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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 AND CONNECTED TRANSACTION  
IN RELATION TO  
WI CAPITAL INCREASE**

**WI CAPITAL INCREASE**

The Board is pleased to announce that, after trading hours on 3 December 2015, the Company entered into the WI Capital Increase Agreement with Guangxi Automobile and Wuling Industrial pursuant to which the Company agreed to contribute an additional sum of RMB160,000,000 (equivalent to approximately HK\$194,080,000) in cash for the WI Capital Increase, of which RMB82,580,646 (equivalent to approximately HK\$100,170,320) will be contributed to the registered capital of Wuling Industrial and RMB77,419,354 (equivalent to approximately HK\$93,909,680) will be contributed to the capital reserves of Wuling Industrial. Upon completion of the WI Capital Increase, the registered capital of Wuling Industrial will be increased by approximately 8.6022% and the Company's equity interest in Wuling Industrial on an enlarged basis will be increased to approximately 54.86% and the remaining 45.14% will be owned by Guangxi Automobile.

**GENERAL**

Guangxi Automobile is the ultimate holding company of Wuling HK which holds 1,028,846,806 Shares, representing approximately 56.48% of the issued share capital of the Company. Accordingly, Guangxi Automobile is regarded as a connected person of the Company under the Listing Rules. In addition, Guangxi Automobile owns approximately 49.02% equity interests in Wuling Industrial, a direct non-wholly owned subsidiary of the Company. Therefore, Wuling Industrial is also regarded as a connected person of the Company under the Listing Rules. Since one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) is more than 5% and all of the applicable percentage ratios are less than 25% and the total contribution to be made by the Company towards the WI Capital Increase is more than HK\$10,000,000, the WI Capital Increase contemplated under the WI Capital Increase Agreement constitutes a discloseable transaction and a non-exempt connected transaction for the Company which is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14A of the Listing Rules.

In view of their interests in the WI Capital Increase Agreement, Guangxi Automobile, Wuling Industrial and their respective associates will abstain from voting on the resolution in relation to the WI Capital Increase Agreement and the transactions contemplated thereunder at the SGM. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the WI Capital Increase Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular containing, among other things, (i) details of the WI Capital Increase; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the WI Capital Increase; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the WI Capital Increase; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 24 December 2015.

The Board is pleased to announce that, after trading hours on 3 December 2015, the Company entered into the WI Capital Increase Agreement with Guangxi Automobile and Wuling Industrial.

## **WI CAPITAL INCREASE AGREEMENT**

### **Date:**

3 December 2015

### **Parties to the WI Capital Increase Agreement:**

1. the Company;
2. Guangxi Automobile; and
3. Wuling Industrial.

As at the date of this announcement, Guangxi Automobile owns all issued shares of Wuling HK, the controlling Shareholder which is currently interested in approximately 56.48% of the total issued share capital of the Company. Further, as at the date of this announcement, Guangxi Automobile owns approximately 49.02% equity interest in Wuling Industrial, a direct non-wholly owned subsidiary of the Company. Accordingly, Guangxi Automobile, Wuling HK and Wuling Industrial are connected persons of the Company under the Listing Rules.

### **WI Capital Increase and payment terms:**

The existing registered capital of Wuling Industrial, a limited company established in the PRC, is currently owned as to approximately 50.98% by the Company and as to approximately 49.02% by Guangxi Automobile. Pursuant to the WI Capital Increase Agreement, the Company agreed to contribute an additional sum of RMB160,000,000 (equivalent to approximately HK\$194,080,000) in cash for the WI Capital Increase, of which RMB82,580,646 (equivalent to approximately HK\$100,170,320) will be contributed to the

registered capital of Wuling Industrial and the remaining balance of RMB77,419,354 (equivalent to approximately HK\$93,909,680) will be contributed to the capital reserves of Wuling Industrial.

As Guangxi Automobile will not make additional contribution to Wuling Industrial, the capital injection by the Company is on a non pro-rata basis. As a result of the WI Capital Increase, the registered capital of Wuling Industrial will be increased by RMB82,580,646 (equivalent to approximately HK\$100,170,320) from RMB960,000,000 (equivalent to approximately HK\$1,164,480,000) to RMB1,042,580,646 (equivalent to approximately HK\$1,264,650,320). Upon completion of the WI Capital Increase, the registered capital of Wuling Industrial will be increased by approximately 8.6022% and the Company's equity interest in Wuling Industrial on an enlarged basis will be increased to approximately 54.86% and the remaining 45.14% will be owned by Guangxi Automobile.

The basis of the determination of the increase in the registered capital of Wuling Industrial from the WI Capital Increase was arrived at after arm's length negotiation between the Company and Guangxi Automobile with reference to an agreed valuation of approximately RMB1,860,000,000 (equivalent to approximately HK\$2,256,180,000) of Wuling Industrial, which was derived from: (i) the unaudited consolidated net assets of the Wuling Industrial Group attributable to the shareholders of Wuling Industrial of approximately RMB1,650,001,000 (equivalent to approximately HK\$2,001,451,210) as of 30 June 2015; and (ii) the appraised values of certain non-current assets of Wuling Industrial Group, in which an aggregate appraised premium of approximately RMB210,280,000 (equivalent to approximately HK\$255,069,640) was assessed as of 30 June 2015 according to the asset appraisal report issued by Beijing Pan-China Assets Appraisal Co., Ltd (北京天健興業資產評估有限公司), being an independent valuer.

Subject to fulfillment of the conditions precedent as set forth in the paragraph headed "Conditions Precedent" below in full, the Company will pay in full its contributions towards the WI Capital Increase within 45 days from the date of the relevant approvals relating to the WI Capital Increase granted to Wuling Industrial by the relevant government authorities of the PRC. The Company will finance its contribution towards the WI Capital Increase from the net proceeds from the open offer which was completed on 30 July 2015 as detailed in the Company's prospectus dated 9 July 2015 and the Company's announcement dated 29 July 2015 (the "**Open Offer**").

#### **Conditions Precedent:**

The WI Capital Increase Agreement is conditional upon the following conditions precedent:

- (a) all permissions and approvals in respect of the WI Capital Increase having been obtained from the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) and other relevant PRC governmental authorities;
- (b) the passing of a resolution to approve the WI Capital Increase Agreement and the transactions contemplated thereunder at the SGM by the Independent Shareholders; and

- (c) the WI Capital Increase having been unanimously approved by the board of directors of Wuling Industrial, and having been reported to and registered with the relevant government authorities in the PRC.

None of the above conditions precedent can be waived. If the conditions precedent are not satisfied in full on or before 31 January 2016 or such later date as the parties to the WI Capital Increase Agreement may otherwise agree, the WI Capital Increase Agreement will lapse, and none of the parties thereto shall have any claim against the others in respect of the WI Capital Increase Agreement and the transactions contemplated thereunder.

**Others:**

Subject to applicable PRC laws and regulations, each of the Company and Guangxi Automobile may transfer all or part of its equity interest in, and contribution to the registered and paid up capital of, Wuling Industrial to the other or to any third party(ies). Each of the Company and Guangxi Automobile will have the first right of refusal to acquire the other's equity interest in, and contribution to the registered and paid up capital of, Wuling Industrial in the event of any proposed transfer by the other party.

**REASONS FOR THE WI CAPITAL INCREASE**

The Company, through Wuling Industrial and its subsidiaries, is principally engaged in manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles and the trading of raw materials, water and power supply services in the PRC.

Wuling Industrial and its subsidiaries are the only operating subsidiaries of the Company that are engaged in the principal activities of the Group. For the financial year ended 31 December 2014, Wuling Industrial's turnover accounted for the entire turnover of the Group, except for the property rental income of RMB118,000 (equivalent to approximately HK\$143,130). As disclosed in the section headed "Chairman's Statement" of the annual report of the Company for the financial year ended 31 December 2014, as the controlling shareholder of Wuling Industrial, the Group will implement appropriate financing strategies in a timely manner to provide funding for the development of Wuling Industrial, including utilizing the fund raising platform of the Company as a listed company. To keep pace with the customer demands and shift the Group's focus to high value-added products, the Group, via Wuling Industrial, is proceeding with various projects in terms of equity, capital and research and development of new products. The Group will also commit to major technology enhancement projects and equity investment projects.

The WI Capital Increase will increase the Company's shareholding interest in Wuling Industrial, strengthen the financial position of the Wuling Industrial and provide funding for the Wuling Industrial Group's various expansion and enhancement projects including technical re-engineering projects, business expansion programs, capacity expansion programs, technical capacity strengthening programs and upgrading and integration programs. Details of the various programs undertaken by the Group, via Wuling Industrial, are set out in the annual report of the Company for the financial year ended 31 December 2014 and the announcements published by the Company dated 11 February 2015, 15 April 2015, 11 May 2015, 28 May 2015 and 14 July 2015.

The Company intends to utilize RMB160,000,000 (equivalent to approximately HK\$194,080,000) out of the proceeds of the Open Offer for the purpose of the WI Capital Increase.

As stated in the Company's prospectus dated 9 July 2015, the Company intended to apply, via Wuling Industrial, the proposed capital contribution of RMB160,000,000 (equivalent to approximately HK\$194,080,000) as to (i) RMB50,000,000 (equivalent to approximately HK\$60,650,000) for the settlement of consideration for the master construction agreement in relation to the construction of the second phase development of the industrial site owned by Liuzhou Zhuotong (the "**Liuzhou Industrial Site**") as detailed in the announcement of the Company dated 11 May 2015; (ii) RMB34,615,000 (equivalent to approximately HK\$41,987,995) for the settlement of the capital injection of Liuzhou Lingte Joint Venture (the "**Lingte JV Capital Injection**"). The Liuzhou Lingte Joint Venture is principally engaged in the research and development and sale of engines and related components and provision of related services. The capital injection of Liuzhou Lingte Joint Venture is intended to be used for construction of the infrastructure and main assembly line of the Liuzhou Lingte Joint Venture, as well as funding towards the research and development of the 3.7L Advanced Model, details of which are set out in the announcements of the Company dated 15 April 2015 and 28 May 2015; and (iii) the remaining balance for the establishment of new production facilities in Chongqing with a site area of approximately 100,069 square meters (the "**Chongqing Production Facilities**") as detailed in the announcement of the Company dated 11 February 2015.

As of the date of this announcement, Wuling Industrial has utilized its internal resources of an aggregate sum of approximately RMB55,788,500 (equivalent to approximately HK\$67,671,450) as to (i) RMB32,100,000 (equivalent to approximately HK\$38,937,300) for the partial settlement of the consideration of the Liuzhou Industrial Site; and (ii) RMB23,688,500 (equivalent to approximately HK\$28,734,150) for the Chongqing Production Facilities. Therefore, upon completion of the WI Capital Increase, the proposed capital contribution of RMB160,000,000 would be applied as to (i) RMB17,900,000 (equivalent to approximately HK\$21,712,700) for settlement of remaining consideration for the Liuzhou Industrial Site; (ii) RMB34,615,000 (equivalent to approximately HK\$41,987,995) for settlement of consideration for the Lingte JV Capital Injection; and (iii) the remaining balance of RMB107,485,000 (equivalent to approximately HK\$130,379,305) for establishing the Chongqing Production Facilities (including capital expenditure on purchasing equipment, setting up production lines and renovation) and general working capital for Wuling Industrial.

## **INFORMATION ON WULING INDUSTRIAL**

Wuling Industrial was established on 30 October 2006 as a state-owned company in the PRC. It has been converted into a sino-foreign joint venture since 17 August 2007 and is currently owned as to approximately 50.98% by the Company and as to approximately 49.02% by Guangxi Automobile. Wuling Industrial and its subsidiaries are principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialised vehicles and the trading of raw materials, water and power supply services in the PRC.



Set out below is the net profit before and after taxation and extraordinary items of the Wuling Industrial Group for the years ended 31 December 2013 and 2014:

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2014</b>
<b>Profit before tax</b>	Approximately RMB151,068,000 (equivalent to approximately HK\$183,245,480)	Approximately RMB162,241,000 (equivalent to approximately HK\$196,798,330)
<b>Profit after tax</b>	Approximately RMB113,883,000 (equivalent to approximately HK\$138,140,080)	Approximately RMB131,669,000 (equivalent to approximately HK\$159,714,500)

The consolidated net assets of the Wuling Industrial Group attributable to the shareholders of Wuling Industrial as at 31 December 2014 was approximately RMB1,654,917,000 (equivalent to approximately HK\$2,007,414,320).

## **INFORMATION ON GUANGXI AUTOMOBILE**

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, namely Wuling Motors (Hong Kong) Company Limited and Wuling HK, is currently interested in 1,028,846,806 Shares, representing approximately 56.48% of the total issued share capital of the Company, and is the ultimate controlling shareholder of the Company as at the date of this announcement. Guangxi Automobile is currently a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, molds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc, in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

## **GENERAL**

Guangxi Automobile is the ultimate holding company of Wuling HK which holds 1,028,846,806 Shares, representing approximately 56.48% of the issued share capital of the Company. Thus Guangxi Automobile is regarded as a connected person of the Company under the Listing Rules. In addition, Guangxi Automobile owns approximately 49.02% equity interest in Wuling Industrial, a direct non-wholly owned subsidiary of the Company. Therefore Wuling Industrial is also regarded as a connected person of the Company under the Listing Rules. Since one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) is more than 5% and all of the applicable percentage ratios are less than 25% and the total contribution to be made by the Company towards the WI Capital

Increase is more than HK\$10,000,000, the WI Capital Increase contemplated under the WI Capital Increase Agreement constitutes a discloseable transaction and a non-exempt connected transaction for the Company which is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14A of the Listing Rules.

In view of their interests in the WI Capital Increase Agreement, Guangxi Automobile, Wuling Industrial and their respective associates will abstain from voting on the resolution in relation to the WI Capital Increase Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the WI Capital Increase Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the WI Capital Increase; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the WI Capital Increase; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the WI Capital Increase; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 24 December 2015.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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 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
“Director(s)”	the directors of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation licensed under the Securities and Futures Ordinance to carry out Type 6 (advising on corporate finance) regulated activities, and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the WI Capital Increase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*) formerly “柳州五菱汽車有限責任公司” (Liuzhou Wuling Motors Company Limited*), a state-controlled enterprise established in the PRC as at the date of this announcement
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, namely Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben to advise the Independent Shareholders in respect of the WI Capital Increase Agreement
“Independent Shareholders”	Shareholders other than Guangxi Automobile, Wuling Industrial and their respective associates.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Lingte Joint Venture”	柳州菱特動力科技有限公司 (Liuzhou Lingte Motor Technology Company Limited*), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened and held to consider and, if thought fit, approve the WI Capital Increase Agreement and the transactions contemplated thereunder by the Independent Shareholders
“Share(s)”	ordinary share(s) of HK\$0.004 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WI Capital Increase”	The proposed contribution of an additional sum of RMB160,000,000 in cash by the Company to Wuling Industrial, of which RMB82,580,646 will be contributed to the registered capital of Wuling Industrial and RMB77,419,354 will be contributed to the capital reserves of Wuling Industrial



“WI Capital Increase Agreement”	the conditional agreement dated 3 December 2015 entered into among the Company, Guangxi Automobile and Wuling Industrial in relation to the WI Capital Increase
“Wuling HK”	Wuling (Hong Kong) Holdings Limited, a company incorporated in Hong Kong with limited liability, which is a controlling Shareholder beneficially interested in approximately 56.48% of the issued share capital of the Company and an indirect wholly-owned subsidiary of Guangxi Automobile as at the date of this announcement
“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 is a direct non-wholly owned subsidiary of the Company as at the date of this announcement
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“3.7L Advanced Model”	3.7L advanced V-type front-and rear-drive 6 cylinder petrol engine model
“%”	percentage

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

Hong Kong, 3 December 2015

*In this announcement, unless otherwise specified, conversion of RMB into Hong Kong dollars is based on the exchange rate of RMB1 to HK\$1.213, 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. Wei Hongwen (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Sun Shaoli, Mr. Zhong Xianhua and Ms. Liu Yaling as executive Directors, and Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben as independent non-executive Directors.*

\* *For identification purposes only*