuming that save for the issue of such Conversion Shares, there will be no change to the issued share capital and shareholding structure of the Company from the date of this announcement up to (and including) the date of issue of the Conversion Shares resulting from exercise in full of the Conversion Rights, the shareholding of the Subscriber in the Company will increase from approximately 37.0% (of the existing issued share capital of the Company) to approximately 51.32% (of the issued share capital of the Company as enlarged by the issue of the Conversion Shares). Given that the allotment and issue of the Conversion Shares to the Subscriber will increase its holding of voting rights in the Company by more than 2% from the lowest percentage holding of it in the previous 12 months and thereby exceeding the 2% creeper threshold specified in Rule 26.1(c) of the Takeovers Code, the Subscriber and any parties acting in concert with it will, in the absence of the Whitewash Waiver, be obligated to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by it. The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code on the basis that, among other things, the Whitewash Waiver will be subject to the approval of the Independent Shareholders at the SGM by way of poll. If the Whitewash Waiver is not granted by the Executive, completion of the Subscription Agreement (hence the issue of the Convertible Notes) will not proceed.

## **SPECIAL DEAL**

Subject to completion of the Subscription, (i) the respective outstanding principal amounts of the 2009 Convertible Notes and the Shareholder's Loan, which amount to a total of HK\$200,000,000, will be settled by the Company by way of setting off such amounts against the total issue price of the Convertible Notes of HK\$200,000,000, and (ii) the unpaid and accrued interests of the 2009 Convertible Notes and the Shareholder's Loan of HK\$6,000,000 (as accrued up to the maturity date of the 2009 Convertible Notes) and approximately HK\$1,652,000 (as accrued up to the expected repayment date of the Shareholder's Loan upon completion of the Subscription Agreement (currently expected to take place in January 2014)) respectively will be settled by the Company in cash. The repayment of the principal amounts of the 2009 Convertible Notes and the Shareholder's Loan, together with the interests accrued thereon, by the Company to the Subscriber, who is a controlling Shareholder, also constitutes a special deal for the Company under Note 5 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deal are fair and reasonable and the approval of the Special Deal by the Independent Shareholders by way of poll at the SGM. The Special Deal is therefore also subject to the approval of the Independent Shareholders at the SGM by way of poll.

Application will be made to the Executive for his consent under Note 5 to Rule 25 of the Takeovers Code in relation to the Special Deal.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Subscriber is beneficially interested in approximately 37.0% of the issued share capital of the Company, hence it is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is thereby subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The Company has established the Independent Board Committee comprising all independent non-executive Directors, namely Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang, to advise the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal taking into account the advice of the Independent Financial Adviser.

After obtaining the approval of the Independent Board Committee, the Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal in accordance with the Listing Rules and the Takeovers Code. Further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser is made.

A circular containing, among other things, (i) particulars of the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal, (ii) the relevant recommendations of the Independent Board Committee, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 18 December 2013.

**Shareholders and potential investors should note that completion of the Subscription is subject to the Conditions Precedent and completion thereof may not proceed unless the Independent Shareholders approve the resolutions regarding the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares), the Whitewash Waiver and the Special Deal by way of poll at the SGM, and the Whitewash Waiver as well as the consent to the Special Deal are granted by the Executive. Completion of the Subscription Agreement (hence the issue of the Convertible Notes) will not proceed if any of these approvals are not obtained. Shareholders and potential investors are therefore reminded to exercise caution when dealings in the Shares and any other securities of the Company.**

The Board is pleased to announce that on 27 November 2013 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, details of which are set out below.

## **THE SUBSCRIPTION AGREEMENT**

### **Parties to and date of the Subscription Agreement**

Date: 27 November 2013 (after trading hours).

Parties: The Company (as the issuer); and  
Wuling (Hong Kong) Holdings Limited (as the subscriber).  
The Subscriber is a controlling Shareholder as at the date of this announcement.

### **Issue of the Convertible Notes**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Notes in the aggregate principal amount of HK\$200,000,000, which will be issued on face value.

### **Conditions Precedent**

Completion of the Subscription is conditional upon the fulfillment of the following:

- (a) the Independent Shareholders having passed an ordinary resolution at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares, in accordance with the requirements of the Listing Rules;
- (b) the Independent Shareholders having passed ordinary resolution(s) at the SGM to approve the Whitewash Waiver and (if applicable) the Special Deal in accordance with the requirements of the Takeovers Code;
- (c) the Executive having granted the Whitewash Waiver;
- (d) (if applicable) the Executive having consented to the Special Deal;
- (e) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares; and
- (f) all necessary consents and approvals other than the approvals referred to in the above Conditions Precedent (a) to (e) having been obtained by the Subscriber or the Company in relation to the transactions contemplated under the Subscription Agreement.

None of the Conditions Precedent may be waived. If any of the Conditions Precedent has not been fulfilled on or before 30 January 2014 or such other date as may be agreed in writing by the Company and the Subscriber, the Subscription Agreement will lapse and the parties thereto will be released from all obligations thereunder, save for liabilities for any antecedent breaches of the Subscription Agreement.

## **Completion**

Subject to all the Conditions Precedent having been fulfilled, completion of the Subscription will take place on the maturity date of the 2009 Convertible Notes, or such other date as may be agreed by the Company and the Subscriber in writing. Upon completion of the Subscription, the total issue price of the Convertible Notes in the total amount of HK\$200,000,000 will be satisfied (a) as to HK\$100,000,000 by setting off against the Company's obligation to repay the outstanding principal amount of the 2009 Convertible Notes; and (b) as to HK\$100,000,000 by setting off against the Company's obligation to repay the outstanding principal amount of the Shareholder's Loan.

## **PRINCIPAL TERMS OF THE CONVERTIBLE NOTES**

The principal terms of the Convertible Notes are summarised below:

- |   |   |  |
|---|---|--|
| Total issue price and aggregate principal amount upon issue | : | HK\$200,000,000.   |
| Maturity Date   | : | The date falling on the third anniversary of the Issue Date, on which all outstanding principal amount, together with all outstanding accrued interests, of the Convertible Notes will become due and payable by the Company to the Noteholder(s). |
| Redemption price at maturity                                | : | 100% of the outstanding principal amount of the Convertible Notes on the Maturity Date, together with all unpaid and accrued interest due on the outstanding principal amount of the Convertible Notes.  |
| Early redemption  | : | Save for the occurrence of any event of default as set out in the terms and conditions of the Convertible Notes, the Noteholder(s) will not be entitled to demand for early repayment of the Convertible Notes.                                    |

Interest : The Convertible Notes will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 4.25% per annum. Interest will be payable yearly in arrears. In the event that the Company does not pay any sum payable under the Convertible Notes when due, a default interest at the rate of 10% per annum for the relevant default payment period will be payable by the Company.

The interest rate was determined by the parties after arm's length negotiations and with references to: (i) the existing interest rate of the Shareholder's Loan of 4.5%; (ii) the prevailing market conditions; and (iii) the indicative costs of mid-term/long-term debt finance (without any pledges and securities) preliminarily quoted to the Company by its banks upon general enquiries.

Conversion Rights : A Noteholder will have the rights to convert the whole or part of the outstanding principal amount of a Convertible Note (in amount of not less than a whole multiple of HK\$1,000,000 on each conversion, unless the outstanding principal amount of the Convertible Note to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the Conversion Period (as detailed below) at the Conversion Price (subject to adjustments) (as detailed below).

The Company will not be obliged to issue any Conversion Shares if (i) immediately following the conversion, the Company will be unable to meet the prescribed minimum public float requirement under the Listing Rules; or (ii) a mandatory general offer will be required to be made by the Noteholder who exercise the Conversion Rights and the parties acting in concert with it under the Takeovers Code unless a whitewash waiver is obtained.

Conversion Period : The period from the date falling on the Issue Date up to and including the date falling on the fifth Business Day prior to the Maturity Date.

Conversion Price

: The initial Conversion Price is HK\$0.58 per Conversion Share, which will be subject to such usual adjustments as may be made in the event of (i) change in nominal value of the Shares upon, among others, share consolidation, share subdivision and share re-classification; (ii) issue (other than in lieu of a cash dividend) of any Shares credited as fully paid by way of capitalisation of profits or reserves; (iii) capital distribution to the Shareholders or grant to the Shareholders of rights to acquire for cash assets of the Group; (iv) offer, or grant, by the Company to the Shareholders of new Shares, or options or warrants to subscribe for new Shares, by way of rights at a price which is less than 90% of the relevant market price of the Shares; (v) issue of Shares or securities (**the “relevant convertible securities”**) convertible into or exchangeable for or carrying rights of subscription for Shares for cash, or for acquisition of assets by the Group where the total effective price for the relevant Shares issued (for the case of issue of the relevant convertible securities, including consideration receivable by the Company for the relevant convertible securities and any additional minimum consideration to be received by the Company for the Shares which may be issued upon exercise of the conversion rights or exchangeable rights or subscription rights attaching to the relevant convertible securities) is less than 90% of the relevant market price of those Shares. The initial Conversion Price was determined by the parties after arm’s length negotiations and with references to the historical prices during the last twelve months and the prevailing market prices of the Shares. The initial Conversion Price represents:

- (i) a premium of approximately 1.75% over the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on 26 November 2013, being the last trading day before the date of the Subscription Agreement;
- (ii) a premium of approximately 2.47% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 26 November 2013, being approximately HK\$0.566 per Share;
- (iii) a premium of approximately 1.40% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including 26 November 2013, being approximately HK\$0.572 per Share;

- (iv) a premium of approximately 6.16% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including 26 November 2013, being approximately HK\$0.546 per Share;
- (v) a premium of approximately 14.74% over the average of the closing prices of the Shares as quoted on the Stock Exchange for last six months up to and including 26 November 2013, being approximately HK\$0.505 per Share; and
- (vi) a premium of approximately 11.35% over the average of the closing prices of the Shares as quoted on the Stock Exchange for last twelve months up to and including 26 November 2013, being approximately HK\$0.521 per Share.

- Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued upon exercise of the Conversion Rights, shall rank *pari passu* in all respects with all other then issued Shares as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the relevant conversion notice.
- Transferability : No assignment or transfer (whether in whole or in part(s)) of the Convertible Notes may be made unless:
- (a) it is made to (i) the holding company; (ii) the subsidiaries; or (iii) associates of the Noteholder(s); or
  - (b) it is made to other person(s) who is(are) not connected person(s) of the Group.
- Voting : A Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of being a Noteholder.
- Redemption : Save for occurrence of any events of default, the Convertible Notes are not redeemable prior to the Maturity Date and the Company will repay the outstanding principal amount of the Convertible Notes, together with all unpaid interests accrued thereon, on the Maturity Date.



Others : Upon execution of the Subscription Agreement, the Subscriber has undertaken not to exercise the Conversion Rights if it would result in (a) the non-compliance of the prescribed minimum public float requirement under the Listing Rules applicable to the Company; or (b) a mandatory general offer for the Shares being required to be made by the Subscriber and the parties acting in concert with it under the Takeovers Code unless the Whitewash Waiver is obtained.

Assuming that the Conversion Rights in relation to the total principal amount of the Convertible Notes of HK\$200,000,000 are exercised in full at the initial Conversion Price of HK\$0.58 per Conversion Share, a total of up to 344,827,586 Conversion Shares will be allotted and issued, representing approximately 29.42% of the issued share capital of the Company as at the date of this announcement and approximately 22.73% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares (assuming that save for the issue of the 344,827,586 Conversion Shares, there will be no change to the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the Conversion Rights).

The Company will seek a specific mandate from the Independent Shareholders for the allotment and issue of the Conversion Shares at the SGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon exercise of the Conversion Rights. No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.

## **INFORMATION ON THE GROUP**

The Group, including 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.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in Hong Kong with limited liability and is a controlling Shareholder holding 433,651,975 Shares, representing approximately 37.0% of the issued share capital of the Company as at the date of this announcement. It is an indirect wholly-owned subsidiary of Liuzhou Wuling, a wholly state-owned limited enterprise established in the PRC. As at the date of this announcement, the Subscriber is also the holder of the 2009 Convertible Notes.

## SHAREHOLDING STRUCTURE

The following table shows the shareholding structure of the Company as at the date of this announcement and immediately after issue of up to 344,827,586 Conversion Shares upon exercise in full of the Conversion Rights in relation to the aggregate principal amount of the Conversion Notes of HK\$200,000,000 at the initial Conversion Price of HK\$0.58 per Conversion Share (based on the existing shareholding structure of the Company and assuming that save for the issue of the 344,827,586 Conversion Shares to the Subscriber, there will be no change in the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of such Conversion Rights):

	As at the date of this announcement (Note 1)		Immediately after issue of 344,827,586 Conversion Shares to the Subscriber upon exercise in full of the Conversion Rights at the initial Conversion Price (Note 1)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>I. The Subscriber and parties acting in concert with it</b>				
The Subscriber (Notes 2 and 4)	433,651,975	37.00	778,479,561	51.32
Dragon Hill (Notes 3 and 4)	281,622,914	24.02	281,622,914	18.57
Mr. Wei Hongwen (Note 5)	<u>200,000</u>	<u>0.02</u>	<u>200,000</u>	<u>0.01</u>
<b>Sub-total</b>	<u>715,474,889</u>	<u>61.04</u>	<u>1,060,302,475</u>	<u>69.90</u>
<b>II. Other non-public Shareholder</b>				
Mr. Zhou Sheji and associates (Note 6)	44,770,000	3.82	44,770,000	2.95
<b>III. Public Shareholders</b>	<u>411,920,501</u>	<u>35.14</u>	<u>411,920,501</u>	<u>27.15</u>
<b>Total</b>	<u><u>1,172,165,390</u></u>	<u><u>100.00</u></u>	<u><u>1,516,992,976</u></u>	<u><u>100.00</u></u>

### Notes:

- The figures are derived at based on the existing shareholding structure of the Company and the assumption that save for the allotment and issue of up to 344,827,586 Conversion Shares to the Subscriber, there will be no change in the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the Conversion Rights.
- The entire issued share capital of the Subscriber is held by Wuling HK, the entire issued share capital of which is held by Liuzhou Wuling.
- The entire issued share capital of Dragon Hill is beneficially owned by Mr. Lee Shing, an executive Director, the Vice-chairman and the Chief Executive Officer of the Company.

4. The Subscriber and Dragon Hill (together with its sole beneficial owner, Mr. Lee Shing) are presumed to be acting in concert for the purpose of the Takeovers Code.
5. Mr. Wei Hongwen, an executive Director, is a director of, and a party acting in concert with, the Subscriber.
6. Mr. Zhou Sheji, an executive Director, through Gao Bao Development Limited, is beneficially interested in 44,770,000 Shares.

## **REASONS FOR THE ISSUE OF CONVERTIBLE NOTES AND USE OF PROCEEDS**

Pursuant to the subscription agreement entered into by the Company and the Subscriber on 28 November 2008, the Company issued the 2009 Convertible Notes with an aggregate principal amount of HK\$100,000,000 to the Subscriber on 12 January 2009. Up to the date of this announcement, no part of the conversion rights attached to the 2009 Convertible Notes has been exercised by the Subscriber as the holder thereof. In addition, having taken into account the fact that the current conversion price of HK\$0.73 per Share, is higher than the recent prevailing market price per Share (for instance, the closing price per Share as quoted on the Stock Exchange ranged from HK\$0.49 to HK\$0.62 during the period commencing from 2 October 2013 to 26 November 2013, being the last trading day of the Shares before execution of the Subscription Agreement), the Subscriber has advised that it has no intention to exercise any conversion rights attached to the 2009 Convertible Notes before the maturity date thereof on 12 January 2014, in which case the outstanding principal amount of the 2009 Convertible Notes, together with all unpaid and accrued interest thereon, will become due and repayable by the Company on 12 January 2014.

In addition, the Subscriber has granted shareholder's loans to the Group, including the Shareholder's Loan of HK\$100,000,000 which currently bears interest of 4.5% per annum and which will become due on 30 August 2014. The Shareholder's Loan was originally granted by the Subscriber to the Company on 30 August 2010 as a short-term loan of one-year for the purpose of financing the Company's capital injection into Wuling Industrial. Since then, upon the Company's requests, term of the Shareholder's Loan has been extended for another twelve months three times and it will become due for repayment on 30 August 2014.

As at 30 June 2013, the Group's unaudited consolidated total assets amounted to approximately RMB10,513,229,000 (equivalent to approximately HK\$13,453,359,000) (comprising unaudited consolidated non-current assets of approximately RMB1,894,154,000 (equivalent to approximately HK\$2,423,873,000) and unaudited consolidated current assets of approximately RMB8,619,075,000 (equivalent to approximately HK\$11,029,486,000)), whereas its unaudited consolidated total liabilities amounted to approximately RMB9,179,056,000 (equivalent to approximately HK\$11,746,071,000) (comprising unaudited consolidated non-current liabilities of approximately RMB592,266,000 (equivalent to approximately HK\$757,899,000) and unaudited consolidated current liabilities of approximately RMB8,586,790,000 (equivalent to approximately HK\$10,988,172,000)). Hence, the Group's unaudited consolidated net current assets as at 30 June 2013 amounted to approximately RMB32,285,000 (equivalent to approximately HK\$41,314,000), representing a decline as compared to the audited consolidated net current assets of RMB126,859,000 (equivalent to approximately HK\$162,336,000) as at 31 December 2012. The Directors consider that such decline of consolidated net current assets was mainly

attributable to the reclassification of the outstanding amounts of the 2009 Convertible Notes from non-current liabilities as at 31 December 2012 to current liabilities as at 30 June 2013 (which amounted to RMB79,527,000 (equivalent to approximately HK\$101,768,000) as at 30 June 2013) given the 2009 Convertible Notes would become mature in less than twelve months. In view of the unaudited consolidated financial position, in particular, the declining net current assets, of the Group as at 30 June 2013, the Board is of the opinion that it is appropriate for the Group to raise mid-term and/or long-term funds in the near future to finance redemption of the 2009 Convertible Notes in January 2014 and repayment of the Shareholder's Loan which is due on 30 August 2014. In addition, after taking into account (i) the aggregate amount of HK\$210,500,000 which is due for repayment by the Company upon maturity of the 2009 Convertible Notes on 12 January 2014 (the total amount due for repayment relating thereto is HK\$106,000,000, comprising the principal amount of HK\$100,000,000 and the interest of HK\$6,000,000 (as accrued up to the due date of the Shareholder's Loan on 30 August 2014)) and upon the due date of the Shareholder's Loan on 30 August 2014 (the total amount due for repayment relating thereto is HK\$104,500,000, comprising the principal amount of HK\$100,000,000 and the interest of HK\$4,500,000 (as accrued up to the due date of the Shareholder's Loan on 30 August 2014)), (ii) the prevailing market prices and trading volume of the Shares which are not favourable to a fund raising exercise for substantial amount by way of issue of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis where considerable discount to the market prices of the Shares would be required, and (iii) the indicative preference of the banks of the Company to provide the Company with short-term instead of mid-term to long-term loans, as well as the higher indicative costs of mid-term/long-term finance (without any pledges and securities) preliminarily quoted to the Company by banks upon general enquiries (as compared to the 4.25% interest charged for the Convertible Notes), the Directors (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the issue of the Convertible Notes, which will not lead to immediate dilution effect on the Shareholders' shareholding interest in the Company, is an appropriate means of raising substantial amount of mid-term funds to fulfill the Group's repayment obligation under the 2009 Convertible Notes and the Shareholder's Loan. Based on the above, the Directors (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) consider the terms and conditions of the Subscription Agreement as well as the terms of the Convertible Notes are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The gross proceeds and net proceeds from the issue of the Convertible Notes will be HK\$200,000,000 and estimated to be approximately HK\$198,000,000 respectively. Based on the estimated net proceeds from the issue of the Convertible Notes and a total of up to 344,827,586 Conversion Shares to be issued at the initial Conversion Price upon exercise of the Conversion Rights in full, the net issue price per Conversion Shares would be approximately HK\$0.57. Pursuant to the terms of the Subscription Agreement, upon completion thereof, the issue price of the Convertible Notes in the total amount of HK\$200,000,000 will be satisfied by setting off against the Company's obligation to repay the respective principal amounts of the 2009 Convertible Notes and the Shareholder's Loan. In addition, (i) the unpaid and accrued interest on the 2009 Convertible Notes of HK\$6,000,000, (ii) the unpaid and accrued interest on the Shareholder's Loan of approximately HK\$1,652,000 (as accrued up to the expected repayment date of the

Shareholder's Loan upon completion of the Subscription Agreement (currently expected to take place in January 2014)), and (iii) the estimated costs of approximately HK\$2,000,000 relating to the issue of the Convertible Notes will be satisfied by the internal resources of the Group.

## **THE WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber holds 433,651,975 Shares, representing approximately 37.0% of the existing issued share capital of the Company. Upon issue of up to 344,827,586 Conversion Shares resulting from exercise of the Conversion Rights at the initial Conversion Price in full, and assuming that save for the issue of such Conversion Shares to the Subscriber, there will be no change to the issued share capital and shareholding structure of the Company from the date of this announcement up to (and including) the date of issue of the Conversion Shares resulting from exercise in full of the Conversion Rights, the shareholding of the Subscriber in the Company will increase from approximately 37.0% (of the existing issued share capital of the Company) to approximately 51.32% (of the issued share capital of the Company as enlarged by the issue of the Conversion Shares). Given that the allotment and issue of the Conversion Shares to the Subscriber will increase its holding of voting rights in the Company by more than 2% from the lowest percentage holding of it in the previous 12 months and thereby exceeding the 2% creeper threshold specified in Rule 26.1(c) of the Takeovers Code, the Subscriber and any parties acting in concert with it will, in the absence of the Whitewash Waiver, be obligated to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by it. The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code on the basis that, among other things, the Whitewash Waiver shall be subject to the approval of the Independent Shareholders at the SGM by way of poll whereby (a) the Subscriber, its associates, parties acting in concert with it (including but not limited to Dragon Hill and Mr. Wei Hongwen), and (b) any other persons who are interested or involved in the Subscription Agreement, the Whitewash Waiver and the Special Deal or who are prohibited to vote under the Listing Rules and the Takeovers Code will abstain from voting and will not vote at the SGM. If the Whitewash Waiver is not granted by the Executive, completion of the Subscription Agreement (hence the issue of the Convertible Notes) will not proceed.

As at the date of this announcement, save for (i) the 2009 Convertible Notes, which are held by the Subscriber and carry rights to convert the outstanding principal amount of HK\$100,000,000 for subscription of a total of 136,986,300 Shares at the current conversion price of HK\$0.73 per Share, and (ii) the Share Options which carry subscription rights for the holders thereof (including certain parties acting in concert with the Subscriber as detailed in the following paragraph) to subscribe for a total of 133,237,068 new Shares at prices ranging from of HK\$0.49 per Share to HK\$1.062 per Share, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Subscriber has confirmed that save for up to a total of 344,827,586 Conversion Shares which will be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Notes to be issued to the Subscriber upon completion of the Subscription Agreement, neither the Subscriber nor any parties acting in concert with it (including

Dragon Hill and Mr. Wei Hongwen) have acquired voting rights in the Company nor dealt in any securities of the Company and there have been no disqualifying transactions as stipulated under paragraph 3 of Schedule VI to the Takeovers Code, within the six months period prior to the date of this announcement and up to and including the date of this announcement.

The Subscriber has confirmed that as at the date of this announcement, (i) 433,651,975 Shares, representing approximately 37.0% of the existing issued share capital of the Company, are held by the Subscriber; (ii) the 2009 Convertible Notes are held by the Subscriber; (iii) 281,622,914 Shares, representing approximately 24.02% of the existing issued share capital of the Company, are held by Dragon Hill; (iv) 200,000 Shares, representing approximately 0.02% of the existing issued share capital of the Company, are held by Mr. Wei Hongwen (who is a director of the Subscriber and an executive Director); and (v) certain Share Options carrying subscription rights to subscribe for a total of 22,595,074 Shares which are held by Mr. Sun Shaoli (who is a director of the Subscriber as well as an executive Director and the Chairman of the Company), Mr. Wei Hongwen (who is a director of the Subscriber and an executive Director), Mr. Zhong Xianhua (who is a senior management member of the Subscriber and an executive Director), 3 other individuals who hold/held directorships and/or senior management posts in the Subscriber and/or its holding companies (including an ex-director of Liuzhou Wuling), and Mr. Lee Shing (who is (a) an executive Director, the Vice-chairman and the Chief Executive Officer of the Company, and (b) the ultimate beneficial owner of Dragon Hill and a substantial Shareholder)) and his spouse.

The Subscriber has further confirmed that save for (A) the Subscriber's interest in the Subscription Agreement (together with the Convertible Notes to be issued to it upon completion of the Subscription, and the Conversion Shares which may be allotted and issued to it upon exercise of the Conversion Rights attaching to the Convertible Notes), (B) the interests of the Subscriber and the parties acting in concert with it in the Shares, the 2009 Convertible Notes and the Share Options, details of which are set out in the above paragraph, (C) the Whitewash Waiver to be applied by the Subscriber, and (D) the Subscriber's interest in the Special Deal, as at the date of this announcement:

- (i) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber and which might be material to the Subscription, the Whitewash Waiver and/or the Special Deal;
- (ii) there is no agreements or arrangements to which any of the Subscriber or any parties acting in concert with it is a party which relate to the circumstances in which any of them may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription, the Whitewash Waiver and/or the Special Deal;
- (iii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Subscriber or any person acting in concert with it;
- (iv) neither the Subscriber nor any parties acting in concert with it owns, controls or has direction over any voting rights, rights over Shares, convertible securities, warrants or options of the Company;

- (v) neither the Subscriber nor any parties acting in concert with it has received an irrevocable commitment or arrangements to vote in favour of or against the resolutions in respect of the Subscription, the Whitewash Waiver and/or the Special Deal; and
- (vi) there are no relevant securities (as defined Note 4 to Rule 22 in the Takeovers Code) in the Company which the Subscriber or any person acting in concert with it has borrowed or lent.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT**

The Company issued a total number of 1,560,000 new Shares to certain employees of the Group upon exercises of Share Options held by them on 10 January 2013, 21 January 2013, 29 January 2013, 30 January 2013, 7 November 2013 and 8 November 2013 respectively, and raised an aggregate net proceeds of approximately HK\$760,000 for use as working capital by the Company. Save as disclosed in this paragraph, the Company had not conducted any other fund raising activities in the past twelve months immediately before the date of this announcement.

## **THE SPECIAL DEAL**

Subject to completion of the Subscription, (i) the outstanding principal amount of the 2009 Convertible Notes of HK\$100,000,000 and the outstanding principal amount of the Shareholder's Loan of HK\$100,000,000 will be settled by the Company by way of setting off such outstanding principal amounts of the 2009 Convertible Notes and the Shareholder's Loan against the issue price of the Convertible Notes of HK\$200,000,000, and (ii) the unpaid and accrued interests of the 2009 Convertible Notes and the Shareholder's Loan of HK\$6,000,000 (as accrued up to the maturity date of the 2009 Convertible Notes) and approximately HK\$1,652,000 (as accrued up to the expected repayment date of the Shareholder's Loan upon completion of the Subscription Agreement) respectively will be settled by the Company in cash. The repayment of the principal amounts of the 2009 Convertible Notes and the Shareholder's Loan, together with the interests accrued thereon, by the Company to the Subscriber, who is a controlling Shareholder, also constitutes a special deal for the Company under Note 5 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deal are fair and reasonable and the approval of the Special Deal by the Independent Shareholders by way of poll at the SGM. The Special Deal is therefore also subject to the approval of the Independent Shareholders at the SGM by way of poll.

Application will be made to the Executive for his consent under Note 5 to Rule 25 of the Takeovers Code in relation to the Special Deal.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Subscriber is beneficially interested in approximately 37.0% of the issued share capital of the Company, hence it is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is thereby subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## GENERAL

The SGM will be held for the Independent Shareholders to consider and, if thought fit, pass the resolutions to approve the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal by way of poll. The Subscriber, the parties acting in concert with it (including but not limited to Dragon Hill and Mr. Wei Hongwen) and their respective associates, all of which in aggregate hold approximately 61.04% of the issued share capital of the Company as at the date of this announcement, and any persons who are involved or interested in the Subscription, the Whitewash Waiver and the Special Deal or who are prohibited to vote under the Listing Rules and the Takeovers Code will abstain from voting and will not vote at the SGM with respect to the resolutions to approve the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal.

The Company has established the Independent Board Committee comprising all independent non-executive Directors, namely Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang, to advise the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal after taking into account the advice of the Independent Financial Adviser.

After obtaining the approval of the Independent Board Committee, the Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal in accordance with the Listing Rules and the Takeovers Code. Further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser is made.

A circular containing, among other things, (i) particulars of the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal, (ii) the relevant recommendations of the Independent Board Committee, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 18 December 2013.

**Shareholders and potential investors should note that completion of the Subscription is subject to the Conditions Precedent and completion thereof may not proceed unless (a) the Independent Shareholders approve the resolutions regarding the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares), the Whitewash Waiver and the Special Deal by way of poll at the SGM, (b) the Whitewash**



**Waiver is granted by the Executive, and (c) the Executive gives its consent to the Special Deal. Completion of the Subscription (hence the issue of the Convertible Notes) will not proceed if any of these approvals are not obtained. Shareholders and potential investors are therefore reminded to exercise caution when dealings in the Shares and any other securities of the Company.**

## **DEFINITIONS**

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

“2009 Convertible Notes”	the 6% interest bearing convertible notes in an aggregate principal amount of HK\$100,000,00 issued by the Company to the Subscriber on 12 January 2009, which (i) carry rights to convert the outstanding principal amount thereof into new Shares at the conversion price of HK\$0.73 per Share; and (ii) shall become mature on 12 January 2014 (details of the 2009 Convertible Notes were set out in the circular issued by the Company on 16 December 2008)
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than Saturday and a day on which a tropical cyclone warning no. 8 or above is hoisted or a “black rainstorm warning signal” is given in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours
“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 issued Shares of which are listed on the Stock Exchange
“Conditions Precedent”	the conditions precedent for completion of the Subscription Agreement to take place as set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Conversion Period”	the period during which the Noteholder(s) may exercise the Conversion Rights to subscribe for the Conversion Shares at the Conversion Price, details of which are set out in the paragraph headed “Principal terms of the Convertible Notes” in this announcement
“Conversion Price”	the conversion price at which each Conversion Share shall be issued upon a conversion of all or any part of the Conversion Notes, which is initially fixed at HK\$0.58 per Conversion Share and subject to adjustments (if any)
“Conversion Rights”	the rights attaching to the Convertible Notes to convert the whole or part of the outstanding principal amount of the Convertible Notes into Conversion Shares subject to the terms and conditions of the Convertible Notes
“Conversion Share(s)”	new Share(s) to be allotted and issued by the Company upon exercise of the Conversion Rights by a Noteholder
“Convertible Notes”	the convertible notes in an aggregate principal amount of HK\$200,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Directors”	directors of the Company
“Dragon Hill”	Dragon Hill Development Limited, a company incorporated in Samoa with limited liability and a substantial Shareholder beneficially interested in approximately 24.02% of the issued share capital of the Company as at the date of this announcement. It is solely and beneficially owned by Mr. Lee Shing, an executive Director, the Vice-chairman and the Chief Executive Officer of the Company. Dragon Hill is a party acting in concert with the Subscriber
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“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

“Independent Board Committee”	the independent committee of the Board comprising Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang, being all of the independent non-executive Directors, established for the purposes of advising the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal
“Independent Financial Adviser”	the independent financial adviser to be appointed to the Independent Board Committee and the Independent Shareholders relating to the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal
“Independent Shareholders”	Shareholders other than (a) the Subscriber, parties acting in concert with it and their respective associates; and (b) any other persons who are interested or involved in the Subscription Agreement, the Whitewash Waiver and the Special Deal or who are prohibited to vote under the Listing Rules and the Takeovers Code
“Issue Date”	the date of issue of the Convertible Notes, which shall be on the date of completion of the Subscription
“Listing Rules”	the 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, being the ultimate holding company of the Subscriber. Liuzhou Wuling is a party acting in concert with the Subscriber
“Maturity Date”	the maturity date of the Convertible Notes, being the date falling on the third anniversary of the Issue Date
“Noteholder(s)”	the holder(s) of the Convertible Notes
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares under specific mandate), the Whitewash Waiver and the Special Deal
“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholder’s Loan”	the shareholder’s loan in the principal amount of HK\$100,000,000 granted by the Subscriber to the Company which currently bears interest of 4.5% per annum and which shall become due on 30 August 2014
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Share Options”	the outstanding options to subscribe for an aggregate of 133,237,068 new Shares granted by the Company pursuant to the old share option scheme adopted by the Company on 11 June 2002 and terminated on 28 May 2012 or the new share option scheme adopted by the Company on 28 May 2012, amongst which (i) options carrying subscription rights to subscribe for a total of 29,547,068 Shares at subscription price of HK\$1.062 per Share are currently exercisable up to the expiry date on 31 December 2013; and (ii) options carrying subscription rights to subscribe for a total of 103,690,000 Shares at subscription price of HK\$0.49 per Share are currently exercisable up to the expiry date on 30 June 2016
“Special Deal”	repayment of (i) the outstanding principal amounts of the 2009 Convertible Notes and the Shareholder’s Loan (by way of setting off against the Company’s obligation to repay the respective outstanding principal amounts of the 2009 Convertible Notes and the Shareholder’s Loan of HK\$100,000,000 each against the total issue price of the Convertible Notes of HK\$200,000,000 upon completion of the Subscription Agreement), and (ii) the unpaid and accrued interests of the 2009 Convertible Notes and the Shareholder’s Loan of HK\$6,000,000 (as accrued up to the maturity date of the 2009 Convertible Notes) and approximately HK\$1,652,000 (as accrued up to the expected repayment date of the Shareholder’s Loan upon completion of the Subscription Agreement) respectively in cash
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Wuling (Hong Kong) Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder beneficially interested in approximately 37.0% of the issued share capital of the Company as at the date of this announcement and an indirect wholly-owned subsidiary of Liuzhou Wuling
“Subscription”	conditional subscription of the Convertible Notes by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 27 November 2013 entered into between the Company and the Subscriber in relation to the Subscription and issue of the Convertible Notes
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Subscriber and parties acting in concert with it (including but not limited to Dragon Hill and Mr. Wei Hongwen) to make a mandatory general offer for all the securities of the Company other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code which would otherwise arise as a result of the allotment and issue of the Conversion Shares
“Wuling HK”	Wuling Motors (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Liuzhou Wuling
“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 which is owned as to 51% and 49% by the Company and the Liuzhou Wuling respectively
“%”	per cent

By order of the Board  
**Wuling Motors Holdings Limited**  
**Sun Shaoli**  
*Chairman*

Hong Kong, 27 November 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*In case of discrepancy, the English version of this announcement shall prevail over the Chinese version thereof.*

*In this announcement, unless otherwise specified, conversion of RMB into Hong Kong dollars is, based on the exchange rate of RMB1 to HK\$1.27966, 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.*

*Certain English translation of Chinese names or words in this announcement are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

*\* For identification purpose only*