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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)

**INSIDE INFORMATION —
DISPOSAL OF ASSETS**

**RELATED TO CAR SEAT PRODUCT BUSINESS AND OPERATION BY
WULING INDUSTRIAL GROUP TO FAURECIA CAR SEAT JV COMPANY**

This announcement is made by the Board pursuant to Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 14 March 2018 (after trading hours), Wuling Industrial (a non-wholly owned subsidiary of the Company) and Liuzhou Zhuotong (a wholly-owned subsidiary of Wuling Industrial), both as Vendors entered into the Sale and Purchase Agreement with Faurecia Car Seat JV Company (a joint venture company established in the PRC on 26 September 2017 which is owned as to 50% by each of Wuling Industrial and Faurecia (China) respectively) as Purchaser, pursuant to which Wuling Industrial and Liuzhou Zhuotong conditionally agreed to sell and Faurecia Car Seat JV Company conditionally agreed to purchase the Assets at the Total Consideration of RMB28,431,112 (equivalent to approximately HK\$35,263,108) (inclusive of VAT of RMB4,131,016) in accordance with the terms and conditions of the Sale and Purchase Agreement.

Subject to further negotiation by the parties, Wuling Industrial Group and the Faurecia Car Seat JV Company may enter into further agreements in relation to, among other things, the sale and purchase of other assets currently owned by Wuling Industrial Group for the car seat product manufacturing and operation. 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.

This announcement is made by the Board pursuant to Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

BACKGROUND

References are made to (i) the Previous Announcement dated 3 July 2017 relating to the Faurecia Car Seat JV Agreement entered into between Wuling Industrial (a non-wholly-owned subsidiary of the Company) and Faurecia (China) (a wholly-owned subsidiary of Faurecia) and the establishment of a joint venture company, which would be principally engaged in manufacturing of car seat products, pursuant to the Faurecia Car Seat JV Agreement; and (ii) Previous Announcements dated 29 December 2017 and 13 February 2018 relating to the MOU (as supplemented by the supplemental memorandum of understanding dated 13 February 2018) entered into between Wuling Industrial and Faurecia Car Seat JV Company (being the joint venture company established on 26 September 2017 pursuant to the Faurecia Car Seat JV Agreement) setting out the parties' respective intention relating to the possible sale and purchase of the Assets.

It was mentioned in the Previous Announcement dated 3 July 2017 that in order to facilitate the business and operation of the joint venture company, the relevant parties would enter into ancillary agreements in relation to, among other things, the acquisition by the joint venture company of machinery and equipment of Wuling Industrial which are currently used for the production of car seat products located in Liuzhou and Qingdao, the PRC.

Since the establishment of Faurecia Car Seat JV Company, Wuling Industrial and Faurecia Car Seat JV Company had entered into ancillary agreements for the purpose of facilitating the commencement of business and operation of Faurecia Car Seat JV Company. In accordance with the agreement dated 31 December 2017 entered into between Wuling Industrial and Faurecia Car Seat JV Company relating to the transfer of the employees for production of car seat products, the relevant employees of Wuling Industrial Group designated for the production of car seat products had been transferred from the Wuling Industrial Group to Faurecia Car Seat JV Company on a gradual basis beginning on 1 January 2018.

It was mentioned in the MOU that, for the purpose of setting out the parties' respective intention in relation to the sale and purchase of the Assets, being the assets which are currently owned and utilized by Wuling Industrial Group for the production of car seat products, Wuling Industrial (as potential vendor) and Faurecia Car Seat JV Company (as potential purchaser) entered into the MOU, pursuant to which Faurecia Car Seat JV Company should pay an amount of RMB42,949,593 to Wuling Industrial, representing the preliminary assessed values (inclusive of VAT) of the specific list of items of those assets to be delivered to Faurecia Car Seat JV Company as at the date of the MOU, following which Wuling Industrial should deliver the assets to Faurecia Car Seat JV Company for its operations. On 14 March 2018 (after trading hours), Wuling Industrial Group and Faurecia Car Seat JV Company, on the basis of the MOU, entered into the formal Sale and Purchase Agreement regarding the purchase by Faurecia Car Seat JV Company from Wuling Industrial Group of the Assets required for the operation of Faurecia Car Seat JV Company at the Total Consideration of RMB28,431,112 (inclusive of VAT of RMB4,131,016).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarized below:

Date: 14 March 2018

Parties: The Vendors:

(1) Wuling Industrial ; and

(2) Liuzhou Zhuotong.

The Purchaser:

(1) Faurecia Car Seat JV Company.

Assets which are subject of the sale and purchase:

Subject to fulfilment by the Vendors to the satisfaction of, or waiver granted by the Purchaser at its sole discretion of, the conditions precedent to the completion of the Sale and Purchase Agreement (among which, all necessary procedures relating to approval, registration and other requirements relating to the execution of the Sale and Purchase Agreement pursuant to the applicable laws, rules and regulations in the PRC and Hong Kong, including but not limited to those relating to the supervision and administration of state-owned assets in Guangxi Zhuang Autonomous Region, the PRC and the Listing Rules, should have been completed (and such condition precedent should not be waived by the Purchaser)), the Assets to be disposed of by the Vendors to the Purchaser include the machinery and equipment as listed out in the report of the Valuation which has been appended to the Sale and Purchase Agreement, and which are currently owned by the Vendors for car seat product manufacturing and operation.

Consideration:

An amount of RMB42,949,593 has been paid by Faurecia Car Seat JV Company to Wuling Industrial under the MOU, and a total of RMB28,431,112 out of such amount paid under the MOU shall be applied for payment of the Total Consideration in the following manner:

- (a) as to RMB27,401,586 shall be deducted from such amount paid under the MOU for payment of the consideration (inclusive of VAT of RMB3,981,427) of parts of the Assets, being machinery and equipment owned by Wuling Industrial; and
- (b) as to RMB1,029,526 shall be deducted from such amount paid under the MOU for payment of the consideration (inclusive of VAT of RMB149,589) of parts of the Assets, being machinery and equipment owned by Liuzhou Zhoutong.

The balance of the amount paid under the MOU, after deduction of the Total Consideration, amounted to RMB14,518,481. Wuling Industrial Group and Faurecia Car Seat JV Company is now in negotiation with regard to other assets currently owned by Wuling Industrial Group for the car seat product manufacturing and operation. The parties have agreed that, upon finalization of the negotiation and execution of any formal agreement (if any), such balance in the amount of RMB14,518,481 shall be applied for payment of consideration (“**relevant consideration**”) of those other assets, and Wuling Industrial shall refund any remaining amount to Faurecia Car Seat JV Company if the relevant consideration (inclusive of VAT) is less than RMB14,518,481, or Faurecia Car Seat JV Company shall pay further amount to Wuling Industrial Group if the relevant consideration (inclusive of VAT) is higher than RMB14,518,481).

Subject to the inspection of the Assets by Faurecia Car Seat JV Company at the time of delivery, if there is any shortfall in value of any Assets, the Vendors shall make up such shortfall or the Total Consideration shall be reduced by the amount of shortfall accordingly.

The Total Consideration was determined after arm's length negotiations between the Vendors and the Purchaser after taking into account the Valuation which was conducted by Guanxi Zhongyi Certified Public Appraisers Co., Ltd* 廣西眾益資產評估土地房地產評估有限公司, an independent assets appraisal firm recognized by the relevant government authority(ies)) and jointly engaged by Faurecia (China) and Wuling Industrial regarding the sales and purchase of the Assets (being state-owned assets) by adopting cost approach. According to the Valuation, the values of the Assets amounted to RMB24,300,100 (exclusive of VAT), which are approximately equal to the aggregate net consideration of RMB24,300,096 to be received by the Vendors (after deducting the respective VAT) pursuant to the Sale and Purchase Agreement.

Completion:

Completion shall take place within 30 days (or a later date to be agreed by the Vendors and the Purchaser after fulfillment (or waiver, as the case maybe) of the conditions precedent of the Sale and Purchase Agreement in full as notified by the Purchaser to the Vendors.

Termination:

The Sale and Purchase Agreement may be terminated:

- 1) by mutual agreement of the parties to the Sale and Purchase Agreement;
- 2) if any condition precedent of the Sales and Purchase Agreement has not been fulfilled or waived before the 120th day from the signing date of the Sale and Purchase Agreement (the "**Long-stop Date**");
- 3) by the Purchaser prior to the date of Completion if there has been any material inaccuracy or breach of any representations and warranties or breach of undertakings or other obligation under the Sale and Purchase Agreement on the part of the Vendors;
- 4) by the Purchaser if the Completion has not been consummated on or before the Long-stop Date, unless one of the parties to the Sale and Purchase Agreement has reasonable evidence to prove that Completion could not be consummated was due to the intentional breach of any of the terms of the Sale and Purchase Agreement by the other party(ies) to the Sale and Purchase Agreement. In such event, such breaching party(ies) shall not be entitled to terminate the Sale and Purchase Agreement;

- 5) by either the Purchaser or the Vendors prior to the date of Completion or the Long Stop Date, whichever is earlier if consummation of the transactions contemplated under the Sale and Purchase Agreement would result in violation of any non-appealable final order, decree or judgment of any governmental authority having competent jurisdiction; and
- 6) if an event of force majeure is lasting for a period in excess of 90 days and the parties to the Sale and Purchase Agreement have been unable to find an equitable solution.

Termination as set forth above may be effected by the terminating party giving the other parties a 7 days' prior written notice specifying the reason for such termination and shall become effective upon the expiration of such seven-day period, unless such notice of termination is withdrawn with the consent of the terminating party.

Upon the termination of the Sale and Purchase Agreement, any amount paid by the Purchaser to the Vendors shall immediately be returned to the Purchaser and any Assets delivered by the Vendors to the Purchaser shall immediately be returned to the Vendors. Prior to issuing a notice to terminate the Sale and Purchase Agreement by any party to the Sales and Purchase Agreement, the parties agree to carry out negotiation for the purpose of considering the effect of such termination on the Faurecia Car Seat JV Agreement and to take any further action that considered necessary to ensure that the viability of the Purchaser will not be adversely affected.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group

The Group, including Wuling Industrial and its subsidiaries, 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.

Faurecia Car Seat JV Company

Faurecia Car Seat JV Company is a joint venture company established in the PRC on 26 September 2017 with a registered capital of RMB150,000,000 pursuant to the Faurecia Car Seat JV Agreement. Each of Wuling Industrial and Faurecia (China) owns 50% of the equity interest in Faurecia Car Seat JV Company. According to the business license granted to it, Faurecia Car Seat JV Company is principally engaged in (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.

As at the date of this announcement, Faurecia Car Seat JV Company is owned as to 50% by Wuling Industrial and 50% by Faurecia (China) and in which the majority members of its board of directors are nominated by Faurecia (China). Hence, it will not be classified a subsidiary of the Company and would be taken as a joint venture company of the Company. Apart from Faurecia Car Seat JV Company, as at the date of this announcement, Faurecia (China) is also taken to be interested in two other joint venture companies of the Group, namely (i) Faurecia Car Seat Sale Company, which is owned as to 50% by Wuling Industrial and 50% by Faurecia (China) and in which the majority members of the its board of directors are nominated by Wuling Industrial (subject to confirmation by the Company's auditors, Faurecia Car Seat Sale Company may be classified as a non-wholly-owned subsidiary of the Company); and (ii) Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd (佛吉亞(柳州)汽車內飾系統有限公司) (“**Faurecia Interior JV Company**”) another joint venture company which is owned as to 50% by each of Wuling Industrial and Faurecia (China) and which was established on 5 February 2018 to be principally engaged in the development and manufacturing of automotive interior parts as announced by the Company on 29 November 2017 as the majority members of the board of directors of Faurecia Interior JV Company have been nominated by Faurecia (China), it will not be classified as a subsidiary of the Company and would be taken as a joint venture company of the Company.

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT

As set out in the Previous Announcement dated 3 July 2017, Wuling Industrial Group 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 of this segment is relatively small and the products are primarily focused on the commercial vehicle market, the respective contribution from the car seat products to the Group's revenue and profitability remained insignificant. On the other hand, as SGMW has been shifting its focus from the commercial vehicle market to the passenger vehicle models, there are business opportunities related to launches of new models by SGMW for the car seat product manufacturers.

Having taken into account those benefits of the establishment of Faurecia Car Seat JV Company (i.e. the Purchaser) set out in the Previous Announcement dated 3 July 2017 (among other things, the facts that Faurecia, the ultimate holding company of Faurecia (China), is a global leading manufacturer in the business of automotive parts and components and is able to provide essential technical support to the Group in further promoting the business opportunities in the car seat business for the Group's existing customers (including SGMW) as well as other new customers), Wuling Industrial and Faurecia (China) established Faurecia Car Seat JV Company for the purpose of manufacturing car seat products for SGMW or other automakers in the PRC.

Faurecia Car Seat JV Company was established on 26 September 2017 and has commenced operation from January 2018. Faurecia Car Seat JV Company, Wuling Industrial and Faurecia (China) are of the opinion that it would be in the interest of all parties to speed up the scale operation of Faurecia Car Seat JV Company by utilising the machinery, equipment and other assets which are currently owned by Wuling Industrial Group for the car seat product manufacturing and operation. On that basis and after arm's length negotiation between Wuling Industrial and Liuzhou Zhuotong as Vendors and Faurecia Car Seat JV Company as Purchaser of the Assets by making reference to the Valuation, the parties entered into the Sale and Purchase Agreement. It is also expected by the parties that by taking over the Assets relating to the business and production of car seat products from Wuling Industrial Group, Faurecia Car Seat JV Company can leverage on the experience of Wuling Industrial Group and its industry knowhow as well as the relevant resources and networks of Wuling Industrial Group in the manufacturing of car seat products.

Having considered (i) the factors and benefits in respect of the establishment of Faurecia Car Seat JV Company set out above and in the Previous Announcement dated 3 July 2017; (ii) the opinion of the parties to the Sales and Purchase Agreement that the transfer of the Assets relating to the production of car seat products would facilitate a smooth commencement of the business and scale operation of Faurecia Car Seat JV Company, which in turn would be in the interest of Faurecia Car Seat JV Company and the owners of its equity interest (each of Wuling Industrial and Faurecia (China) owns 50% of the equity interest in Faurecia Car Seat JV Company); (iii) the Sale and Purchase Agreement was entered into by Wuling Industrial, Liuzhou Zhuotong and Faurecia Car Seat JV Company after arm's length negotiation; and (iv) the Total Consideration were determined after taking into account the Valuation, the Directors consider that the respective terms of the Sale and Purchase Agreement, including the Total Consideration and the payment terms thereof are on normal commercial terms and the Sale and Purchase Agreement, together with the respective transactions contemplated thereunder, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Subject to further negotiation by the parties, Wuling Industrial Group and the Faurecia Car Seat JV Company may enter into further agreements in relation to, among other things, the sale and purchase of other assets currently owned by Wuling Industrial Group for the car seat product manufacturing and operation. 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.

DEFINITIONS

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

“Assets”	the machinery and equipment as listed out in the report of the Valuation which has been appended to the Sale and Purchase Agreement, which machinery, equipment and other assets are currently owned by Wuling Industrial Group for car seat product manufacturing and operation
“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)
“Completion”	completion of the sale and purchase of the Assets pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Faurecia”	Faurecia, the ultimate holding company of Faurecia (China), a leading manufacturer in the global automobile industry with headquarter in Nanterre, France. Faurecia and its subsidiaries is a world renowned group of companies engaging in the automobile industry specializing in the business segments of automotive seating, interior systems and emissions control technologies
“Faurecia 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 Faurecia Car Seat JV Company
“Faurecia Car Seat JV Company” or “Purchaser”	佛吉亞柳州汽車座椅有限公司 (Faurecia Liuzhou Automotive Seating Co., Limited*), a joint venture company established in the PRC on 26 September 2017, the equity interest of which is owned as to 50% by Wuling Industrial and 50% by Faurecia (China) pursuant to the Faurecia Car Seat JV Agreement, which is the purchaser under the Sale and Purchase Agreement

“Faurecia Car Seat Sale Company”	佛吉亞柳州汽車座椅銷售有限公司 (Faurecia Liuzhou Automotive Seating Sales Co. Limited*), a joint venture company established in the PRC on 15 December 2017 with a registered capital of RMB1,000,000, which is owned as to 50% by Wuling Industrial and 50% by Faurecia (China), pursuant to the Faurecia Car Seat Sale Company Agreement which will be responsible for the sale functions of the car seat products manufactured by the Faurecia Car Seat JV Company
“Faurecia Car Seat Sale Company Agreement”	the joint venture agreement dated 3 July 2017 entered into between Wuling Industrial and Faurecia (China) for the purpose of the establishment of the Faurecia Car Seat Sale Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Liuzhou Zhuotong”	柳州卓通汽車部件有限公司 (Liuzhou Zhuotong Automotive Parts and Components Company Limited*), a wholly-owned subsidiary of Wuling Industrial
“MOU”	the memorandum of understanding dated 29 December 2017 (details of which is set out in the Previous Announcement dated 29 December 2017), as supplemented by the supplemental memorandum of understanding dated 13 February 2018 (details of which is set out in the Previous Announcement dated 13 February 2018), entered into between Wuling Industrial and Faurecia Car Seat JV Company setting out the respective intention of the parties in connection with the possible sale and purchase of the Assets
“PRC”	the People’s Republic of China
“Previous Announcements”	the announcements of the Company dated 3 July 2017, 29 December 2017 and 13 February 2018 relating to (i) Faurecia Car Seat JV Agreement and the establishment of Faurecia Car Seat JV Company; (ii) the MOU (as supplemented by the supplemental memorandum of understanding dated 13 February 2018), respectively; and “Previous Announcement” refers to any one of such announcements

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 March 2018 entered into between Wuling Industrial, Liuzhou Zhuotong and Faurecia Car Seat JV Company relating to the sale by Wuling Industrial of the Assets to the Faurecia Car Seat JV 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 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
“Shareholder(s)”	holder(s) of the Share(s)
“Total Consideration”	the total consideration of the Assets in the amount of RMB28,431,112 (inclusive of VAT of RMB4,131,016) under the Sale and Purchase Agreement
“Valuation”	the evaluation and appraisal of the Assets by Guanxi Zhongyi Certified Public Appraisers Co., Ltd* 廣西眾益資產評估土地房地產評估有限公司 as at 31 December 2017 by adopting the cost approach, for the purpose of the sale by Wuling Industrial Group of the Assets to Faurecia Car Seat JV Company pursuant to the Sale and Purchase Agreement
“VAT”	the value-added tax
“Vendors”	Wuling Industrial and Liuzhou Zhuotong
“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, 14 March 2018

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\$1.2403, 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