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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 30 November 2017 (after trading hours), Wuling Liuji, an indirect non-wholly-owned subsidiary of the Company, entered into the Equipment Purchase Agreement with Changchun MAG, pursuant to which Wuling Liuji agreed to purchase and Changchun MAG agreed to sell the Equipment at the gross consideration of RMB170,000,000 (inclusive of VAT at the rate of 17% of the net consideration) 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 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

On 30 November 2017 (after trading hours), Wuling Liuji, an indirect non-wholly-owned subsidiary of the Company, entered into the Equipment Purchase Agreement with Changchun MAG, pursuant to which Wuling Liuji agreed to purchase and Changchun MAG agreed to sell the Equipment at the gross consideration of RMB170,000,000 (inclusive of VAT), and the net consideration of RMB145,299,145 (exclusive of VAT) in accordance with the terms and conditions of the Equipment Purchase Agreement.

PRINCIPAL TERMS OF THE EQUIPMENT PURCHASE AGREEMENT

- Date:** 30 November 2017
- Parties:**
- (a) The Vendor: Changchun MAG Special Machine Tool Co., Limited* (長春美格專用設備有限公司); 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 two production-lines, one for the processing production of cylinder blocks and the other for the processing production of cylinder heads, which will be utilized for the processing production of the foundry components by Wuling Liuji for its assembly production of the automotive engines to be supplied for the passenger vehicles.
- Consideration:** The gross consideration payable by the Purchaser to the Vendor amounted to RMB170,000,000 (inclusive of VAT at the rate of 17% of the net consideration), and the net consideration amounts to RMB145,299,145 (exclusive of VAT) accordingly.
- Basis of consideration:** The Equipment Purchase Agreement was entered into by Wuling Liuji and Changchun MAG subsequent to the application of the Group's standard tender process and with reference to the market prices of equipment similar to the Equipment. Changchun MAG 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 and its Shareholders as a whole.

Payment terms:

The gross consideration of RMB170,000,000 comprising the net consideration of RMB145,299,145 and the VAT of RMB24,700,855 (equivalent to approximately 17% of the net consideration), will be paid by the Purchaser to the Vendor in accordance with the following phases:

- (i) RMB17,000,000 (being 10% of the gross consideration) will be paid upon signing of the Equipment Purchase Agreement;
- (ii) RMB34,000,000 (being 20% of the gross consideration) will be paid upon the design of the Equipment being confirmed by the Purchaser and the Vendor;
- (iii) RMB68,000,000 (being 40% 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; and (2) after the Purchaser having received the VAT invoice in respect of 70% of the gross consideration (which are amounts due to be paid according to paragraphs (i) and (ii) above and this paragraph (iii));
- (iv) RMB42,500,000 (being 25% 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 30% of the gross consideration (being amounts due to be paid according to this paragraph (iv) and paragraph (v) below); and
- (v) RMB8,500,000 (being the remaining 5% of the gross consideration) will be retained by the Purchaser as quality guarantee amount and will be paid 12 months after expiry of the 18-month warranty period detailed below, provided that there will be no issue relating to the quality of the Equipment occurred during the period.

Warranty period: There will be an 18-month warranty period commencing from the date of issuance of final notice of acceptance/satisfaction of relevant tests on the Equipment by Wuling Liuji. During the 18-month warranty period, Changchun Meige will be responsible for repairing and re-fixing defects on the Equipment at its own costs.

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 (which covers the new energy vehicles, represented primarily by the electrical 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

Changchun MAG, is principally engaged in the provision of assembly automation integration solutions, with design, machining and manufacturing capacity of machine tools. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Changchun MAG 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 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**"), Wuling Liuji aimed to further expand the products range of the engines and parts division by focusing on the research and development, as well as the marketing programmes, of its existing and new products with greater capacity in better serving the specific needs of the customers. The Group believes that the increasing applications of the successfully launched models to the passenger vehicles of SGMW, which is the Group's core customer, and other existing and new customers, as well as the introduction of other relatively high end new products will enhance the business potential and the technical capability of Wuling Liuji which in turn will contribute to its profitability in the coming years.

Wuling Liuji successfully launched its first engine product for the passenger vehicles, namely NP18, in 2015. As disclosed in the 2017 Interim Report, sales to SGMW continued to be mainly attributable to the contribution from NP18 model, but there was a reduction in the sale volume of the NP18 model during the first half of 2017. 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 other higher end models. In this regard, Wuling Liuji has completed the research and development of a new engine model with greater capacity in better serving the specific needs of the customers. Reference is made to the announcement of the Company dated 28 September 2017 in relation to the purchase of a production-line designated and installed for the production by Wuling Liuji of this new model automotive engine to be supplied for the passenger vehicles of its customers.

Having taken into account the current production facility and capacity of Wuling Liuji of the foundry components, including the cylinder blocks and the cylinder heads of Wuling Liuji which are required for the assembly production of the automotive engines, are operating at a relatively high utilization level, the Directors are of the opinion that it is necessary for Wuling Liuji to set up new production lines (including the two processing production lines for cylinder blocks and cylinder heads respectively) which will be utilized for the processing production of the foundry components of the above new model automotive engine to be launched and supplied for passenger vehicles of its major customer, SGMW, and the potential orders from other customers. Wuling Liuji therefore entered into the Equipment Purchase Agreement with Changchun MAG for the purpose of procuring the respective Equipment.

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) Changchun MAG 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 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:

“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)
“Changchun MAG” or “Vendor”	長春美格專用設備有限公司 (Changchun MAG Special Machine Tool Co., Limited*), a company incorporated in the PRC with limited liability
“Director(s)”	Director(s) of the Company
“Equipment”	two production-lines, one for the processing production of cylinder blocks and the other for the processing production of cylinder heads, which will be utilized for the processing production of the foundry components by Wuling Liuji for its assembly production of the automotive engines to be supplied for the passenger vehicles
“Equipment Purchase Agreement”	an equipment purchase agreement entered into between Wuling Liuji and Changchun MAG on 30 November 2017, pursuant to which Wuling Liuji agreed to purchase and Changchun MAG 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 Holdings 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, 30 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.

* *For identification purposes only*