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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 IN RELATION TO  
THE EQUIPMENT PURCHASE AGREEMENT**

**EQUIPMENT PURCHASE AGREEMENT**

On 25 January 2017, Wuling Industrial, a non-wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement with Shanghai Yipu, pursuant to which Wuling Industrial agrees to purchase and Shanghai Yipu agrees to sell the Equipment at the net consideration of RMB34,829,060 (exclusive of VAT) in accordance with the terms and conditions of the Equipment Purchase Agreement.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanghai Yipu was held as to approximately 40% by Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder, through its direct and indirect wholly owned subsidiaries, holds approximately 56.04% of the total number of Shares in issue of the Company. In this regard, Shanghai Yipu is a connected person of the Company under the Listing Rules. The transaction contemplated under the Equipment Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction under the Equipment Purchase Agreement is/are more than 0.1% but less than 5%, therefore, it is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Rule 14A.76 of the Listing Rules.

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## PRINCIPAL TERMS OF THE EQUIPMENT PURCHASE AGREEMENT

- Date:** 25 January 2017
- Parties:**
- (a) The Vendor: Shanghai Yipu Automatic Equipment Co., Limited\* (上海詣譜自動化裝備有限公司); and
  - (b) The Purchaser: Shandong Branch Office of Liuzhou Wuling Motors Industrial Company Limited\* (柳州五菱汽車工業有限公司山東分公司), a non-wholly owned subsidiary of the Company.
- Assets to be purchased and the period of completion and installation:** The Equipment to be purchased refers to the automatic welding and assembly production-lines and industrial robots to be installed and utilised for the production of the rear platform frame structures of motor vehicles, which will be completed and delivered to the location as specified by the Purchaser within 100 days from the date of the execution of the Equipment Purchase Agreement and to be installed within one month from the written notification issued by the Purchaser upon arrival of the Equipment to the specified location.
- Consideration:**
- The gross and net consideration for the Equipment payable by the Purchaser to the Vendor amounted to RMB40,750,000 (inclusive of VAT) and RMB34,829,060 (exclusive of VAT) respectively.
- The Equipment Purchase Agreement was entered into through the Group's standard tender process with reference to the market price of similar equipment. The tender price, i.e. the consideration, finally offered by the Vendor was the lowest price in the tender process.
- Having considered the above, the Directors are of the view that the consideration of the Equipment Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- Payment terms:**
- The amount of gross consideration of RMB40,750,000 (inclusive of VAT) shall be paid by the Purchaser to the Vendor in accordance with the following phases:
- (i) 30% of the gross consideration (RMB12,225,000) shall be paid immediately after the signing of the Equipment Purchase Agreement;
  - (ii) 30% of the gross consideration (RMB12,225,000) shall be paid after the confirmation of the proposal of the production-lines' design;

- (iii) 35% of the gross consideration (RMB14,262,500) shall be paid after receiving the relevant value-added tax invoice and the acceptance report of the Equipment from the Vendor; and
- (iv) The remaining 5% (RMB2,037,500) as quality guarantee will be paid after six months upon the acceptance of the Equipment (“Guarantee Deposit”).

#### **Other conditions**

- (a) The Vendor is obliged to follow the technical specifications as required by the Purchaser in designing and constructing the Equipment such that the automotive parts and components to be manufactured from the Equipment could meet the required production and quality standard of the Group and its customers.
- (b) The Vendor is required to comply with the standards of the Group in relation to construction and modification projects which include but not limited to the safety and environmental control standards during the construction and installation processes of the Equipment.
- (c) One year warranty period from the final acceptance of the Equipment, subject to further extension and/or forfeiture of the Guarantee Deposit, where appropriate, on occurrence of non-compliance events as stipulated under the Equipment Purchase Agreement.

### **INFORMATION ON THE GROUP AND THE VENDOR**

#### **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.

#### **The Vendor**

The Vendor, 上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd\*), is a company established in the PRC and is principally engaged in the design, construction and integration work of automatic production lines and welding fixture devices, as well as the manufacturing of molds, tooling and components for machinery and motor vehicles. It was formed in March 2014 by Independent Third Parties and became an associated company of Guangxi Automobile following the completion of the acquisition of 40% interests by Guangxi Automobile in September 2016.

## **DIRECTORS' CONFIRMATION**

Messrs. Yuan Zhijun, Zhong Xianhua and Yang Jianyong, who are the executive Directors and also directors or senior management of Guangxi Automobile Group, have abstained from voting on the related Board resolutions to approve the Equipment Purchase Agreement and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Equipment Purchase Agreement and is required to abstain from voting on the relevant Board resolutions relating to the Equipment Purchase Agreement.

## **REASONS FOR AND BENEFITS OF THE EQUIPMENT PURCHASE AGREEMENT**

As mentioned in the interim report of the Company for the six months ended 30 June 2016, the Group has been actively undertaken capacity expansion and upgrading programmes in view of the anticipated growth of business of SGMW from the existing models and the launches of new models. To keep pace with the customer demands and the shifting of the Group's focus to high value-added products, the Group, via Wuling Industrial Group, is proceeding with various projects in terms of the establishment of new production facilities, construction and installation of plant and machinery, as well as the research and development of new products, from which the application of automation and industrial robots in the production processes have been intensified recently in order to cope with enhanced technological and quality requirements by the customers. In this connection and as disclosed in the section headed "Reasons for the Capital Increase" in the circular of the Company dated on 28 November 2016, due to the launches of the new passenger vehicles by SGMW manufactured in their production base in Shandong, the production facilities of Wuling Industrial, located in Shandong, the PRC, are required to undertake certain technology enhancement and capacity expansion programmes. The acquisition of the Equipment under the Equipment Purchase Agreement which involves (i) the establishment of the automatic welding and assembly production-lines; and (ii) the installation of industrial robots is an essential part of these technology enhancement and capacity expansion programmes in Shandong. The Equipment to be purchased from Shanghai Yipu will be specifically utilized for the production of the rear platform frame structures of the new passenger vehicles manufactured by SGMW, which production orders are expected to be commenced from the second half of 2017.

The Equipment Purchase Agreement was entered into through the Group's standard tender process with reference with the market price of similar equipment. There are altogether three offers, including the Vendor and two other Independent Third Parties received by the Purchaser. The tender price, i.e. the consideration, finally offered by the Vender was the lowest price in the tender process.

Besides, being an associated company of Guangxi Automobile, the Vendor would be in a better position to be familiar with the standards and specifications of Wuling Industrial. Through the influence of Guangxi Automobile, it is expected that the Vendor would offer a quicker and more direct response to any problems encountered and/or additional requirements requested by Wuling Industrial during the implementation processes of the project under the Equipment Purchase Agreement.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Equipment Purchase Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company. Therefore, it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanghai Yipu was held as to approximately 40% by Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder, through its direct and indirect wholly owned subsidiaries, holds approximately 56.04% of the total number of Shares in issue of the Company. In this regard, Shanghai Yipu is a connected person of the Company under the Listing Rules. The transaction contemplated under the Equipment Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction under the Equipment Purchase Agreement is/are more than 0.1% but less than 5%, therefore, it is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Rule 14A.76 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall 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 which are listed on the Stock Exchange (stock code: 305.HK)
“connect person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equipment”	automatic welding and assembly production production-lines and industrial robots
“Equipment Purchase Agreement”	the equipment purchase agreement entered in between Wuling Industrial and Shanghai Yipu, pursuant to which Wuling Industrial agrees to purchase and Shanghai Yipu agrees to sell the Equipment
“Group”	the Company and its subsidiaries

“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Group Co., Limited*) (formerly named as 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 which is indirectly interested in approximately 56.04% of the total number of Shares in issue of the Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or entity(ies) who/which is(are) not a connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Shandong Branch Office of Wuling Industrial
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yipu” or “Vendor”	上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd*), a company established in the PRC and held as to approximately 40% by Guangxi Automobile
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SGMW”	上汽通用五菱汽車股份有限公司 (SAIC-GM-Wuling Automobile Co., Limited*), a company established in the PRC and a joint venture formed among Shanghai Automobile Industry (Group) Company Limited, GM (China) Investment Co., Limited and Guangxi Automobile and is currently a major customer of Wuling Industrial Group’s businesses in engines and automotive components
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	the value-added tax
“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

On behalf of the Board  
**Wuling Motors Holdings Limited**  
**Yuan Zhijun**  
*Chairman*

Hong Kong, 25 January 2017

*As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Zhong Xianhua, Ms. Liu Yaling and Mr. Yang Jianyong as executive Directors, and Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben as independent non-executive Directors.*

\* *For identification purposes only*