

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CONSTRUCTION AGREEMENT IN RELATION TO
THE QINGDAO FACILITIES CONSTRUCTION PROJECT**

QINGDAO FACILITIES CONSTRUCTION PROJECT

On 13 June 2017, Wuling Industrial (as the originator), a non-wholly owned subsidiary of the Company, entered into the Construction Agreement with SCIVIC Engineering (as the contractor), pursuant to which, Wuling Industrial has appointed SCIVIC Engineering for the construction of the New Qingdao Factory Premises located in the production base of Wuling Industrial Shandong Branch situated at Qingdao, Shandong, the PRC at the Consideration of RMB85,500,000 for the Qingdao Facilities Construction Project.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the transaction under the Construction Agreement is more than 5% but less than 25%, therefore, the transaction contemplated under the Construction Agreement constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements but exempt from the shareholders' approval under Chapter 14 of the Listing Rules.

QINGDAO FACILITIES CONSTRUCTION PROJECT

On 13 June 2017, Wuling Industrial (as the originator), a non-wholly owned subsidiary of the Company, entered into the Construction Agreement with SCIVIC Engineering (as the contractor), pursuant to which, Wuling Industrial has appointed SCIVIC Engineering for the construction of the New Qingdao Factory Premises located in the production base of Wuling Industrial Shandong Branch situated in Qingdao, Shandong, the PRC at the Consideration of RMB85,500,000 for the Qingdao Facilities Construction Project for expanding the production capacity of Wuling Industrial Shandong Branch in view of the potential production orders of automotive components for the passenger vehicles to be assigned by SGMW to Wuling Industrial Shandong Branch.

PRINCIPAL TERMS OF THE CONSTRUCTION AGREEMENT

- Date:** 13 June 2017
- Parties:** (a) The originator: Wuling Industrial, a non-wholly owned subsidiary of the Company; and
- (b) The contractor: SCIVIC Engineering.
- Subject matter:** Pursuant to the Construction Agreement, SCIVIC will be responsible for (i) the design, procurement, construction and engineering works of the New Qingdao Factory Premises; and (ii) the installation, testing and maintenance service in relation to the construction and engineering works.
- Besides, SCIVIC Engineering will also be responsible for (i) the progress of the Qingdao Facilities Construction Project; (ii) the compliance with the relevant certification, quality and safety standard; and (iii) the quality guarantee where SCIVIC Engineering will be responsible for repairing the defects during the guarantee period as defined in the Construction Agreement.
- Construction period:** Pursuant to the Construction Agreement, the construction period of the Qingdao Facilities Construction Project will be 180 days from the commencement date of Qingdao Facilities Construction Project.
- Consideration:** The total Consideration payable by Wuling Industrial under the Construction Agreement shall be RMB85,500,000, which comprises of the design fee of RMB1,880,000 and the fee of the construction, engineering and installation works of RMB83,620,000.
- The Group's standard tender process has been applied to determine the contractor and the Consideration for the Construction Agreement, in which SCIVIC Engineering was concluded as the contractor based on the overall evaluation of the technical capability and market reputation of and the terms offered by the respective tendered vendors.
- Having considered the above, the Directors are of the view that the Consideration of the Construction Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment Terms:

The amount of Consideration shall be paid by Wuling Industrial in cash in the following manner:

- (i) RMB12,825,000, representing 15% of the Consideration, shall be paid within 10 days upon signing of the Construction Agreement, which shall be used to deduct against parts of the progress payments in sub-paragraph (ii) below;
- (ii) an aggregate amount of RMB68,400,000 representing 80% of the Consideration, shall be payable by instalments according to the progress of the construction as confirmed by both parties and at intervals as agreed between both parties;
- (iii) RMB8,550,000, representing 10% of the Consideration, shall be payable upon the preliminary acceptance of the completion of the construction;
- (iv) RMB4,275,000, representing 5% of the Consideration, shall be payable upon the final approval of the construction; and
- (v) The remaining RMB4,275,000, representing 5% of the Consideration, as a quality guarantee will be payable after the 24-month guarantee period followed by the final completion of the construction, subject to the fulfilment of the maintenance service for the Qingdao Facilities Construction Project provided by SCIVIC Engineering.

INFORMATION ON THE GROUP AND SCIVIC ENGINEERING**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.

SCIVIC Engineering

SCIVIC Engineering is principally engaged in the design of machinery and civil construction, the provision of various types of construction and quantity surveying, contracting advisory and supervisory services and the manufacturing and installation of automatic electrical devices, etc.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, SCIVIC Engineering and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE AGREEMENTS

As disclosed in the annual report of the Company for the year ended 31 December 2016, the Group has planned to expand and upgrade its production capacity to meet the customer demands in view of the anticipated growth of business of SGMW. 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 Qingdao, the PRC are required to undertake certain technology enhancement and capacity expansion programs. Given that the existing painting production facilities of Wuling Industrial Shandong Branch for automotive components cannot satisfy the technical requirement of the production of the new models of SGMW, the Company decided to invest in the construction of a new automatic painting production line and the upgrade and installation of other related production facilities comprising mainly a number of large scale plastic injection machinery for Wuling Industrial Shandong Branch. It is expected that upon the completion of the Qingdao Facilities Construction Project, the production capacity and operation efficiency of the production base will be increased and accordingly it would satisfy the requirement of the new passenger vehicle models manufactured by SGMW, in terms of volume and technical capability. The construction of the New Qingdao Factory Premises provides the required factory premises for the establishment and installation of the new production lines and machinery under the Qingdao Facilities Construction Project.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Construction 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 the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the transaction under the Construction Agreement is more than 5% but less than 25%, therefore, the transaction contemplated under the Construction Agreement constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements but exempt from the shareholders' approval under Chapter 14 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
“Consideration”	the total fee payable by Wuling Industrial under the Construction Agreement
“Construction Agreement”	The agreement entered into between Wuling Industrial (as the originator) and SCIVIC Engineering (as the contractor) in relation to the Qingdao Facilities Construction Project
“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Qingdao Factory Premises”	the new factory premises with a total gross floor area of approximately 27,000 sqm to be constructed at the location of 青島市黃島區團結路669號 (within the region of the production base of Wuling Industrial Shandong Branch) under the Qingdao Facilities Construction Project
“Qingdao Facilities Construction Project”	the construction of the New Qingdao Factory Premises located in Qingdao, Shandong, the PRC under the Construction Agreement for the purpose of the establishment and installation of the production facilities which mainly consist of an automatic painting production line and a number of large scale plastic injection machinery
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“SCIVIC Engineering”	機械工業第四設計研究院有限公司 (SCIVIC Engineering Corporation*), a company incorporated in the PRC with limited liability
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	Holder(s) of the share(s) 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
Sqm	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Shandong Branch”	柳州五菱汽車工業有限公司山東分公司 (Liuzhou Wuling Motors Industrial Company Limited Shandong Branch*), the branch office of Wuling Industrial located in Qingdao Shandong, the PRC
“%”	per cent

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

Hong Kong, 13 June 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