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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 29 November 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 RMB300 million (equivalent to approximately HK\$354.6 million), which shall be contributed as to RMB150 million (equivalent to approximately HK\$177.3 million) by each of Wuling Industrial and Faurecia (China) respectively.

LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 3 July 2017 relating to the formation of the Car Seat JV Company by Wuling Industrial and Faurecia (China) for the car seat business. Pursuant to the Car Seat JV Agreement, the registered capital of the Car Seat JV Company shall be RMB150 million (equivalent to approximately HK\$177.3 million) and each of Wuling Industrial and Faurecia (China) shall contribute RMB75 million (equivalent to approximately HK\$88.7 million), representing 50% of the registered capital of the Car Seat JV Company. Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as both of the Car Seat JV Agreement and the JV Agreement were entered into between Wuling Industrial and Faurecia (China) within a 12-month period, all transactions respectively contemplated under these two agreements are considered and aggregated as one transaction.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the aggregate contribution of Wuling Industrial towards the Car Seat JV Company and the JV Company (which amounts to RMB225 million (equivalent to approximately HK\$266.0 million)) is more than 5% but less than 25%, the entering into of the JV Agreement by Wuling Industrial constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 29 November 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 RMB300 million (equivalent to approximately HK\$354.6 million), which shall be contributed as to RMB150 million (equivalent to approximately HK\$177.3 million) by each of Wuling Industrial and Faurecia (China) respectively.

PRINCIPAL TERMS OF THE JV AGREEMENT

The principal terms of the JV Agreement are summarized below:

Date of the JV Agreement:	29 November 2017
JV Parties:	(a) Wuling Industrial; and (b) Faurecia (China), each entered into the JV Agreement in the capacity of the proposed holder of 50% Equity Interest.
Proposed name of the JV Company:	English Name: Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd. Chinese Name: 佛吉亞（柳州）汽車內飾系統有限公司
Scope of business of the JV Company:	The proposed scope of business of the JV Company shall include (i) development, manufacture and sales of automotive interior system and related parts and accessories, including cockpit, instrument panel, auxiliary instrument panel, door trim panel, acoustics and soft trim; (ii) agency and operation of import and/or export of technology and goods relating to the automotive interior parts and accessories; and (iii) provision of after sale and technical consultancy services in the PRC.
Terms of business of the JV Company:	Twenty years from the date of the establishment of the JV Company unless early termination thereof.
Registered capital of the JV Company:	The registered capital of the JV Company will be RMB300 million (equivalent to approximately HK\$354.6 million), which shall be contributed as to RMB150 million (equivalent to approximately HK\$177.3 million and representing 50% of the registered capital of the JV Company) by each of Wuling Industrial and Faurecia (China) respectively.

The total amount of the registered capital and the respective capital contribution of the JV Parties were determined after arm's length negotiation between the JV Parties with references to the initial capital requirement of the JV Company and the intention of each JV Party in respect of its capital contribution to the JV Company.

Each JV Party should pay its capital contribution to the JV Company in cash within six months from the date of establishment of the JV Company.

The capital contribution of Wuling Industrial to the JV Company in the amount of RMB150 million (equivalent to approximately HK\$177.3 million) will be funded by the internal resources of the Group.

Any increase or decrease in the registered capital of the JV Company shall be approved, by consensus, by the board of directors of the JV Company. In case of increase in the registered capital, (i) the increased registered capital (the “**Increased Capital**”) shall be contributed by the JV Parties on a pro rata basis according to their respective Equity Interests, or (ii) if a JV party has indicated its intention of not contributing to any Increased Capital, subject to the compliance of the relevant laws and regulations in Hong Kong and the PRC (including the Listing Rules), the other JV Party shall have the right to contribute to the full amount of the Increased Capital and the respective Equity Interests of the JV Parties should be adjusted thereafter.

Conditions for payment of the capital contribution to the JV Company:

The payment of the respective capital contribution to the JV Company by Wuling Industrial and Faurecia (China) is conditional upon satisfaction and/or waiver by the JV Parties of the following conditions:

- (a) all documents relevant to the approval and filing process having been filed to or approved by the regulatory authorities as required;
- (b) all warranties and representation made by the JV Parties as set out in the JV Agreement having been true and accurate in all material respects;

- (c) as at the date of the JV Agreement, there having no material changes in the rules, laws and regulations of the PRC which have no impact on any JV Party's capability in sharing the economic benefit resulting from its investment in the JV Company, or on the business environment in which the JV Company shall commence its business under the JV Agreement;
- (d) the JV Company having been established according to the terms and conditions of the JV Agreement, and having obtained a business license which reflects the relevant requirements under the JV Agreement;
- (e) the JV Parties and/or relevant associated companies of them having entered into the ancillary agreements mentioned in the JV Agreement; and
- (f) the JV Company having set up a bank account for receiving the capital contribution to it from the JV Parties.

If any of the above conditions precedent are not fulfilled, or agreed to be waived by the JV Parties 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 thereunder save for any antecedent breaches of the terms thereof.

**Transfer of Equity Interests
and related restriction:**

Save for the transfer of Equity Interest between the two JV Parties and transfer to any relevant associated company of a JV Party pursuant to the terms of the JV Agreement and subject to the prior approval of the board of directors of the JV Company, a JV Party shall not dispose of its Equity Interest for a period of three years from the date of establishment of the JV Company. Upon expiry of such three-year period, any disposal of by a JV Party of its Equity Interest to any third party purchaser should involve all but not only part of the Equity Interest held by such JV Party.

During the term of the JV Agreement, (i) a JV Party shall have the priority right (the "**Priority Right**", which is not transferrable) to purchase the other JV Party's Equity Interest at the same terms if a JV Party proposes to sell its Equity Interest and (ii) a JV Party should not dispose of its Equity Interest to a competitor of the other JV Party.

A JV Party (the “**Selling JV Party**”), which proposes to sell its Equity Interest to a third party purchaser, must serve relevant notice (the “**Transfer Notice**”) to the other JV Party. The other JV Party shall within 60 days after receiving the Transfer Notice, inform the Selling JV Party in writing of its decision with regard to (i) exercise of its Priority Right to purchase all of the Selling JV Party’s Equity Interest pursuant to the terms set out in the Transfer Notice and at the fair market price of the relevant Equity Interest or price set out in the Transfer Notice, whichever is the lowest; or (ii) its consent to the disposal by the Selling JV Party of its Equity Interest to third party purchaser pursuant to the terms set out in the Transfer Notice.

Non-competition with the JV Company:

A JV Party and its associated company(ies), during the period in which any of them is/are holder(s) of the Equity Interest and during the three year-period after it ceases/ they cease to be holder(s) of the Equity Interest, should not be involved or engaged in any businesses which are in competition with the JV Company.

Composition of the board of directors and other senior management of the JV Company:

The board of directors of the JV Company shall comprise five directors, two of which shall be nominated by Wuling Industrial while the other three 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 the financial controller shall be nominated by Faurecia (China) and the deputy financial controller 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, the JV Party(ies) and the JV Company shall enter into ancillary agreements in relation to, among other things, provision of management services and technical services by the JV Party(ies) to the JV Company, and the acquisition by the JV Company of the machinery and equipment of Wuling Industrial Group which are currently used for the production of various automotive interior parts and accessories located in Liuzhou, Chongqing and Qingdao, the PRC for the purpose of facilitating the commencement of 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 (which cover the new energy vehicles, represented primarily by the electrical vehicles), as well as the trading of raw materials, water and power supply services.

Faurecia and Faurecia (China)

Faurecia is a leading manufacturer in the global automobile industry headquartered in Nanterre, France, specializing 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, save for their interests in the Car Seat JV Company (which is a joint venture of Wuling Industrial and Faurecia (China)), 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 (has the meaning ascribed thereto under the Listing Rules).

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 engines and related parts, and 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 (which is a major customer of Wuling Industrial Group's businesses in engines and automotive components) 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 vehicle market to the passenger vehicle market in the PRC. As such, Wuling Industrial Group, being the direct and indirect manufacturers of various automotive components for SGMW, is required to undertake certain technology improvement in order to satisfy such changes of SGMW.

Wuling Industrial currently supplies various kinds of automotive interior parts and accessories to SGMW, including cockpit, instrument panel, auxiliary instrument panel, door trim panel, acoustics and soft trim, etc which are grouped under the automotive components and other industrial services division of Wuling Industrial Group. However, as the scale of operation is relatively small and the products are primarily focused on the commercial vehicle market, the contribution from the automotive interior parts and accessories to the Group's revenue and profitability remained insignificant. Wuling Industrial considers that the recent development of SGMW in expanding the production of passenger vehicles would provide Wuling Industrial Group with business opportunities in manufacturing and sales of the automotive interior parts and accessories, 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 Wuling Industrial Group in further promoting its automotive interior parts and accessories businesses to the existing customers as well as other new customers, and pursuing the related business opportunities.

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 interior parts and accessories for SGMW and other automakers in the PRC; (ii) utilize Wuling Industrial's experience in the manufacturing and sales of automotive components in the PRC, for example in terms of cost-control, to meet the demands of the local automakers; and (iii) share the extensive resources and networks of Wuling Industrial in the automobile market in the PRC.

The terms of the JV Agreement, including the total amount of the registered capital of the JV Company of RMB300 million (equivalent to approximately HK\$354.6 million) and the contribution thereof by each JV Party (as to RMB150 million (equivalent to approximately HK\$177.3 million and representing 50% of the registered capital of the JV Company), were determined after arm's length negotiation between the JV Parties with references to, among other things, the initial capital requirement of the JV Company and the intention of each JV Party in respect of its capital contribution to the JV Company. 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

Reference is made to the announcement of the Company dated 3 July 2017 relating to the formation of a joint venture company (i.e. the Car Seat JV Company) by Wuling Industrial and Faurecia (China) for the car seat business. Pursuant to the Car Seat JV Agreement, the registered capital of the Car Seat JV Company shall be RMB150 million (equivalent to approximately HK\$177.3 million) and each of Wuling Industrial and Faurecia (China) shall contribute RMB75 million (equivalent to approximately HK\$88.7 million), representing 50% of the registered capital of the Car Seat JV Company. Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as both of the Car Seat JV Agreement and the JV Agreement were entered into between Wuling Industrial and Faurecia (China) within a 12-month period, all transactions respectively contemplated under these two agreements are considered and aggregated as one transaction.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the aggregate contribution of Wuling Industrial towards the Car Seat JV Company and the JV Company (which amounts to RMB225 million (equivalent to approximately HK\$266.0 million)) is more than 5% but less than 25%, the entering into of the JV Agreement by Wuling Industrial constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

- “associated company(ies)”** pursuant to the JV Agreement, an “associated company” of a JV Company refer to any company which (i) control, or is controlled by, that JV Party, or (ii) together with that JV Party, is under common controlled by another party (“control” refers to the holding or control, directly or indirectly, of voting rights or shares with voting rights of 50% or more in a company)
- “Board”** the board of Directors
- “Car Seat JV Agreement”** the joint venture agreement dated 3 July 2017 entered into between Wuling Industrial and Faurecia (China) for the purpose of establishment of the Car Seat JV Company
- “Car Seat JV Company”** 佛吉亞(柳州)汽車座椅有限公司 (Faurecia Liuzhou Automotive Seating Co., Ltd*), a joint venture company established in the PRC on 26 September 2017 pursuant to the Car Seat JV Agreement for the purpose of engaging in the car seat business, which is owned as to 50% by Wuling Industrial and 50% by Faurecia (China)
- “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
“Equity Interest(s)”	equity interest(s) in the JV Company
“Faurecia”	Faurecia, the ultimate holding company of Faurecia Group and Faurecia (China), a leading manufacturer in the global automobile industry with headquarter in Nanterre, France
“Faurecia Group”	Faurecia and its subsidiaries, a world renowned group of companies which engages in the automobile industry specializing 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Agreement”	the joint venture agreement dated 29 November 2017 entered into between Wuling Industrial and Faurecia (China) for the purpose of establishment of the JV Company
“JV Company”	a joint venture company to be established in the PRC for the purpose of engaging in the automotive interior parts and accessories business, which shall be owned as to 50% by Wuling Industrial and 50% by Faurecia (China) pursuant to the JV Agreement
“JV Party(ies)”	parties to the JV Agreement, namely Wuling Industrial and Faurecia (China), and “JV Party” refer to any one of the JV Parties, 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
“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)

“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 Holdings Limited *) (which is a state-controlled enterprise established in the PRC and the ultimate beneficial controlling Shareholder), 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

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

Hong Kong, 29 November 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.

In this announcement, unless otherwise specified, conversion of RMB into Hong Kong dollars is, based on the exchange rate of RMB1 to HK\$1.182, for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

* For identification purposes only