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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
CONSTRUCTION AGREEMENT IN RELATION TO
THE LIUDONG FACILITIES CONSTRUCTION PROJECT

LIUDONG FACILITIES CONSTRUCTION PROJECT

On 20 September 2017, Liuzhou Zhuotong (as the originator), an indirect non-wholly owned subsidiary of the Company, entered into the Construction Agreement with Guangxi Construction Group (as the contractor) in relation to the Liudong Facilities Construction Project at the Consideration of RMB97,591,083 (inclusive of VAT of RMB9,671,188).

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 requirement of shareholders' approval under Chapter 14 of the Listing Rules.

LIUDONG FACILITIES CONSTRUCTION PROJECT

On 20 September 2017, Liuzhou Zhuotong (as the originator), an indirect non-wholly owned subsidiary of the Company, entered into the Construction Agreement with Guangxi Construction Group (as the contractor), pursuant to which, Liuzhou Zhuotong has appointed Guangxi Construction Group for the construction of the Third Joint Factory Premises situated at Hualing, Liudong New District in Liuzhou, the PRC (柳州市柳東新區花嶺) at the Consideration of RMB97,591,083 (inclusive of VAT of RMB9,671,188).

PRINCIPAL TERMS OF THE CONSTRUCTION AGREEMENT

- Date:** 20 September 2017
- Parties:** (a) The originator: Liuzhou Zhoutong Automotive Components Limited* (柳州卓通汽車零部件有限公司), an indirect non-wholly owned subsidiary of the Company; and
- (b) The contractor: Guangxi Construction Group.
- Subject matter:** Pursuant to the Construction Agreement, Guangxi Construction Group will be responsible for (i) the tender documents and other related documents of the Third Joint Factory Premises in the Liudong Facilities Construction Project; and (ii) the relevant construction and engineering works based on the technical specifications as required in the Liudong Facilities Construction Project.
- Construction period:** Pursuant to the Construction Agreement, the construction period of the Liudong Facilities Construction Project will be 295 days commencing from 25 September 2017 to 17 July 2018.
- Consideration:** The total Consideration payable by Liuzhou Zhuotong under the Construction Agreement shall be RMB RMB97,591,083 (inclusive of VAT of RMB9,671,188), which comprises the costs of construction and engineering works, the related professional and insurance charges and other provisional expenses for the construction of the Third Joint Factory Premises
- The Group's standard tender process has been applied to determine the Consideration for the Construction Agreement, in which Guangxi Construction Group was concluded as the contractor based on the overall evaluation of the technical capability and the terms offered by the respective tenderers.
- 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 payable by Liuzhou Zhuotong in cash or bank acceptance bills in the following manner:

- (i) RMB14,638,662, representing 15% of the Consideration, shall be paid as the prepayment before commencement of the construction, which shall be used to deduct against part of the progress payments in sub-paragraph (ii) below;
- (ii) an aggregate amount of RMB78,072,867, representing 80% of the Consideration, shall be payable by instalments at intervals according to the progress of the construction as confirmed by both parties;
- (iii) RMB9,759,108, representing 10% of the Consideration, shall be payable upon the preliminary acceptance of the completion of the construction;
- (iv) RMB6,831,376, representing 7% of the Consideration, shall be payable upon the final approval of the construction; and
- (v) The remaining RMB2,927,732, representing 3% 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 Liudong Facilities Construction Project provided by Guangxi Construction Group.

INFORMATION ON THE GROUP AND GUANGXI CONSTRUCTION GROUP**The Group**

The 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.

Guangxi Construction Group

Guangxi Construction Group is a professional contractor principally engaged in the provision of various main contracting services including the construction and building of various types of foundations, housings and architectural structures, the installation of various types of electrical, roads, tunnels and lighting systems, etc.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Guangxi Construction Group 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 CONSTRUCTION AGREEMENT

As disclosed in the annual report of the Company for the year ended 31 December 2016 and the interim report of the Company for the six months ended 30 June 2017, the Group had expanded the production capacity and upgraded the technology to meet the demands of SGMW, the major customer of the Group, in view of the anticipated growth of business of SGMW, in particular for their passenger vehicles models. A production facility located in the eastern district of Liuzhou (the “Liudong Facilities”) was established for the passenger vehicles’ component businesses for SGMW, in which the first and second phase of the Liudong Facilities have become fully operational since 2016.

With a foreseeable significant growth in passenger vehicles’ components businesses and after taking into account that the existing capacity of the Liudong Facilities would be fully utilized in the near future, the Group decided to expand its Liudong Facilities by undertaking the third phase development through the acquisition of a new industrial site located adjacent to the first and second phase of the Liudong Facilities in late 2016 for the construction of the third joint factory premises in the Liudong Facilities.

The Liudong Facilities Construction Project constitutes a key project of the third phase development of the Liudong Facilities. As it is required to further upgrade the Wuling Industrial’s existing technological capability for production of rear suspension system and expand the relevant production capacity so as to satisfy the production for the higher-end passenger vehicle models, including the new models to be launched by SGMW, the Group decided to invest in the Liudong Facilities Construction Project for the establishment of the Third Joint Factory Premises, which is expected to be completed in mid-2018, to ensure adequate production capacity of the rear suspension system and decelerator system available to serve the increase in the needs from customers in a timely manner.

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 requirement of 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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total fee payable by Liuzhou Zhuotong under the Construction Agreement
“Construction Agreement”	The agreement entered into between Liuzhou Zhuotong (as the originator) and Guangxi Construction Group (as the contractor) in relation to the Liudong 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
“Liudong Facilities Construction Project”	the construction of the Third Joint Factory Premises located at Hualing, Liudong New District in Liuzhou, the PRC under the Construction Agreement for the purpose of the establishment and installation of the production facilities for the production of rear suspension system and decelerator system for passenger vehicles
“Liuzhou Zhuotong”	柳州卓通汽車零部件有限公司 (Liuzhou Zhuotong Automotive Components Company Limited*), a company incorporated in the PRC with limited liability on 21 November 2013 and a wholly-owned subsidiary of Wuling Industrial and an indirect non-wholly owned subsidiary of the Company;

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Guangxi Construction Group”	廣西建工集團第五建築工程有限責任公司 (Guangxi Construction Engineering Group No.5 Construction Engineering Co., Ltd.*), 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
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Joint Factory Premises”	the joint factory premises and auxiliary workshops, with a total gross floor area of approximately 43,845 sq.m. to be constructed at the location of Hualing, Liudong New District in Liuzhou (柳州市柳東新區花嶺片) under the Liudong Facilities Construction Project, primarily for the production of rear suspension system and decelerator system for passenger vehicles
“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
Mr. Yuan Zhijun
Chairman

Hong Kong, 20 September 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. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive Directors.

** For identification purposes only*