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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

On 21 December 2012 and 4 December 2014, Wuling Industrial (as tenant) and Guangxi Automobile and Qingdao Wuling (as landlords) entered into the Existing Tenancy Agreements, details of which were set out in the Company's announcements dated 21 December 2012 and 4 December 2014 and circular dated 14 January 2013. The Existing Tenancy Agreements will expire on 31 December 2015 and Wuling Industrial will continue to lease certain properties after the expiration of the Existing Tenancy Agreement. As such, Wuling Industrial and Guangxi Automobile entered into the Master Tenancy Agreement on 28 December 2015 for a term of three years from 1 January 2016 to 31 December 2018.

As all of the applicable percentage ratios (as set out in the Listing Rules) for the Master Tenancy Agreement are, on an annual basis, more than 0.1% and less than 5%, the Master 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 28 December 2015, Wuling Industrial (as tenant) entered into the Master Tenancy Agreement with Guangxi Automobile (as landlord) in respect of the lease of the Leased Properties for a period of three years commencing from 1 January 2016 and expiring on 31 December 2018.

MASTER TENANCY AGREEMENT

Principal terms of the Master Tenancy Agreement are summarized as follows:

Date	:	28 December 2015
Landlord	:	Guangxi Automobile
Tenant	:	Wuling Industrial
Lease term	:	From 1 January 2016 to 31 December 2018

Leased Properties : *Qingdao 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 square meters and 22,822 square meters respectively. The Qingdao Leased Properties are currently leased by Qingdao Wuling to Wuling Industrial and used by Wuling Industrial Group as offices and production plants. Wuling Industrial Group will continue to use the Qingdao Leased Properties for such purposes under the Master Tenancy Agreement.

Liuzhou Leased Properties

Nine parcels of land and 49 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC. The total floor area of the land and buildings are approximately 626,139 square metres and 146,878 square metres respectively. The Liuzhou Leased Properties are currently leased by Guangxi Automobile to Wuling Industrial and used by Wuling Industrial Group as offices and production plants. Wuling Industrial Group will continue to use the Liuzhou Leased Properties for such purposes under the Master Tenancy Agreement.

Rental and payment terms : RMB3,054,620.85 (equivalent to approximately HK\$3,653,327) per month which is detailed as below:

	Total site area/floor area (in square meter)	Monthly rental payable per square meter (RMB)	Total monthly rental payable (RMB)
Land of the Qingdao Leased Properties	48,919.00	1.48	72,400.12
Buildings of the Qingdao Leased Properties	22,821.91	18.00	410,794.38
Land of the Liuzhou Leased Properties	626,138.99	0.94	588,570.65
Buildings of the Liuzhou Leased Properties	146,878.20	13.50	<u>1,982,855.70</u>
Total			<u>3,054,620.85</u>

The total rental payable under the Master Tenancy Agreement, on an annual basis, shall be RMB36,655,450.20 (equivalent to approximately HK\$43,839,918).

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 occupation of any of the land and buildings under the Master Tenancy Agreement is terminated within its lease term, the rental of such land and buildings shall be calculated on a pro-rata basis with reference to the actual number of days for which the occupation of such land and buildings under the Master Tenancy Agreement is subsisting.

The rental payable pursuant to the terms of the Master Tenancy Agreement were determined by the parties upon arm's length negotiation with particular references to the followings:

- (i) with respect to the buildings of the Leased Properties, an approximate 10% discount to the respective prevailing market rentals as assessed by Guangxi Zhengde Assets Appraisal Co., Limited* (廣西正德資產評估有限公司), being an independent valuer; and
- (ii) with respect to the land of the Leased Properties, their respective estimated costs which comprise their original acquisition costs, their respective taxes and insurance premiums.

The Directors (including the independent non-executive Directors) consider the rental and payment terms under the Master Tenancy Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

HISTORICAL AMOUNTS IN RESPECT OF THE LIUZHOU TENANCY AGREEMENT AND QINGDAO TENANCY AGREEMENT

During the years ended 31 December 2013 and 2014 and eleven months ended 30 November 2015, the rentals paid by Wuling Industrial Group pursuant to the Liuzhou Tenancy Agreement were approximately RMB28,198,000, RMB24,597,000 and RMB19,064,000 respectively (equivalent to approximately HK\$33,724,808, HK\$29,418,012 and HK\$22,800,544 respectively) and were within the annual cap of RMB28,200,000 (equivalent to approximately HK\$33,727,200) for the Liuzhou Tenancy Agreement as disclosed in the circular of the Company dated 14 January 2013.

During the eleven months ended 30 November 2015, the rental paid by Wuling Industrial Group pursuant to the Qingdao Tenancy Agreement was approximately RMB4,465,157 (equivalent to approximately HK\$5,340,328) and was within the annual cap of RMB4,900,000 (equivalent to approximately HK\$5,860,400) for the Qingdao Tenancy Agreement as disclosed in the announcement of the Company dated 4 December 2014.

ANNUAL CAP FOR THE RENTAL PAYABLE BY WULING INDUSTRIAL GROUP UNDER THE MASTER TENANCY AGREEMENT

It is proposed that the annual cap for the rental payable by Wuling Industrial Group pursuant to the Master Tenancy Agreement for each of the three years ending 31 December 2018 shall be RMB37,000,000 (equivalent to approximately HK\$44,252,000).

The above annual cap is determined according to the annual rental payable under the Master Tenancy Agreement which has been determined by the parties making references to factors as detailed above.

INFORMATION ON THE GROUP

The Company, through 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 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.

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 owned as to approximately 50.98% by the Company and as to approximately 49.02% by Guangxi Automobile as at the date of this announcement. 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER TENANCY AGREEMENT

Wuling Industrial Group has been occupying the Leased Properties for its business and operation pursuant to the Existing Tenancy Agreements. The Leased Properties are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines and parts, automotive components and accessories, specialized vehicles, and other related business. In order to ensure that the business and operation of the Wuling Industrial Group will not be affected upon the expiration of the Existing Tenancy Agreements on 31 December 2015, Wuling Industrial and Guangxi Automobile entered into the Master Tenancy Agreement on 28 December 2015 for a term of three years from 1 January 2016 to 31 December 2018.

The Directors (including the independent non-executive Directors) consider that execution of the Master Tenancy Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole, and the terms of the Master Tenancy Agreement (including the annual cap for the transactions contemplated under this agreement) are fair and reasonable.

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

LISTING RULES IMPLICATIONS

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 and therefore the transactions contemplated under the Master Tenancy Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as set out in the Listing Rules) for the Master Tenancy Agreement are, on an annual basis, more than 0.1% and less than 5%, the Master 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 Master 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, 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
“Existing Tenancy Agreements”	the Liuzhou Tenancy Agreement and Qingdao Tenancy Agreement
“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 limited enterprise established in the PRC
“Guangxi Automobile Group”	Guangxi Automobile, its subsidiaries and associates (excluding the Group)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Properties”	the Liuzhou Leased Properties and Qingdao Leased Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Leased Properties”	nine parcels of land and 49 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC. The total floor area of the land and buildings are approximately 626,139 square metres and 146,878 square metres respectively. The Liuzhou Leased Properties are currently leased by Guangxi Automobile to Wuling Industrial and used by Wuling Industrial Group as offices and production plants.

“Liuzhou Tenancy Agreement”	the tenancy agreement dated 21 December 2012 entered into between Wuling Industrial and Guangxi Automobile in connection with the lease by Wuling Industrial from Guangxi Automobile of certain properties for the occupancy thereof by the Wuling Industrial Group for a period of three years ending 31 December 2015
“Master Tenancy Agreement”	the tenancy agreement dated 28 December 2015 entered into between Wuling Industrial and Guangxi Automobile in relation to the leasing of the Leased Properties
“PRC”	The People’s Republic of China
“Qingdao 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 square meters and 22,822 square meters respectively. The Qingdao Leased Properties are currently leased by Qingdao Wuling to Wuling Industrial and used by Wuling Industrial Group as offices and production plants
“Qingdao Tenancy Agreement”	the tenancy agreement dated 4 December 2014 entered into between Wuling Industrial and Qingdao Wuling in connection with the lease of certain properties by Wuling Industrial from Qingdao Wuling for a period from 1 January 2015 to 31 December 2015
“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 Guangxi Automobile
“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
“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 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, 28 December 2015

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*