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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
ESTABLISHMENT OF JOINT VENTURE
AND
POSSIBLE MAJOR DISPOSAL IN RELATION TO THE GRANT OF
THE AAM INTERNATIONAL CALL OPTION**

THE JV AGREEMENT

On 3 April 2018, Wuling Industrial, a non-wholly owned subsidiary of the Company, entered into the JV Agreement with AAM International 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 AAM International, respectively. The total registered capital of the JV Company is RMB138 million (equivalent to approximately HK\$172.22 million), which shall be contributed as to RMB69 million (equivalent to approximately HK\$86.11 million) by each of Wuling Industrial and AAM International respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the capital contribution by Wuling Industrial to the JV Company under the JV Agreement are more than 5% and all such ratios are less than 25%, the related transaction contemplated under the JV Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under the Listing Rules. However, as the AAM International Call Option is exercisable at the discretion of AAM International and the exercise price for the AAM International Call Option is to be determined based on the Fair Market Value of the equity interest of the JV Company at the time of exercise, the grant of the AAM International Call Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. Accordingly, the grant of the AAM International Call Option, together with the transactions contemplated under the JV Agreement, constitutes a possible major disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, no Shareholder has any material interest in the transactions contemplated under the JV Agreement. Therefore, no Shareholder will be required to abstain from voting at the general meeting on the resolution(s) to approve the transactions contemplated thereunder the JV Agreement, including (but not limited to) the grant of the AAM International Call Option. Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the JV Agreement and the transactions contemplated thereunder, the Company intends to seek a written approval of the JV Agreement and the transactions contemplated thereunder from Wuling HK, the immediate controlling Shareholder, which currently holds approximately 60.64% shareholding interest in the Company. Accordingly, such written shareholders' approval, if obtained, will be accepted in lieu of holding a general meeting for the approval of the JV Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. As such, no general meeting of the Company will be convened to approve the JV Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the JV Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 25 April 2018.

BACKGROUND

On 3 April 2018, Wuling Industrial, a non-wholly owned subsidiary of the Company, entered into the JV Agreement with AAM International 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 AAM International, respectively. The total registered capital of the JV Company is RMB138 million (equivalent to approximately HK\$172.22 million), which shall be contributed as to RMB69 million (equivalent to approximately HK\$86.11 million) by each of Wuling Industrial and AAM International respectively by two instalments.

PRINCIPAL TERMS OF THE JV AGREEMENT

The principal terms of the JV Agreement are summarized below:

Date of the JV Agreement: 3 April 2018

JV Parties: (a) Wuling Industrial; and

(b) AAM International,

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: Liuzhou AAM Automotive Driveline System Co., Ltd.

Chinese Name: 柳州美橋汽車傳動系統有限公司

Scope of business of the JV Company: The proposed scope of business of the JV Company shall include (i) development, manufacture and sale of independent drive axles, propshafts and other driveline products, driveheads for high-end Salisbury axles or banjo axles, e-drive units for new energy vehicles, and other driveline components for motor vehicles; (ii) provision of after-sale services, technical support and other customer services; and (iii) import, export and sale (by means of wholesale and retail) of products and technology.

Terms of business of the JV Company: Twenty years from the date of the establishment of the JV Company unless extended upon the unanimous approval of the board of directors of the JV Company or terminated earlier pursuant to the terms of JV Agreement.

Early termination of the JV Agreement: The JV Agreement may be early terminated at any time by mutual written agreement by the JV Parties, or by a JV Party unilaterally upon the occurrence of any of the following termination events for, where applicable, the relevant termination event(s) is/are not induced by or relating to that JV Party who exercises its rights to terminate the JV Agreement (“**Non-defaulting JV Party**”) but is/are induced by or relating to the other JV Party (“**Defaulting JV Party**”):

- (a) the Defaulting JV Party materially breaches the JV Agreement or violates the articles of association of the JV Company and such breach or violation cannot be rectified within a 30-day period from the date of delivery of a written notice to the Defaulting JV Party;
- (b) the Defaulting JV Party becomes bankrupt, is the subject of proceedings for liquidation or dissolution, ceases to carry on its business, or is unable to settle its debts due for repayment;
- (c) any material part or entire of the assets of the JV Company are confiscated by any government authorities, which confiscation causes material adverse effect on the business and operation of the JV Company;
- (d) occurrence of an force majeure event which causes material adverse effect on the business and operation of the JV Company for a period in excess of six months and no acceptable solution in relation thereto is mutually agreed by the JV Parties;

- (e) the JV Agreement, the articles of association of the JV Company, the business license issued to the JV Company or the Ancillary Agreements, pursuant to the requirements of any government authorities having authority over the JV Company or any JV Party, is/are revised in such a way which cause material adverse effect on the JV Company or any JV Party;
- (f) the JV Company is unable to carry on its business or settle its debts due for repayment resulting from losses incurred by the JV Company;
- (g) the JV Company is unable to carry on its business normally for a period in excess of 45 days and the situation cannot be rectified, on best endeavor basis, by the JV Parties;
- (h) the JV Company is unable to resolve a management deadlock arising from the failure of the directors of the JV Company to reach a consensus regarding a material decision which is necessary for the continuing operation of the JV Company within a total of 90 days from the date of second board meeting of the JV Company after occurrence of the management deadlock;
- (i) any approval, license, permit, certificate, or right material to the business of the JV Company is amended in a materially adverse manner, or is unable to be renewed upon expiry whereby a JV Party determines to exercise its rights to terminate the Agreement, provided that such amendment or non-renewal is not caused by the JV Party;
- (j) the existing controlling shareholder of a JV Party (being the Defaulting JV Party in such case) loses its control (being the possession of power, directly or indirectly, to give instruction) over the management and decision making process of the Defaulting JV Party;

- (k) any competitor of a JV Party (being the Non-defaulting JV Party in such case) (i) owns or has the right to acquire, directly or indirectly, the beneficial ownership of 5% or more of the equity interest in the other JV Party (being the Defaulting JV Party in such case), or (ii) is contractually or statutory entitled to obtain material unpublished information on the Defaulting JV Party and any party control, is controlled by, or is under common control of, the Defaulting JV Party;
- (l) the Defaulting JV Party materially infringes any intellectual property rights of the Non-defaulting JV Party in any material respect;
- (m) the Defaulting JV Party materially breaches its obligations under the Ancillary Agreements to which the Defaulting JV Party is a signing party;
- (n) any of the designated Ancillary Agreements (being (i) the service agreement relating to the provision of utilities, security and other support services by Wuling Industrial to the JV Company, (ii) the lease agreement relating to the lease by Wuling Industrial Group of the Land and Plant (as detailed in the condition precedent (d) in the paragraph headed “Conditions for payment of the capital contribution to the JV Company” hereunder) to the JV Company for its business and operation; and (iii) the consigned processing agreement relating to the manufacturing of specific products by Wuling Industrial for the JV Company) having been terminated according to the terms thereof, which termination will cause material adverse effect on the business and operation of the JV Company and is not caused by the JV Company (AAM International will be regarded as the Non-defaulting JV Party while Wuling Industrial will be the Defaulting JV Party in any such case);
- (o) SGMW materially breaches the Product Supply Agreement and the breach cannot be rectified within a 30-day period from the date of a written notice being delivered by the JV Company to SGMW following the JV Company’s best endeavour to resolve the issues through negotiation with SGMW (AAM International will be regarded as the Non-defaulting JV Party while Wuling Industrial will be the Defaulting JV Party in such case);

- (p) AAM International does not receive a memorandum of intention entered into between JV Company and SGMW in relation to the intention of SGMW to award a contract to JV Company for the supply of particular components for the production of a vehicle model of SGMW within 6 months after the establishment of JV Company (AAM International will be regarded as the Non-defaulting JV Party while Wuling Industrial will be the Defaulting JV Party in such case); and
- (q) Liuzhou Zhuotong (being a subsidiary of Wuling Industrial) fails to obtain the necessary permission, approval and acceptance relating to construction (and completions there of) of the Plant (covering the discharge of pollution related to the Plant) to be leased to the JV Company for its operation or the ownership title of the Plant which causes material adverse effect on the business and operation of the JV Company (AAM International will be regarded as the Non-defaulting JV Party while Wuling Industrial will be the Defaulting JV Party in such case).

If any of the above termination events occurs while no acceptable solution in relation thereto is mutually agreed by the JV Parties within a total of 90-day period after a JV Party (not being a Defaulting JV Party) having served a written notice to exercise its rights to terminate the JV Agreement, the JV Agreement shall be terminated, and the JV Parties as well as the management of the JV Company should carry out necessary steps to dissolve the JV Company accordingly.

Total investment and registered capital of the JV Company:

The total investment of the JV Company shall be RMB305 million (equivalent to approximately HK\$380.64 million). The registered capital of the JV Company shall be RMB138 million (equivalent to approximately HK\$172.22 million), which shall be contributed as to RMB69 million (equivalent to approximately HK\$86.11 million and representing 50% of the registered capital of the JV Company) by each of Wuling Industrial and AAM International 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.

The JV Parties' contribution to the registered capital of the JV Company shall be paid by two instalments. Each JV Party should pay its First Capital Contribution and Second Capital Contribution (as detailed in the paragraph headed "Conditions for payment of the capital contribution to JV Company" hereunder in cash on or prior to the tenth business day (being a day that is not a Saturday, a Sunday or other day on which banks are required or authorized by PRC law to be closed in the PRC) following the satisfaction and/or waiver (as the case may be) of the respective conditions for payment of the First Capital Contribution and Second Capital Contribution accordingly.

The total capital contribution of Wuling Industrial to the JV Company in the amount of RMB69 million (equivalent to approximately HK\$86.11 million) will be funded by the internal resources of the Group.

Any increase or decrease in the total investment or the registered capital of the JV Company (including but not limited to any increase in the total investment or the registered capital in case the JV Company's financial condition has deteriorated such that it has been in default in repayment of any loans and debts for a period of 30 days) shall be approved unanimously by the attending directors of the JV Company at the relevant board meeting(s) duly convened or by all of the directors of the JV Company by way of written resolution(s), and the relevant board resolution(s) and/or approval shall be submitted to the relevant government authority(ies) for filing or approval. In case of an increase in the registered capital, the increased registered capital (the "**Increased Capital**") shall be either (i) contributed by the JV Parties on a pro rata basis according to their then respective capital contributions to the JV Company; or (ii) contributed by one JV Party if the other JV Party does not participate in any such increase, subject to the compliance of the relevant laws and regulations in Hong Kong and the PRC (including but not limited to the Listing Rules), and the respective Equity Interests of the JV Parties should then be adjusted accordingly.

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

The capital contribution to the JV Company payable by a JV Party with regard to its 50% of the Equity Interest in the amount of RMB69 million (equivalent to approximately HK\$86.11 million) shall be paid by that JV Party (i) as to RMB5 million (equivalent to approximately HK\$6.24 million and representing 3.62% of the registered capital of the JV Company) (“**First Capital Contribution**”) upon satisfaction and/or waiver by that JV Party of the following conditions (a) to (h); and (ii) as to the balance of RMB64 million (equivalent to approximately HK\$79.87 million and representing 46.38% of the registered capital of the JV Company) (“**Second Capital Contribution**”) upon satisfaction and/or waiver by that JV Party of the following conditions (b), (c), (i) and (j):

- (a) the JV Parties and/or the JV Company having obtained from the relevant PRC government authorities all approvals, confirmations and licenses (including but not limited to the business license specifying the scope of business of the JV Company) required for or otherwise necessary for the establishment of the JV Company by the JV Parties, and the foreign exchange registration with the applicable government authority(ies) or the principal bank by the JV Company having completed;
- (b) the other JV party not having materially breached the JV Agreement, including but not limited to the respective representations made by that JV Party;
- (c) no event of force majeure having occurred and been continuing;
- (d) the state-owned land-use right certificate (the “**Land-use Right Certificate**”) evidencing the ownership by Liuzhou Zhuotong (a wholly-owned subsidiary of Wuling Industrial) of the land-use right of a piece of land (the “**Land**”) and the plant constructed thereon (the “**Plant**”) which are proposed to be leased to the JV Company for its business and operation and the due payment in full made to the relevant government authority(ies) relating to the said land-use right, as well as the relevant construction land planning permit having been obtained and copy of which having been delivered to AAM International by Wuling Industrial (*note: this condition precedent (d) only applied in respect of the payment of the First Capital Contribution by AAM International only*);

- (e) the resolutions of the board of directors of the other JV Party having approved the respective transactions contemplated under the JV Agreement (including the establishment of the JV Company) and each of the Ancillary Agreements to which the other JV Party is a signing party;
- (f) each of the Ancillary Agreements (not including the Product Supply Agreement) having been duly executed by the JV party(ies) and/or the JV Company and the executed Ancillary Agreements having been delivered to the other JV Party;
- (g) AAM International having received a Memorandum of Intention (the “**MOI**”) issued by SGMW confirming that SGMW has awarded a contract to a wholly-owned subsidiary of AAM International for the supply of particular components for the production of a vehicle model of SGMW by that subsidiary, of which all rights and obligations of that subsidiary in such contract under the MOI having been duly transferred/assigned to the JV Company after its establishment and that the transfer and assignment of such rights and obligations having been confirmed and accepted by SGMW in writing (*note: this condition precedent (g) only applied in respect of the payment of the capital contribution to the JV Company by AAM International only and the MOI is not the same as the memorandum of intention mentioned in termination event (p) in the paragraph headed “Early termination of the JV Agreement” hereabove*);
- (h) the Company and Wuling Industrial having complied with the Listing Rules in respect of the entering into of the JV Agreement and the transactions contemplated thereunder, including but not limited to the payment of the capital contribution by Wuling Industrial in the capacity as a JV Party to the JV Company, grant of the Equity Transfer Right of Wuling Industrial, the Equity Transfer Right of AAM International and the AAM International Call Option, and in respect of the entering into of the relevant Ancillary Agreements by Wuling Industrial (or its subsidiary(ies) and the transactions contemplated under those Ancillary Agreements:

- (i) the JV Parties and/or the JV Company having obtained from the relevant PRC government authorities all approvals licenses, permits and registrations required for carrying out the JV Company's business in accordance with the PRC law after its establishment; and
- (j) all necessary permission and approval relating to the construction (and completion thereof) of the Plant having been granted by the relevant government authority(ies) to Liuzhou Zhuotong in accordance with the PRC law.

If any of the above conditions precedent are not fulfilled, or agreed to be waived (as the case may be and save for the condition precedent (h) which cannot be waived) by the relevant JV Parties, within eight months from the date of establishment of the JV Company, the JV Agreement, together with (if having been executed) the articles of association of the JV Company and the Ancillary Agreements shall forthwith be terminated and of no effect, and no JV Party shall have any right whatsoever to require any performance of the JV Agreement by the other JV Party and to claim any damages from the other JV Party save for any antecedent material breaches of the terms of the JV Agreement by the other JV Party, and any registered capital contribution made by a JV Party to the JV Company shall then be returned to that JV Party in accordance with the relevant PRC law relating to company dissolution and liquidation.

Transfer of Equity Interests and related restriction:

Save for the transfer of Equity Interest (i) by a JV Party to the other JV Party or any third party(ies) according to the the Equity Transfer Right of Wuling Industrial, the Equity Transfer Right of AAM International and the AAM International Call Option granted by the respective JV Party to the other JV Party; and (ii) by a JV Party to any of its Affiliates, 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, subject to the Pre-emptive Right, a JV Party shall have the right to transfer or otherwise dispose of a portion or all of its Equity Interest to a third party purchaser.

According to the terms of the JV Agreement, a JV Party shall have the Pre-emptive Right, but not obligation, to purchase the other JV Party's Equity Interest if the other JV Party proposes to sell its Equity Interest (not including proposed sales of the Equity Interest to the other JV Party's Affiliate(s)).

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**") setting out principal terms of the proposed transfer (including the subject Equity Interest proposed to be transferred and the transfer price), to the other JV Party. Within 30 days after receiving the Transfer Notice which shall constitute an irrevocable offer of the Selling JV Party to transfer the subject Equity Interest to the other JV Party upon the terms and conditions set out therein, the other JV Party may accept such offer from the Selling JV Party by issuing relevant written notice of acceptance to the Selling JV Party. If no such written notice of acceptance is sent by the other JV Party, the Selling JV Party may transfer the subject Equity Interest set out in the Transfer Notice to the third party purchaser designated in the Transfer Notice at a price not less than the price set forth in the Transfer Notice and upon other terms and conditions no more favorable than those also set forth in the Transfer Notice, provided that such third party purchaser of the subject Equity Interest shall be bound by the terms of the JV Agreement as if it was a party thereto.

**Equity Transfer Right of
Wuling Industrial:**

Pursuant to the JV Agreement, Wuling Industrial shall have the right to sell a portion or all of the Equity Interest held by it to any third party(ies) (or to AAM International if AAM International determines to exercise its Pre-emptive Right at a price which is equivalent to the Fair Market Value of the subject Equity Interest upon occurrence of any of the following trigger events at any time during the terms of business of the JV Company:

- (a) any competitor of Wuling Industrial owns or has the right to acquire, directly or indirectly, beneficial ownership of 5% or more of the equity interest of AAM International, or (ii) is contractually or statutory entitled to obtain material unpublished information on AAM International and any party control, is controlled by, or is under common control of, AAM International;

- (b) AAM International infringes any intellectual property rights of Wuling Industrial or the JV Company in any material respect;
- (c) AAM International materially breaches its obligations under the relevant Ancillary Agreements regarding the respective provision of technical assistance and licensing services by AAM International to the JV Company for its business;
- (d) the occurrence of any event following which AAM (the controlling shareholder of AAM International) loses its control (being the possession of power, directly or indirectly, to give instruction) over the management and decision making process of AAM International; and
- (e) the JV Company fails to achieve the financial or operation benchmarks formulated by the board of directors of the JV Company for a period of three consecutive fiscal years after the establishment of JV Company.

If any of the above triggering events occurs while no acceptable solution in relation thereto is mutually agreed by the JV Parties within a total of 90 days after occurrence of the triggering events, by giving written notice to AAM International to exercise the Equity Transfer Right of Wuling Industrial, Wuling Industrial shall have the right to sell to any of the third party(ies) (or to AAM International if AAM International determines to exercise its Pre-emptive Right), a portion or all of its Equity Interest at a price which equals to the Fair Market Value of the subject Equity Interest, provided that any transfer of Equity Interest as a result of exercise of the Equity Transfer Right of Wuling Industrial should be in compliance with the Listing Rules and the applicable PRC law and approval or filing requirements of the relevant PRC authority(ies). For the avoidance of doubt, the Company has confirmed that AAM International shall have the Pre-emptive Right, but no obligation, to acquire any Equity Interests proposed to be sold by Wuling Industrial upon its exercise of the Equity Transfer Right of Wuling Industrial as mentioned above.

**Equity Transfer Right of
AAM International:**

Pursuant to the JV Agreement, AAM International shall have the right to sell a portion or all of the Equity Interest held by it to any third party(ies) (or to Wuling Industrial if Wuling Industrial determines to exercise its Pre-emptive Right) at a price which is equivalent to the Fair Market Value of the subject Equity Interest upon occurrence of any of the following triggering events at any time during the terms of business of the JV Company:

- (a) any of the designated Ancillary Agreements, being (i) the service agreement relating to the provision of utilities, security and other support services by Wuling Industrial to the JV Company; (ii) the lease agreement relating to the lease by Wuling Industrial Group of the Land and Plant to the JV Company for its business and operation; and (iii) the consigned processing agreement relating to the manufacturing of specific products by Wuling Industrial for the JV Company having been terminated which termination is not caused by AAM International;
- (b) SGMW materially breaches the Product Supply Agreement and the breach cannot be rectified within a 30-day period from the date of delivery of a written notice by the JV Company to SGMW;
- (c) the occurrence of any event following which Guangxi Automobile loses its control (being the possession of power, directly or indirectly, to give instruction) over the management and decision making process of Wuling Industrial;
- (d) any competitor of AAM International (i) owns or has the right to acquire, directly or indirectly, beneficial ownership of 5% or more of the equity interest in Wuling Industrial, or (ii) is contractually or statutory entitled to obtain material unpublished information on Wuling Industrial and any party control, is controlled by, or is under common control of, Wuling Industrial;
- (e) Wuling Industrial infringes any intellectual property rights of AAM International or the JV Company in any material respect;

- (f) Wuling Industrial materially breaches its obligations under (i) the Assignment Agreement, or (ii) the agreement regarding the respective provision of technical assistance and licensing services by AAM International, Wuling Industrial and their respective Affiliate to the JV Company;
- (g) the JV Company fails to achieve the financial or operation benchmarks formulated by the board of directors of the JV Company for a period of three consecutive fiscal years after establishment of the JV Company;
- (h) Liuzhou Zhuotong fails to obtain the necessary permission, approval and acceptance relating to construction (and completion thereof) of the Plant (covering the discharge of pollution relating to the Plant) or the ownership title of the Plant which causes material adverse effect on the business and operation of the JV Company; and
- (i) the JV Company fails to obtain any approvals, certificates, licenses, permits and registrations (including the pollution discharge permission) necessary for its operation, which failure causes material adverse effect on the business and operation of the JV Company.

If any of the above triggering events occurs while no acceptable solution in relation thereto is mutually agreed by the JV Parties within a total of 90 days after the occurrence of the triggering events, by giving written notice to Wuling Industrial to exercise the Equity Transfer Right of AAM International, AAM International shall have the right to sell to any third party(ies) (or to Wuling Industrial if Wuling Industrial determines to exercise its Pre-emptive Right), a portion or all of its Equity Interest at a price which equals to the Fair Market Value, provided that any transfer of Equity Interest as a result of exercise of the Equity Transfer Right of AAM International and/or exercise of the Pre-emptive Rights by Wuling Industrial should be in compliance with the Listing Rules and the applicable PRC law and approval or filing requirements of the relevant PRC authority(ies). For the avoidance of doubt, the Company has confirmed that Wuling Industrial shall have the Pre-emptive Right, but no obligation, to acquire any Equity Interests proposed to be sold by AAM International upon its exercise of the Equity Transfer Right of AAM International as mentioned above.

AAM International Call Option:

Pursuant to the JV Agreement, AAM International Call Option will be granted by Wuling Industrial to AAM International, pursuant to which AAM International shall have the right to require Wuling Industrial to sell to a third party (the “**Third Party Purchaser**”) in the manner as described herebelow.

If the JV Company fails to achieve the financial or operation benchmarks formulated by the board of director of the JV Company for a period of three consecutive fiscal years after the establishment and during the terms of business of the JV Company and no acceptable solution in relation thereto is mutually agreed by the JV Parties within a total of 90 days thereafter, (i) AAM International shall have the right to sell all of its Equity Interest to a Third Party Purchaser at a price equals to the Fair Market Value, and (ii) AAM International, upon being requested by the Third Party Purchaser, is entitled to exercise its rights under the AAM International Call Option by written notice to require Wuling Industrial to sell all of its Equity Interest to the Third Party Purchaser subject to the same terms and conditions (including the basis of determining the consideration (i.e. the option price)) relating to the sale by AAM International and purchase by the Third Party Purchaser of the Equity Interest held by AAM International, provided that any transfer of Equity Interest as a result of exercise of the AAM International Call Option should be in compliance with the Listing Rules and the applicable PRC law and approval or filing requirements of the relevant PRC authority(ies).

Non-competition with the JV Company:

Each JV Party and its Affiliates, during the terms of business of the JV Company, shall not engage in any business which would compete with the JV Company within the location where SGMW carrying out its operations.

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

The board of directors of the JV Company shall comprise four directors, two of which shall be nominated by Wuling Industrial and AAM International respectively. The chairman and vice chairman of the board of directors shall be nominated by Wuling Industrial and AAM International respectively.

The JV Company has two supervisors, Wuling Industrial and AAM International each have the right to nominate one supervisor.

The senior management team of the JV Company shall comprise a general manager, a deputy general manager, a finance manager and a deputy finance manager. The general manager and the deputy finance manager shall be nominated by AAM International, and the deputy general manager and the finance manager 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 the Ancillary Agreements, in relation to, among other things, (i) the provision of technical assistance services and other supporting services by the JV Party(ies) to the JV Company; (ii) the licensing of certain trademarks owned by the JV Party(ies) to the JV Company; (iii) the Assignment Agreement; (iv) the leasing of the Land and the Plant to the JV Company by Wuling Industrial Group; (v) the Product Supply Agreement; and (vi) the consigned processing agreement relating to the manufacturing of specific products by Wuling Industrial for the JV Company.

The JV Parties further agreed to procure the transfer of relevant employees designated for the production of driveline products from each of the JV Parties before their respective payment of the First Capital Contribution to 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, AAM AND AAM INTERNATIONAL

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 covers the new energy vehicles, represented primarily by the electrical vehicles), as well as the trading of raw materials, water and power supply services.

AAM and AAM International

AAM is a premier, global leader in the design, engineering, validation and manufacturing of driveline, metal forming, powertrain, and casting technologies for automotive, commercial and industrial markets. AAM was founded in 1917 as an aircraft parts manufacturer headquartered in Detroit, the United States of America, it has been continuously expanding its product mix and upgrading its production facilities to meet the increased demands of the burgeoning automotive industry since its establishment and have successfully become a stand-alone, independent and multi-billion-dollar Tier 1 automotive supplier in 1994. AAM Group is currently having over 25,000 employees operating at more than 90 facilities (including factories and engineering centres) in 17 countries to support their customers on global and regional platforms with a focus on quality, operational excellence and technology leadership.

AAM International is one of the operating arms of AAM Group established in Luxembourg in 2006 and is principally engaged in design, manufacture, and distribution of driveline and drivetrain systems.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of AAM International 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 final results announcement of the Company for the year ended 31 December 2017 as announced 29 March 2018, 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-type mini-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 only supplies one single product namely integral assembled rear axles primarily for the products of SGMW in the commercial-type mini-vehicles segment, which are grouped under the automotive components and other industrial services division of Wuling Industrial Group. Considered the recent development of SGMW in expanding its production of passenger vehicles, Wuling Industrial has also undertaken various research and development programmes focusing on the driveline products for the high-end products from the passenger vehicles segment of SGMW. In response to the increasing orders of SGMW for the high value-added passenger vehicles, such as the current and future vehicle platform for sedans, MPV, SUV and new energy vehicles, etc., which currently accounted for nearly 70% of the total business volume of the automotive components and other

industrial services division, Wuling Industrial considers it is necessary to speed up the enhancement and upgrading exercises of its existing products in order to meet the rising technical and quality requirement of SGMW and to further explore its business opportunities with SGMW as well as other potential new customers in the high-end automobile market.

The JV Company, upon establishment, will focus on development, manufacture and sale of competitive driveline products. It is considered that the establishment of the JV Company will be able to (i) fully leverage the advantage of the advanced designing, engineering and manufacturing technologies from AAM International though its unique world class global AAM operating management system to speed up the business development programmes in manufacturing the driveline products for the high-end passenger vehicle required by SGMW and other existing and new customers; (ii) utilize Wuling Industrial's experience in resource allocation and effective cost control in production and management for manufacturing and sales of automotive components in the PRC; and (iii) share the strong sales networks of Wuling Industrial in the automobile market in the PRC especially in achieving more immediate business opportunities from the high-end passenger vehicle market of SGMW and other potential new customers.

The terms of the JV Agreement, including (i) the total amount of the registered capital of the JV Company of RMB138 million (equivalent to approximately HK\$172.22 million) and the contribution thereof by each JV Party (as to RMB69 million (equivalent to approximately HK\$86.11 million and representing 50% of the registered capital of the JV Company), and (ii) the grant of the AAM International Call Option, 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

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the capital contribution by Wuling Industrial to the JV Company under the JV Agreement are more than 5% and all such ratios are less than 25%, the related transaction contemplated under the JV Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under the Listing Rules. However, as the AAM International Call Option is exercisable at the discretion of AAM International and the exercise price for the AAM International Call Option is to be determined based on the Fair Market Value of the equity interest of the JV Company at the time of exercise, the grant of the AAM International Call Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. Accordingly, the grant of the AAM International Call Option, together with the transactions contemplated under the JV Agreement, constitutes a possible major disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, no Shareholder has any material interest in the transactions contemplated under the JV Agreement. Therefore, no Shareholder will be required to abstain from voting at the general meeting on the resolution(s) to approve the transactions contemplated thereunder the JV Agreement, including (but not limited to) the grant of the AAM International Call Option. Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the JV Agreement and the transactions contemplated thereunder, the Company intends to seek a written approval of the JV Agreement and the transactions contemplated thereunder from Wuling HK, the immediate controlling Shareholder, which currently holds approximately 60.64% shareholding interest in the Company. Accordingly, such written shareholders' approval, if obtained, will be accepted in lieu of holding a general meeting for the approval of the JV Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. As such, no general meeting of the Company will be convened to approve the JV Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the JV Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 25 April 2018.

DEFINITIONS

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

“AAM”	American Axle & Manufacturing, Inc., is a manufacturer of automobile driveline and drivetrain components and systems
“AAM Group”	AAM and its subsidiaries
“AAM International”	AAM International S.à.r.l., an indirect wholly-owned subsidiary of AAM established in the Luxembourg in 2006
“AAM International Call Option”	options granted by Wuling Industrial to AAM International, pursuant to which and upon sales by AAM International of its Equity Interest at a consideration which equals to the Fair Market Value to a third party purchaser resulting from the occurrence of any triggering events as detailed in the paragraph headed “AAM International Call Option” under the section headed “Principal Terms of the JV Agreement” of this announcement during the terms of the business of the JV Company, AAM International shall have the right to require Wuling Industrial to sell all of its Equity Interest to that third party purchaser subject to the same terms and conditions (including the basis of determining the consideration (i.e. the option price)) relating to the sale by AAM International and purchase by the third party purchaser of the Equity Interest held by AAM International

“Affiliate”	pursuant to the JV Agreement, an “Affiliate” of a JV Company refers to any company which (i) controls, 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 possession of power, directly or indirectly, to give instruction over the management and decision making process of one party” under the JV Agreement), and for the purpose of the JV Agreement, each of Wuling Industrial, AAM International and the JV Company shall not be deemed to be an Affiliate of the others. “Affiliates” refer to two or more Affiliates
“Ancillary Agreements”	the ancillary agreements which shall be entered into between the JV Party(ies) and the JV Company after the establishment of the JV Company as detailed in the paragraph headed “Other transactions to be entered into by the JV Party(ies) and the JV Company” under the section headed “Principal Terms of the JV Agreement” of this announcement.
“Assignment Agreement”	the agreement to be entered between Wuling Industrial (as assignor) and the JV Company (as assignee) regarding the assignment to the JV Company by Wuling Industrial of its rights and obligations under the respective equipment purchase agreement(s) entered into by Wuling Industrial as purchaser and the vendor(s) relating to the production equipment (for the purpose of facilitating the commencements of business and operation of the JV Company) agreed to be purchased by Wuling Industrial from the vendor.
“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)
“Director(s)”	the director(s) of the Company
“Equity Interest(s)”	equity interest(s) in the JV Company

“Equity Transfer Right of AAM International”	a right granted by Wuling Industrial to AAM International, pursuant to which AAM International shall have the right to sell part or all of its Equity Interest to any third party(ies) (or to Wuling Industrial if Wuling Industrial determines to exercise it Pre-emptive Right) at a price which equals to the Fair Market Value upon occurrence of the triggering events as detailed in the paragraph headed “Equity Transfer Right of AAM International” under the section headed “Principal Terms of the JV Agreement” of this announcement during the terms of the business of the JV Company
“Equity Transfer Right of Wuling International”	a right granted by AAM International to Wuling Industrial, pursuant to which Wuling Industrial shall have the right to sell part or all of its Equity Interest to any third party(ies) (or to AAM International if AAM International determines to exercise it Pre-emptive Right) at a price which equals to the Fair Market Value upon occurrence of the triggering events as detailed in the paragraph headed “Equity Transfer Right of Wuling Industrial” under the section headed “Principal Terms of the JV Agreement” of this announcement during the terms of the business of the JV Company
“Fair Market Value”	the value (the “ appraised value ”) of the subject Equity Interest determined by an independent qualified asset appraisal company (whose appointment is mutually agreed by the JV Parties), or, in case such appraised value is subject to approval by the government authority(ies) in the PRC, the adjusted value as approved by the government authority(ies) provided that any adjustment shall not be greater than 5% of the appraised value set out in the relevant report of the independent qualified asset appraisal company
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*), a state-controlled enterprise established in the PRC, being the ultimate controlling Shareholder which currently (i) indirectly holds approximately 60.64% shareholding interest in the Company; and (ii) directly holds 39.10% equity interest in Wuling Industrial
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Agreement”	the joint venture agreement dated 3 April 2018 entered into between Wuling Industrial and AAM International for the purpose of establishment of the JV Company

“JV Company”	a joint venture company to be established in the PRC, which shall be owned as to 50% by Wuling Industrial and 50% by AAM International pursuant to the JV Agreement, for the purpose of engaging in the development, manufacture and sales of driveline products business
“JV Party(ies)”	parties to the JV Agreement, namely Wuling Industrial and AAM International, and “JV Party” refers to any one of the JV Parties, as the case maybe
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Pre-emptive Right”	the right of a JV Party, which is not transferrable, under the JV Agreement to purchase the other JV Party’s Equity Interest if the other JV Party proposes to sell its Equity Interest (not including proposed sales of the Equity Interest to the other JV Party’s Affiliate(s))
“Product Supply Agreement”	a product supply agreement to be entered into between the JV Company and SGMW relating to the supply by the JV Company of parts for production of a vehicle model of SGMW. According to the terms of the JV Agreement, (i) Wuling Industrial shall procure the execution of such product supply agreement by the JV Company and SGMW; and (ii) the agreement shall be entered into by the parties pursuant to arrangement set out in the MOI (as defined and detailed in the paragraph headed “Conditions for payment of the capital contribution to the JV Company” under the section headed “Principal terms of the JV Agreement”)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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 HK”	Wuling (Hong Kong) Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder beneficially interested in approximately 60.64% of the total number of Shares in issue of the Company as at the date of this announcement and an indirect wholly-owned subsidiary of Guangxi Automobile
“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, 3 April 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\$1.248, 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