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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
IN RELATION TO
THE EQUIPMENT PURCHASE AGREEMENT**

THE EQUIPMENT PURCHASE AGREEMENT

On 28 September 2017 (after trading hours), Wuling Liuji, an indirect non-wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement with Anwha (Shanghai), pursuant to which Wuling Liuji agreed to purchase and Anwha (Shanghai) agreed to sell the Equipment at the net consideration of RMB80,341,880 (exclusive of VAT) and gross consideration of RMB94,000,000 (inclusive of VAT) in accordance with the terms and conditions of the Equipment Purchase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction contemplated under the Equipment Purchase Agreement is/are more than 5% and all such ratios are less than 25%, the transaction contemplated under the Equipment Purchase Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under the Listing Rules.

THE EQUIPMENT PURCHASE AGREEMENT

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PRINCIPAL TERMS OF THE EQUIPMENT PURCHASE AGREEMENT

- Date:** 28 September 2017
- Parties:**
- (a) The Vendor: Anwha (Shanghai) Automation Engineering Company Limited* (昂華(上海)自動化工程股份有限公司); and
 - (b) The Purchaser: Liuzhou Wuling Liuji Motors Company Limited* (柳州五菱柳機動力有限公司).
- Equipment to be purchased** The Equipment to be purchased from and set up by the Vendor comprises primarily a production-line designated and installed for the production by Wuling Liuji of a new model of automotive engine to be supplied for passenger vehicles of its customers.
- Consideration:** The gross consideration payable by the Purchaser to the Vendor amounted to RMB94,000,000 (inclusive of VAT at the rate of 17% of the net consideration), and the net consideration amounts to RMB80,341,880 (exclusive of VAT) accordingly.
- Basis of consideration:** The Equipment Purchase Agreement was entered into by Wuling Liuji and Anwah (Shanghai) subsequent to the application of the Group's standard tender process and with reference to the market prices of equipment similar to the Equipment. Anwha (Shanghai) was ranked first according to the evaluation basis set out in the relevant tender document which included the overall evaluation of the technical capability and the terms (including the tender price in respect of the Equipment) offered by the respective bidders and therefore was selected as the successful bidder and concluded as the vendor of the Equipment.
- Having considered the above, the Directors are of the view that the consideration for the Equipment is fair and reasonable and in the interests of the Company as a whole.
- Payment terms:** Gross consideration of RMB94,000,000, comprising the net consideration of RMB80,341,880 and the VAT of RMB13,658,120 (equivalent to approximately 17% of the net consideration) will be paid by the Purchaser to the Vendor in accordance with the following phases:
- (i) RMB9,400,000 (being 10% of the gross consideration) will be paid upon signing of the Equipment Purchase Agreement;

- (ii) RMB18,800,000 (being 20% of the gross consideration) will be paid upon the design of the Equipment being confirmed by the Purchaser and the Vendor;
- (iii) RMB28,200,000 (being 30% of the gross consideration), will be paid (1) after the Purchaser having issued the preliminary notice of acceptance/satisfaction of relevant tests on the Equipment or having received the delivery advice of the Equipment; and (2) after the Purchaser having received the VAT invoice in respect of 60% of the gross consideration (which are amounts due to be paid according to paragraphs (i) and (ii) above and this paragraph (iii));
- (iv) RMB32,900,000 (being 35% of the gross consideration), will be paid (1) after the Purchaser having issued the final notice of acceptance/satisfaction of relevant tests on the Equipment; and (2) after the Purchaser having received the VAT invoice in respect of 40% of the gross consideration (being amounts due to be paid according to this paragraph (iv) and paragraph (v) below);
- (v) RMB4,700,000, being the remaining 5% of the gross consideration will be retained by the Purchaser as quality guarantee amount and will be paid upon expiry of a 18-month period commencing from the issuance of the final notice of acceptance/satisfaction of relevant tests on the Equipment by the Purchaser, provided that there will be no issue relating to the quality of the Equipment occurred during such 18-month period.

INFORMATION ON THE GROUP AND THE VENDOR

The Group

The Group, 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 which Wuling Liuji Group focuses on the businesses of motor vehicles' engines and related parts.

The Vendor

Anwha (Shanghai) is principally engaged in the provision of assembly automation integration solutions, with design, machining and manufacturing capacity of non-standard equipment. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Anwha (Shanghai), and its 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 EQUIPMENT PURCHASE AGREEMENT

Wuling Liuji Group is principally engaged in the manufacturing and trading of engines and related parts for automobile manufacturers which is currently one of the three key business segments of the Group. As disclosed in the Company's interim report for the six months ended 30 June 2017 ("**2017 Interim Report**") and Company's annual report for the year ended 31 December 2016 ("**2016 Annual Report**"), the engines and related parts business segment undertaken by Wuling Liuji Group accounted for approximately 19.8% and 23.2% of the total revenue of the Group.

Furthermore, as described in the above reports, with the aims of expanding its product range beyond engines produced mainly for the commercial mini-vehicles and achieving higher technical capability, Wuling Liuji had actively undertaken development projects for the production of upgraded engine products in serving the different needs of its customers, especially targeting at the passenger vehicles' business. In this regard, Wuling Liuji successfully launched its first engine product for the passenger vehicles, namely NP18, in 2015. Upon the launch of NP18, revenue attributable to the passenger vehicles products has accounted for the majority portion of the total revenue of the Group's engines and related parts division. Meanwhile, as reported in the 2016 Annual Report, sales of the engines and related parts to SGMW, the Group's core customer, was increased by 18.3% which were mainly attributable from the sales of NP18 model.

As disclosed in the 2017 Interim Report, despite an improvement in the operating margin of the engines and related parts division, the business volume experienced a decline as a decrease of 35.7% was recorded in the segment turnover of the division during the first half of 2017 in comparison to the corresponding period in last year. Wuling Liuji Group considers it is necessary to extend the range of products for the passenger vehicles to further the development of the Group in this business division.

In order to continue pursuing the aims of expanding the product range and achieving higher technical capability of the engines and related parts division, Wuling Liuji has been undertaking projects in enhancing the NP18 model and in developing new products with greater capacity in serving the specific needs of the customers.

Having taken into account the current production facility and capacity of Wuling Liuji, the Directors are of the opinion that it is necessary for Wuling Liuji to set up new production-line in respect of a new model of automotive engine, the internal technical procedure of which has been recently completed and which has been planned to be launched and supplied for passenger vehicles of its customers, including SGMW and other customers commencing from late 2018. Wuling Liuji therefore entered into the Equipment Purchase Agreement with Anwha (Shanghai) for the purpose of procuring the new production-line to ensure scale production of this new model could be taken place in a timely manner.

In view of the above and the facts that (i) the terms of the Equipment Purchase Agreement (including the consideration) were concluded subsequent to the application of the Group's standard tender process and with reference to the market prices of equipment similar to the Equipment, and (ii) Anwha (Shanghai) was ranked first according to the evaluation basis set out in the relevant tender document which included the overall evaluation of the technical capability and the terms (including the tender price in respect of the Equipment) offered by the respective bidders and therefore was selected as the successful bidder and concluded as the vendor of the Equipment, the Directors consider that the terms of the Equipment Purchase Agreement (including the consideration) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction contemplated under the Equipment Purchase Agreement is/are more than 5% and all such ratios are less than 25%, the transaction contemplated under the Equipment Purchase Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Anwha (Shanghai)” or “Vendor”	昂華(上海)自動化工程股份有限公司 (Anwha (Shanghai) Automation Engineering Company Limited*), a company incorporated in the PRC with limited liability
“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)
“Director(s)”	Director(s) of the Company

“Equipment”	a set of equipment, being a production-line designated and installed for the production by Wuling Liuji of a new model of automotive engine to be supplied for passenger vehicles of its customers
“Equipment Purchase Agreement”	an equipment purchase agreement entered into between Wuling Liuji and Anwha (Shanghai) on 28 September 2017, pursuant to which Wuling Liuji has agreed to purchase and Anwha (Shanghai) has agreed to sell the Equipment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 廣西汽車集團有限公司 (Guangxi Automobile Group Co., Limited*, a state-controlled enterprise established in the PRC and the Company’s ultimate beneficial controlling Shareholder) and is currently a major customer of Wuling Industrial Group’s businesses in engines and automotive components
“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)
“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 and the immediate holding company of Wuling Liuji
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries

“Wuling Liuji” or “Purchaser”	柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited*), a company established in the PRC and a wholly owned subsidiary of Wuling Industrial and an indirect non-wholly-owned subsidiary of the Company
“Wuling Liuji Group”	Wuling Liuji and its subsidiaries
“%”	per cent

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

Hong Kong, 28 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 purpose only*