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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)

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 4 December 2014, Wuling Industrial (as tenant) entered into the Tenancy Agreement with Qingdao Wuling (as landlord) in respect of the lease of the Leased Properties for a period commencing from 1 January 2015 and expiring on 31 December 2015.

Liuzhou Wuling, being the controlling Shareholder, is indirectly interested in approximately 51.28% of the total issued share capital of the Company. Qingdao Wuling is an indirect wholly-owned subsidiary of Liuzhou Wuling, and therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the Tenancy Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as set out in the Listing Rules) for the Tenancy Agreement is, on an annual basis, more than 0.1% and less than 5%, the Tenancy Agreement and the transactions contemplated thereunder are subject to the announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 4 December 2014, Wuling Industrial (as tenant) entered into the Tenancy Agreement with Qingdao Wuling (as landlord) in respect of the lease of the Leased Properties for a period commencing from 1 January 2015 and expiring on 31 December 2015.

TENANCY AGREEMENT

Principal terms of the Tenancy Agreement are summarized as follows:

Date : 4 December 2014

Landlord : Qingdao Wuling

Tenant : Wuling Industrial

- Lease term : From 1 January 2015 to 31 December 2015
- Leased Properties : A parcel of land and the buildings constructed thereon, located in south of Songhuajiang Road, west of Jiangshan Road, Huangdao District, Qingdao, the PRC* (青島市黃島區江山路西、松花江路南側). The total site area of the land and the total floor area of the buildings are approximately 48,919.00 square meters and 22,821.91 square meters respectively. The Leased Properties will be used by Wuling Industrial Group as offices and production plants.
- Rental and payment terms : RMB405,923.35 (equivalent to approximately HK\$515,523) per month. The total rental payable under the Tenancy Agreement, on an annual basis, shall be RMB4,871,080.20 (equivalent to approximately HK\$6,186,272).

The rental shall be payable in arrears semi-annually in the following month after the receipt of the relevant invoice by Wuling Industrial.

If the Tenancy Agreement is terminated within its lease term, the rental shall be calculated on a pro-rata basis with reference to the actual number of days for which the Tenancy Agreement is subsisting.

In addition, in case of late payment of any rental by Wuling Industrial, a penalty charge of 0.02% per day will be charged thereon.

The rental payable pursuant to the terms of the Tenancy Agreement was determined by the parties upon arm's length negotiations after making references to (i) the recent market cost data and estimates for acquiring land and for constructing similar properties surrounding and nearby the region of the Leased Properties; and (ii) the prevailing market rental for similar properties surrounding and nearby the Leased Properties at the time of entering in the Tenancy Agreement. The Directors considered that the rental and payment terms granted to Wuling Industrial under the Tenancy Agreement are on normal commercial terms.

- Option to renew : Wuling Industrial shall have the right of first offer to renew the Tenancy Agreement upon expiration of the lease term by giving a three months' advance notice in writing to Qingdao Wuling.
- Right of first refusal : Wuling Industrial shall have the right of first refusal to purchase the Leased Properties at terms and prices no less favourable than that Qingdao Wuling are otherwise offered by a third party if Qingdao Wuling proposes to sell the Leased Properties.

PROPOSED ANNUAL CAP

The proposed annual cap for the Tenancy Agreement for the year ending 31 December 2015 is RMB4,900,000 (equivalent to approximately HK\$6,223,000). It was determined by the Directors based on the rental payable under the Tenancy Agreement which has been determined by the parties after making references to (i) the recent market cost data and estimates for acquiring land and for constructing similar properties surrounding and nearby the region of the Leased Properties; and (ii) the prevailing market rental for similar properties surrounding and nearby the Leased Properties at the time of entering in the Tenancy Agreement.

INFORMATION ON THE GROUP

The Group, including Wuling Industrial 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 LIUZHOU WULING GROUP AND QINGDAO WULING

Liuzhou Wuling Group is mainly engaged in trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) tractors, farm transport vehicles, storage machines and agriculture machines; (iii) various types of machinery, molds and tools for production of automobiles, engines, and other relevant parts; (iv) the provision of related services in relation to the aforementioned products and equipment; and (v) rental of property and other related services.

Qingdao Wuling is the registered owner of the Leased Properties and does not engage in any business activities other than the proposed leasing of the Leased Properties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The principal business activities of the Wuling Industrial Group in the Qingdao region are manufacturing and trading of automotive components and specialized vehicles, which are currently operating in the self-owned factory premises of Wuling Industrial. In view of the increases in the business volume in the Qingdao region and the future business expansion plans, the Group considers the said self-owned factory premises will not be sufficient to satisfy its production requirements and therefore intends to lease additional factory spaces to expand its production capacity.

The Leased Properties are recently accomplished factory premises which are developed by Wuling Qingdao, and are located in the proximity of the abovementioned self-owned factory premises of Wuling Industrial and the production facilities of the key customer of the Wuling Industrial Group in Qingdao. The Group considers the leasing of the Leased Properties will have the benefits of a readily available and cost effective solution for expanding its production capacity to cope with the future expansion in business volume.

The Directors, including the independent non-executive Directors, are of the view that the Tenancy Agreement and the transactions contemplated thereunder are 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.

Messrs. Wei Hongwen, Sun Shaoli and Zhong Xianhua, who are the executive Directors of the Company, and also the directors or senior management of Liuzhou Wuling, have abstained from voting on the related Board resolutions to approve the Tenancy Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Liuzhou Wuling, being the controlling Shareholder, is indirectly interested in approximately 51.28% of the total issued share capital of the Company. Qingdao Wuling is an indirect wholly-owned subsidiary of Liuzhou Wuling, and therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the Tenancy Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as set out in the Listing Rules) for the Tenancy Agreement is, on an annual basis, more than 0.1% and less than 5%, the Tenancy Agreement and the transactions contemplated thereunder are subject to the announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In the event that the annual cap applicable to the transactions contemplated under the Tenancy 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:

“Board”	the 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
“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
“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
“Leased Properties”	a parcel of land and the buildings constructed thereon, which are located in south of Songhuajiang Road, west of Jiangshan Road, Huangdao District, Qingdao, the PRC* (青島市黃島區江山路西、松花江路南側) and leased by Qingdao Wuling to Wuling Industrial pursuant to the Tenancy Agreement
“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 beneficial controlling Shareholder, indirectly interested in approximately 51.28% of the total issued share capital of the Company
“Liuzhou Wuling Group”	Liuzhou Wuling, its subsidiaries and associates (excluding the Group)
“PRC”	The People’s Republic of China
“Qingdao Wuling”	青島五菱汽車科技有限公司 (Qingdao Wuling Automotive Technology Co., Limited*), a company established in the PRC and is an indirect wholly-owned subsidiary of Liuzhou Wuling

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary shares of HK\$0.004 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the agreement dated 4 December 2014 entered into between Wuling Industrial and Qingdao Wuling in connection with the lease of the Leased Properties by Wuling Industrial from Qingdao Wuling for a period from 1 January 2015 to 31 December 2015
“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
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“%”	per cent

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On behalf of the Board
Wuling Motors Holdings Limited
Wei Hongwen
Chairman

Hong Kong, 4 December 2014

As at the date of this announcement, the Board comprises Mr. Wei Hongwen (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Sun Shaoli, 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*