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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)*

**DISCLOSEABLE TRANSACTION**  
**PURCHASE OF EQUIPMENT AND**  
**SET UP OF NEW PRODUCTION LINE**

On 22 January 2014, Wuling Liuji, a non-wholly owned subsidiary of the Company, and the Supplier entered into the Original Purchase Agreement for the procurement of the New Production Line and the Equipment by Wuling Liuji. On 28 February 2014 and 17 March 2014, Wuling Liuji and the Supplier entered into (i) the Supplemental Agreement for the purpose of supplementing the Original Purchase Agreement and cancelling certain types of Equipment contracted to be purchased under the Original Purchase Agreement; and (ii) the Additional Purchase Agreement for the purpose of purchasing additional Equipment for the New Production Line, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Supplier is principally engaged in the business of design, manufacture, installation of electronics and machinery, automation systems as well as their sales services, and (ii) the Supplier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Consideration payable by Wuling Liuji under the Agreements (excluding VAT), amounts to approximately RMB24.83 million (equivalent approximately HK\$31.48 million) in total (being the sum of the First Consideration and the Second Consideration).

As one of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) for the Consideration payable under the Agreements is more than 5% but less than 25%, the execution of the Agreements constituted a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements thereunder.

## **BACKGROUND**

On 22 January 2014, Wuling Liuji, a non-wholly-owned subsidiary of the Company, and the Supplier entered into the Original Purchase Agreement, pursuant to which the Supplier will be responsible for setting up of the New Production Line for Wuling Liuji by supplying the Equipment and providing the relevant services. After execution of the Original Purchase Agreement, as there has been modification to the New Production Line and the types of Equipment required therefor, on 28 February 2014 and 17 March 2014, Wuling Liuji and the Supplier entered into (i) the Supplemental Agreement for the purpose of supplementing the Original Purchase Agreement and cancelling certain types of Equipment contracted to be purchased under the Original Purchase Agreement; and (ii) the Additional Purchase Agreement for the purpose of purchasing additional Equipment for the New Production Line, respectively.

## **ORIGINAL PURCHASE AGREEMENT, THE SUPPLEMENTAL AGREEMENT AND THE ADDITIONAL PURCHASE AGREEMENT**

The principal terms of the Original Purchase Agreement (as supplemented by the Supplemental Agreement) and the Additional Purchase Agreement are summarized as follows:

### **Date**

The Original Purchase Agreement and the Supplemental Agreement were entered into by the parties thereto on 22 January 2014 and 28 February 2014, respectively. The Additional Purchase Agreement were entered into by the parties thereto on 17 March 2014.

### **Parties**

- (1) Wuling Liuji, as the purchaser; and
- (2) Tian Yong Mechatronics (Shanghai) Company Limited\* (天永機械電子(上海)有限公司), as the supplier.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Supplier is principally engaged in the business of design, manufacture, installation of electronics and machinery, automation systems as well as their sales services, and (ii) the Supplier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Subject matter**

Pursuant to the Agreements, the Supplier shall be responsible for the setting up of the New Production Line for Wuling Liuji by supplying the Equipment and providing the relevant services (including the design, assembly, on-site testing and adjustment, examination, technical services and advice, and warranty services during warranty period (i.e. the First 12-month Period and the Subsequent 6-month Period, as defined below)).

Pursuant to the Agreements, all Equipment shall be delivered to the production base of Wuling Liuji by 22 October 2014. The installation, adjustment and testing of all Equipment shall be carried out and completed according to the requirements and standard as agreed under the Original Purchase Agreement.

## CONSIDERATION

The amount payable by Wuling Liuji under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) shall be the First Consideration of approximately RMB20.17 million (equivalent approximately HK\$25.58 million) plus the relevant VAT of approximately RMB3.43 million (equivalent approximately HK\$4.35 million). Out of the total amount payable by Wuling Liuji under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) of approximately RMB23.59 million (equivalent approximately HK\$29.93 million), (i) approximately 10% thereof (amounting to approximately RMB2.4 million (equivalent approximately HK\$3.0 million)) was paid upon signing of the Original Purchase Agreement; (ii) approximately 20% thereof (amount to approximately RMB4.66 million (equivalent approximately HK\$5.91 million)) will be paid upon confirmation of the design of the New Production Line; (iii) 30% thereof will be paid in three installments upon Wuling Liuji's satisfaction of the results of the pre-testing and examination of the New Production Line and Equipment; (iv) 10% thereof will be paid upon fulfillments of the conditions for production trial run for the New Production Line and receipt by Wuling Liuji of the invoices in respect of amount up to 70% of the total amount payable under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) (including the relevant VAT); (v) 20% thereof will be paid by two installments upon Wuling Liuji's satisfaction of the results of the testing and examination of the New Production Line and Equipment; and (vi) the balance of 10% will be retained by Wuling Liuji as guarantee fund for the quality of the New Production Line and Equipment and will be paid by two installments upon expiry of the 12-month period (the "**First 12-month Period**") from Wuling Liuji's satisfaction of the results of the testing and examination of the New Production Line and Equipment, provided that there will be no issues relating to the quality of the New Production Line and Equipment during the First 12-month period.

The amount payable by Wuling Liuji under the Additional Purchase Agreement shall be the Second Consideration of approximately RMB4.66 million (equivalent approximately HK\$5.91 million) plus the relevant VAT of approximately RMB0.79 million (equivalent approximately HK\$1.00 million). Out of the total amount payable by Wuling Liuji under the Additional Purchase Agreement of approximately RMB5.45 million (equivalent approximately HK\$6.91 million), (i) 30% thereof will be paid within 10 working days from the date of the Additional Purchase Agreement; (ii) 30% will be paid upon issue of the report relating to the pre-testing and examination of the Equipment supplied under the Additional Purchase Agreement and the issue of the invoices by the Supplier in respect of amount up to 60% of the total amount payable under the Additional Purchase Agreement (including the relevant VAT); (iii) 30% thereof will be paid within 10 working days upon Wuling Liuji's satisfaction of the results of the testing and examination of the Equipment supplied under the Additional Purchase Agreement and the issue of the invoices by the Supplier in respect of amount for the remaining 40% of the total amount payable under the Additional Purchase Agreement (including the relevant VAT); and (iv) the balance of 10% will be retained by Wuling Liuji as guarantee fund for the quality of the Equipment supplied

under the Additional Purchase Agreement and will be paid within 10 working days upon expiry of the 12-month period from Wuling Liuji's satisfaction of the results of the testing and examination of the Equipment supplied under the Additional Purchase Agreement, provided that there will be no issues relating to the quality of the Equipment during the said 12-month period.

The Consideration payable by Wuling Liuji under the Agreements (excluding VAT), which amounts to approximately RMB24.83 million (equivalent approximately HK\$31.48 million) in total (being the sum of the First Consideration and the Second Consideration), was determined after arm's length negotiations between the parties with reference to the current market price of similar machinery and equipment (together with the related services) available in the market.

In the event that the Supplier fails to deliver the New Production Line or Equipment according to the terms of the Original Purchase Agreement (as supplemented by the Supplemental Agreement) and/or the Additional Purchase Agreement, Wuling Liuji shall be entitled to terminate the relevant agreement(s) pursuant to the terms thereof, in which case the Supplier shall refund the consideration paid by Wuling Liuji under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) and/or the Additional Purchase Agreement (as the case maybe) and pay the relevant penalty in accordance with the terms of the relevant agreement(s).

Pursuant to the terms of the Original Purchase Agreement (as supplemented by the Supplemental Agreement), the Supplier has also guarantee the quality of the Equipment supplied under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) and the New Production Line for another six months (the "**Subsequent 6-month Period**") immediately after the expiry of the First 12-month Period. Wuling Liuji is entitled to request for penalty payment from the Supplier if the Supplier fails to promptly deal with any issues relating to the quality of the Equipment supplied under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) and the New Production Line during the Subsequent 6-month period according to the terms of the Original Purchase Agreement (as supplemented by the Supplemental Agreement).

## **INFORMATION ON THE GROUP**

The Group 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 SUPPLIER**

The Supplier is principally engaged in the business of design, manufacture, installation of electronics and machinery, automation systems as well as their sales services.

## **REASONS FOR ENTERING INTO THE AGREEMENTS**

Wuling Liuji is principally engaged in the manufacturing and trading of engines for automobile manufacturers. At present, Wuling Liuji mainly produces engines with capacity ranging from 0.7 litre to 1.3 litre which are used by its customers for producing automobiles. Having considered the latest product development of Wuling Liuji's major customer being formulated to fulfill market demand in respect of high power automobile, Wuling Liuji determines to set up the New Production Line for the production of engines with a capacity of 1.8 litre in order to cope with the said product development of its major customer. Accordingly, Wuling Liuji entered into the Agreements with the Supplier for the purpose of procuring the New Production Line which is considered by the Board to be necessary for the business development of Wuling Liuji.

Taking into account the above and the fact that the terms of the Agreements (including the Consideration) were determined by Wuling Liuji and the Supplier after arm's length negotiation, the Directors (including the independent non-executive Directors) consider that the terms of the Agreements are fair and reasonable, on normal commercial terms and the execution thereof is in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) for the Consideration payable under the Agreements is more than 5% but less than 25%, the execution of the Agreements constituted a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements thereunder.

## **DEFINITIONS**

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

“Additional Purchase Agreement”	the agreement entered into by Wuling Liuji and the Supplier on 17 March 2014, for procuring certain types of Equipment for the set up of the New Production Line;
“Agreements”	the Original Purchase Agreement (as supplemented by the Supplemental Agreement) and the Additional Purchase Agreement;
“Board”	the board of Directors;
“Company”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	First Consideration and the Second Consideration;
“Director(s)”	the director(s) of the Company;

“Equipment”	the equipment to be purchased under the Original Purchase Agreement (as supplemented by the Supplemental Agreement) or the Additional Purchase Agreement for the set up of the New Production Line;
“First Consideration”	the consideration in the amount of RMB20.17 million (equivalent approximately HK\$25.58 million) (excluding VAT) payable by Wuling Liuji to the Supplier for the set up of the New Production Line and the supply of the relevant Equipment (together with the related services) by the Supplier under the Original Purchase Agreement (as supplemented by the Supplemental Agreement);
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“New Production Line”	a new production line of Wuling Liuji for the production of engines with a capacity of 1.8 litre to be set up by the Supplier pursuant to the Agreements;
“Original Purchase Agreement”	the agreement entered into by Wuling Liuji and the Supplier on 22 January 2014, pursuant to which the Supplier will be responsible for setting up of the New Production Line for Wuling Liuji by supplying the Equipment and providing the relevant services. The Original Purchase Agreement has been supplemented by the Supplemental Agreement entered into by the parties thereto on 28 February 2014;
“PRC”	the People’s Republic of China;
“RMB”	the lawful currency of the PRC;
“Second Consideration”	the consideration in the amount of RMB4.66 million (equivalent approximately HK\$5.91 million) (excluding VAT) payable by Wuling Liuji to the Supplier for the relevant Equipment (together with the related services) by the Supplier under the Additional Purchase Agreement;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplemental Agreement”	the supplemental agreement entered into by Wuling Liuji and the Supplier on 28 February 2014 for the purpose of supplementing the Original Purchase Agreement by cancelling certain types of Equipment contracted to be purchased under the Original Purchase Agreement;
“Supplier”	Tian Yong Mechatronics (Shanghai) Company Limited* (天永機械電子(上海)有限公司), a company incorporated in PRC with limited liability;
“VAT”	value added tax at the rate of 17%;
“Wuling Liuji”	Liuzhou Wuling Liuji Motors Company Limited*, 柳州五菱柳機動力有限公司; and
“%”	per cent.

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

Hong Kong, 17 March 2014

*In this announcement, unless otherwise specified, conversion of RMB into Hong Kong dollars is, based on the exchange rate of RMB1 to HK\$1.268, 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.*

*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