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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 TRANSACTION
ESTABLISHMENT OF JOINT VENTURE

THE JV AGREEMENT

On 3 July 2017, Wuling Industrial, a non-wholly owned subsidiary of the Company, entered into the JV Agreement with Faurecia (China) in relation to the establishment of the JV Company. Pursuant to the JV Agreement, the JV Company shall be owned as to 50% by each of Wuling Industrial and Faurecia (China), respectively. The total registered capital of the JV Company is RMB150 million (equivalent to approximately HK\$172.50 million). Wuling Industrial and Faurecia (China) will each contribute cash in the amount of RMB75 million (equivalent to approximately HK\$86.25 million), respectively.

LISTING RULES IMPLICATIONS

As one of the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the capital contribution of Wuling Industrial for the establishment of the JV Company under the JV Agreement is more than 5% but less than 25%, the entering into of the JV Agreement constitutes a disclosable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 3 July 2017, Wuling Industrial, a non-wholly owned subsidiary of the Company, entered into the JV Agreement with Faurecia (China) in relation to the establishment of the JV Company. Pursuant to the JV Agreement, the JV Company shall be owned as to 50% by each of Wuling Industrial and Faurecia (China), respectively. The total registered capital of the JV Company is RMB150 million (equivalent to approximately HK\$172.50 million). Wuling Industrial and Faurecia (China) will each contribute cash in the amount of RMB75 million (equivalent to approximately HK\$86.25 million), respectively.

PRINCIPAL TERMS OF THE JV AGREEMENT

The principal terms of the JV Agreement are summarised below:

- Date:** 3 July 2017
- Parties:**
- (a) Wuling Industrial, a non-wholly owned subsidiary of the Company (in the capacity of holder of 50% equity interest in the JV Company); and
 - (b) Faurecia (China) (in the capacity of holder of 50% equity interest in the JV Company).
- Proposed name:** Faurecia Liuzhou Automotive Parts Co., Ltd
- Scope of business:** The scope of business of the JV Company, subject to the business licenses to be obtained (if necessary), shall include (i) development, manufacture and sales of automotive seating system and car seat-related parts and accessories; (ii) agency and operation of import and/or export for automotive technology and goods; and (iii) provision of after sale and technical consultancy services.
- Term of business:** 20 years from the establishment of the JV Company.
- Registered capital:** The registered capital of the JV Company will be RMB150 million (equivalent to approximately HK\$172.50 million), which shall be contributed as to RMB75 million (equivalent to approximately HK\$86.25 million) by each of Wuling Industrial and Faurecia (China), representing 50% of the registered capital of the JV Company, respectively.
- The amount of capital contributions was determined after arm's length negotiations between the JV Parties with reference to the initial capital requirement of the JV Company and the capital contribution intentions of the JV Parties. The capital contribution of Wuling Industrial will be funded by the internal resources of the Group.
- Wuling Industrial and Faurecia (China) shall pay their respective contributions in full to the registered capital of the JV Company in the form of cash within three months from the date of establishment of the JV Company.

The payment of the respective contributions by Wuling Industrial and Faurecia (China) is conditional upon satisfaction and/or waiver of, among others, the following factors:

- (a) all documents relevant to the approval and filing process having been provided to the regulatory authorities as required;
- (b) all warranties as set out in the JV Agreement having been true and accurate in all material respects;
- (c) the JV Company having been established, and having obtained a business license which reflects the relevant requirements under the JV Agreement;
- (d) the JV Parties having entered into the ancillary agreements as indicated in the JV Agreement; and
- (e) the JV Company having set up a bank account for receiving the respective contributions from the JV Parties.

If any of the conditions precedent as set out in the JV Agreement are not fulfilled within six months from the date of the JV Agreement, the JV Agreement shall forthwith be terminated and neither of the JV Parties shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms hereof.

Any increase or decrease in the registered capital of the JV Company shall be approved by the directors of the JV Company. In case of increasing in the registered capital, (i) the increased registered capital shall be contributed by the JV Parties on a pro rata basis, and (ii) the other JV Party shall have the right to contribute the relevant amount and its equity interests in the JV Company shall increase on a pro rata basis, if a JV Party chooses not to contribute to part or all of its entitlement.

Transfer of equity interests: The JV parties shall not dispose of its equity interest in the JV Company for a period of 3 years from the date of establishment of the JV Company. A JV Party, which proposes to sell any of its equity interest in the JV Company to a third party purchaser (including but not limited to the competitors of the JV Company and of the other JV Party), must obtain written consent from the other JV Party. The other JV Party shall, subject to the same terms of sales offered to the third party purchaser, have the priority right to purchase such equity interest in the JV Company proposed to be sold, within 60 days after the offer from the third party purchaser.

Composition of the board of directors and other senior management: The board of the JV Company shall comprise seven directors, three of which shall be nominated by Wuling Industrial while the other four directors shall be nominated by Faurecia (China). The chairman and vice chairman of the board of directors shall be nominated by Wuling Industrial and Faurecia (China) respectively.

The senior management team of the JV Company shall comprise a general manager and deputy general manager(s). The general manager shall be nominated by Faurecia (China), and the deputy general manager(s) shall be nominated by Wuling Industrial.

Both Wuling Industrial and Faurecia (China) further agree that:

- (i) The deputy general manager in charge of sales shall be nominated by Wuling Industrial;
- (ii) The engineering director in charge of the technology centre shall be nominated by Faurecia (China);
- (iii) The financial controller shall be nominated by Faurecia (China) and the deputy financial controller shall be nominated by Wuling Industrial;
- (iv) The purchasing director shall be nominated by Wuling Industrial and the deputy purchasing director shall be nominated by Faurecia (China); and
- (v) The human resources director shall be nominated by Wuling Industrial.

Other transactions to be entered into by the JV Parties and the JV Company:

Pursuant to the JV Agreement, after the establishment of the JV Company, Wuling Industrial and the JV Company shall enter into ancillary agreements in relation to, among other things, the acquisition of the machinery and equipment of Wuling Industrial which are currently used for the production of car seat products located in Liuzhou and Qingdao, the PRC for the purpose of facilitating the business and operation of the JV Company. In this regard, further announcement(s) may be made by the Company to comply with the relevant disclosure and approval requirements, as and when required, under the Listing Rules.

INFORMATION ON THE GROUP, FAURECIA AND FAURECIA (CHINA)

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.

Faurecia and Faurecia (China)

Faurecia is a leading manufacturer in the global automobile industry headquartered in Nanterre, France, specialising in three main areas of automotive business including: (i) automotive seating; (ii) interior systems; and (iii) emissions control technologies. Founded in 1997, Faurecia Group has been actively expanding and progressing its businesses in the automobile industry and currently operates over 300 factories across 34 countries. Faurecia Group is currently recognized as the world's number one supplier of seat frames and mechanisms, emissions control technologies and vehicle interiors and the world's third-largest supplier of complete seat systems.

Faurecia (China) was the operating arm of Faurecia Group in the PRC, which was established in Shanghai, the PRC in December 2008. Faurecia (China) is principally engaged in development, manufacture and sales of automotive seating, interior systems and emissions control systems.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Faurecia (China) and its ultimate beneficial owner is a third party independent of the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholder or any of their respective associates.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

As disclosed in the annual report of the Company for the year ended 31 December 2016, Wuling Industrial, the principal operating subsidiary of the Group in the business division of (i) engines and related parts; and (ii) automotive components and other industrial

services has been actively undertaking certain expansion and upgrading projects in its production facilities so as to meet the customer demands in view of the anticipated growth of business of SGMW from the existing vehicle models and the launches of new vehicle models. Over the recent years, SGMW has been shifting its focus from the commercial vehicles market to the passenger vehicles market in the PRC. As such, Wuling Industrial Group, being the direct and indirect manufacturers of automotive components for SGMW, is required to undertake certain technology improvement in order to satisfy such changes of SGMW.

Wuling Industrial currently supplies car seat products to SGMW, which is grouped under the automotive components and other industrial services division. However, as the scale of operation is relatively small and the products are primarily focused on the commercial vehicles market, the respective contribution from the car seat products to the Group's revenue and profitability remained insignificant. Wuling Industrial considers the recent development of SGMW in expanding the production of passenger vehicles would provide business opportunities in the car seat products, and therefore looks for suitable business partner for enhancing and upgrading its production knowhow in this area. The co-operation with Faurecia, being a global leading manufacturer in the business of automotive parts and components, under the establishment of the JV Company, will provide essential technical support to the Group in further promoting its business opportunities in the car seat businesses for the existing customers as well as other new customers.

It is considered that the establishment of the JV Company will be able to (i) take advantage of the advanced technology and operating management from Faurecia Group when manufacturing automotive seats for SGMW or other automakers in the PRC; (ii) utilise Wuling Industrial's experience in the manufacturing of automotive components to meet the demands of the local automakers, e.g. in terms of cost-control etc.; and (iii) share the extensive resources and networks of Wuling Industrial in the automobile market in the PRC.

In view of the above, the Directors consider that the terms of the JV Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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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 of which are listed on the Stock Exchange (stock code: 305.HK)
“Director(s)”	the director(s) of the Company
“Faurecia”	Faurecia, the ultimate holding company of Faurecia Group and Faurecia (China), is a leading manufacturer in the global automobile industry headquartered in Nanterre, France
“Faurecia Group”	Faurecia and its subsidiaries, being a world renowned group of companies, engages in the automobile industry specialising in the business segments of automotive seating, interior systems and emissions control technologies
“Faurecia (China)”	Faurecia (China) Holding Co. Ltd., a wholly owned subsidiary of Faurecia established in the PRC in 2008
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司, a state-controlled enterprise established in the PRC, being the ultimate beneficial controlling Shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Agreement”	the joint venture agreement entered into between Wuling Industrial and Faurecia (China) for the purpose of establishment of the JV Company on 3 July 2017
“JV Company”	a joint venture company to be established in the PRC which shall be owned as to 50% by Wuling Industrial and 50% by Faurecia (China) pursuant to the JV Agreement
“JV Party(ies)”	a party/parties to the JV Agreement, namely Wuling Industrial and/or Faurecia (China), as the case maybe
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“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
“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 Group”	Wuling Industrial and its subsidiaries
“%”	per cent

The figures in RMB are converted into HK\$ at the rate of RMB1:HK\$1.15 throughout this announcement for indicative purpose only.

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

Hong Kong, 3 July 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*