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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)*

**(1) THIRD SUPPLEMENTAL AGREEMENT TO  
THE 2017–2019 MASTER AGREEMENT;  
AND  
(2) ADOPTION OF NEW ANNUAL CAPS**

**THIRD SUPPLEMENTAL AGREEMENT AND ADOPTION OF NEW ANNUAL CAPS**

References are made to the announcements and circular of the Company dated 28 April 2017, 17 May 2017 and 13 June 2017 respectively, in relation to, among other things, the Supplemental Agreement and Second Supplemental Agreement to 2017–2019 Master Agreement and the revision of Annual Caps.

On 15 June 2018, the Company and Guangxi Automobile entered into the Third Supplemental Agreement to amend certain terms of the 2017–2019 Master Agreement. Besides, the Board also proposed to adopt the New Annual Caps for the Vehicle Sale Transactions for each of the two years ending 31 December 2018 and 2019 respectively, hence revision of the aggregate Annual Caps for the Sale Transactions for the corresponding period.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in approximately 60.64% of the total number of shares in issue of the Company, and is the ultimate controlling Shareholder of the Company. In this regard, Guangxi Automobile is a connected person of the Company under the Listing Rules. The Third Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given Guangxi Automobile is a connected person of the Company under the Listing Rules, the Annual Caps for the Sale Transactions has been aggregated for the purpose of calculating the percentage ratios under Listing Rules 14A.82.

As the highest of the applicable percentage ratios for the aggregate Sale Transactions contemplated under the Third Supplemental Agreement, on an annual basis, is higher than 5% and the annual consideration is more than HK\$10 million, such transactions constitute continuing connected transactions for the Company and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions. Mr. Yuan Zhijun, Mr. Zhong Xianhua and Mr. Yang Jianyong, being the Directors and the directors and/or senior executives of Guangxi Automobile, have abstained from voting on the board resolutions passed to approve the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions. Save as disclosed above, no other Director is regarded having a material interest in the Continuing Connected Transactions and required to abstain from voting on the board resolution to approve the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions.

The Independent Board Committee (which consists all of independent non-executive Directors) has been established to advise the Independent Shareholders the revised terms of the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same to be given by Gram Capital.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders to consider the revised terms of the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions.

A circular containing, among other things, (i) details of the Third Supplemental Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the terms of Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 10 July 2018.

## BACKGROUND

References are made to the announcements and circular of the Company dated 28 April 2017, 17 May 2017 and 13 June 2017 respectively, in relation to, among other things, the Supplemental Agreement and Second Supplemental Agreement to 2017–2019 Master Agreement and the revision of Annual Caps.

On 15 June 2018, the Company and Guangxi Automobile entered into the Third Supplemental Agreement to amend certain terms of the 2017–2019 Master Agreement. Besides, the Board also proposed to adopt the New Annual Caps for the Vehicle Sale Transactions for each of the two years ending 31 December 2018 and 2019 respectively, hence revision of the aggregate Annual Caps for the Sale Transactions for the corresponding period.

## THE THIRD SUPPLEMENTAL AGREEMENT

The principal terms of the Third Supplemental Agreement are summarized below:

- Date:** 15 June 2018
- Parties:**
- (a) Wuling Industrial, a non-wholly owned subsidiary of the Company; and
  - (b) Guangxi Automobile, being the controlling Shareholder, indirectly interested in approximately 60.64% of the total issued share capital of the Company and a connected person of the Company under the Listing Rules.

**Terms amended:** Original term under the 2017–2019 Master Agreement as amended by the Supplemental Agreement and Second Supplemental Agreement:

- Wuling Industrial Group agreed to supply certain raw materials (including but not limited to steel), consumables and materials, finished products and semi-finished products (including but not limited to automotive parts and accessories) to Guangxi Automobile Group, collectively the “Sales Transactions” of the Group.

New term under the 2017–2019 Master Agreement as amended by the Third Supplement Agreement:

- Wuling Industrial Group agreed to supply certain raw materials (including but not limited to steel), consumables and materials, finished products (including but not limited to various motor vehicles) and semi-finished products (including but not limited to automotive parts and accessories) to Guangxi Automobile Group, collectively the “Sales Transactions” of the Group.

Save as disclosed above, all existing terms and conditions under the 2017–2019 Master Agreement (which incorporated the Supplemental Agreement and Second Supplemental Agreement) remain unchanged.

## HISTORICAL TRANSACTION AMOUNTS

The Company confirms no historical Vehicle Sale Transactions prior to entering into the Third Supplemental Agreement and will not have any such transactions until after the Independent Shareholders approval has been obtained. The Company further confirms the aggregate amounts of the Sale Transactions and Purchase Transactions for the year ended 31 December 2017 and for the five months period ended 31 May 2018 did not exceed the respective Annual Caps for the corresponding period under the 2017–2019 Master Agreement as amended by the Supplemental Agreement and Second Supplemental Agreement, which were approved by the Independent Shareholders at their respective special general meeting held by the Company on 6 January 2017 and 30 June 2017.

## ADOPTION OF NEW ANNUAL CAPS FOR VEHICLE SALE TRANSACTIONS

The Board proposed to adopt the New Annual Caps for the Vehicle Sale Transactions for each of the two years ending 31 December 2018 and 2019 respectively, hence revision of the aggregate Annual Caps for the Sale Transactions for the corresponding period as demonstrated in the tables below:

	Annual Caps			Revised Annual Caps		
	Year ended 31 December 2017 RMB'000	Year ending 31 December 2018 RMB'000	Year ending 2019 RMB'000	Year ended 31 December 2017 RMB'000	Year ending 31 December 2018 RMB'000	Year ending 2019 RMB'000
(i) GL Sale Transactions	170,000	175,000	175,000	170,000	175,000	175,000
(ii) GB Sale Transactions	360,000	460,000	570,000	360,000	460,000	570,000
(iii) Vehicle Sale Transactions	—	—	—	—	60,000	110,000
<b>Aggregate Annual Caps for Sale Transactions</b>	<u>530,000</u>	<u>635,000</u>	<u>745,000</u>	<u>530,000</u>	<u>695,000</u>	<u>855,000</u>

## Basis of determination on New Annual Caps for Vehicle Sale Transactions

The above New Annual Caps of the Vehicle Sale Transactions has been determined by reference to:

- The projected volumes of 1,450 vehicles and 2,700 vehicles, comprising of 10 models of redecorated logistic vans, planned to be sold by Wuling Industrial Group to the automobile sales services shop located in the Tianjin District (as the authorized dealer), which is ultimately owned and controlled by Guangxi Automobile, respectively for each of the two years ending 31 December 2018 and 2019;

- (b) The respective selling prices of the related models currently offered to the other authorized dealers in the region nearby; and
- (c) a buffer of approximately 5% to 7% adopted for any unforeseeable circumstance, in particular market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in transportation and labour costs.

## **INFORMATION ON 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 electric vehicles), as well as the trading of raw materials, water and power supply services.

## **INFORMATION ON GUANGXI AUTOMOBILE**

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in 1,243,132,520 Shares, representing approximately 60.64% of the total number of Shares in issue of the Company, and is the ultimate controlling Shareholder of the Company as at the date of this announcement. Guangxi Automobile is currently a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會), being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, moulds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc, in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

## **REASONS FOR AND BENEFITS ON ENTERING INTO THE VEHICLE SALE TRANSACTIONS UNDER THE THIRD SUPPLEMENTAL AGREEMENT**

The reasons for Wuling Industrial entering into the Vehicle Sale Transactions under the Third Supplemental Agreement is determined in response to the marketing strategy of the Group in actively promoting its specialized vehicles to different regions in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2017, facing the highly competitive business environment, the Group had proactively adjusted its marketing strategy by actively promoting its existing and new models through various marketing campaigns, such as North-South linkage tour and the Spring Breeze Action, etc. Such active marketing programmes were proved to be successful from which the sale volume of specialized vehicles, comprising primarily redecorated vans, achieved an impressive growth in volume of approximately 50% for the year ended 31 December 2017.

Being the leading supplier in this niche market segment, i.e. the redecorated logistic vans, the Group considers the maintenance of a prominent market share and the continuous momentum of growth is essential to withstand any potential competition from the market and to further improving the profitability of the products, and therefore is always seeking opportunities for further expansion its marketing network, especially for the northern region in the PRC, where Group's products have a lower penetration rate as compared to the other regions in the PRC.

Guangxi Automobile, through its wholly-owned subsidiary located in Tianjin, operates an automobile sales services shop, which is currently the authorized dealer of the passenger vehicles manufactured by SGMW. It is considered with the support of the valuable marketing experiences and existing local connections of Guangxi Automobile in the Tianjin region, the engagement of the automobile sales services shop of Guangxi Automobile would be beneficial to the Group in actively launching various types of marketing campaigns and effectively increasing the market penetration of the Group's products in this region.

In view of the above, the Directors (excluding the Directors who have abstained from voting in this regard, and the independent non-executive Directors who will express their views after receiving advice from Gram Capital) are of the view that the terms of the Third Supplemental Agreement and the New Annual Caps with respect to the Vehicle Sale Transactions are on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in approximately 60.64% of the total number of Shares in issue of the Company, and is the ultimate controlling Shareholder of the Company. In this regard, Guangxi Automobile is a connected person of the Company under the Listing Rules. The Third Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given Guangxi Automobile is a connected person of the Company under the Listing Rules, the Annual Caps for the Sale Transactions has been aggregated for the purpose of calculating the percentage ratios under Listing Rules 14A.82.

As the highest of the applicable percentage ratios for the aggregate Sale Transactions contemplated under the Third Supplemental Agreement, on an annual basis, is higher than 5% and the annual consideration is more than HK\$10 million, such transactions constitute continuing connected transactions for the Company and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions. Mr. Yuan Zhijun, Mr. Zhong Xianhua and Mr. Yang Jianyong, being the Directors and the directors and/or senior executives of Guangxi Automobile, have abstained from voting on the board resolutions passed to approve the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions. Save as disclosed above, no other Director is regarded having a material interest in the Continuing Connected Transactions and required to abstain from voting on the board resolution to approve the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions.

The Independent Board Committee (which consists all of independent non-executive Directors) has been established to advise the Independent Shareholders the revised terms of the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same to be given by Gram Capital.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders to consider the revised terms of the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions.

A circular containing, among other things, (i) details of the Third Supplemental Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the terms of Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 10 July 2018.

## DEFINITIONS

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

“ <b>2017–2019 Master Agreement</b> ”	the agreement dated 16 November 2016 entered into between Wuling Industrial and Guangxi Automobile in relation to the Sale Transactions and the Purchase Transactions for a term of three years from 1 January 2017 to 31 December 2019
“ <b>Annual Cap(s)</b> ”	the annual caps of the Sale Transactions and the Purchase Transactions set out in the 2017–2019 Master Agreement for each of the three years ending 31 December 2019
“ <b>associate(s)</b> ”	has the meaning ascribed to it under the Listing Rules
“ <b>Board</b> ”	the board of Directors

<b>“Baomali”</b>	柳州五菱寶馬利汽車空調有限公司 (Liuzhou Wuling Baomali Automotive Air-Conditioner Co., Limited*), a company established in the PRC of which Guangxi Automobile is beneficially interested in approximately 42% of its total registered capital
<b>“Baomali Purchase Transactions”</b>	purchase of certain automotive air-conditioners-related parts and accessories by Wuling Industrial Group from Baomali
<b>“Company”</b>	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)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Continuing Connected Transactions”</b>	means (i) GL Trading Transactions, GB Trading Transactions and Baomali Purchase Transactions under the 2017–2019 Master Agreement; (ii) GL Trading Transactions, GB Trading Transactions, Baomali Purchase Transactions and Outsourcing Services under the 2017–2019 Master Agreement as amended by the Supplemental Agreement; and (iii) Vehicle Sale Transactions under the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement
<b>“controlling Shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“GB Purchase Transactions”</b>	purchase of passenger mini-buses, primarily passenger coaches and mini-buses, and other related products by Wuling Industrial Group from Guilin Bus
<b>“GB Sale Transactions”</b>	sale of automotive parts, raw materials, consumables and materials by Wuling Industrial Group to Guilin Bus
<b>“GB Trading Transactions”</b>	the GB Purchase Transactions and GB Sale Transactions
<b>“GL Purchase Transactions”</b>	purchase of automotive components, mould parts and other related products by Wuling Industrial Group from Guangling
<b>“GL Sale Transactions”</b>	sale of parts and raw materials by Wuling Industrial Group to Guangling
<b>“GL Trading Transactions”</b>	the GL Purchase Transactions and GL Sale Transactions
<b>“Group”</b>	the Company and its subsidiaries



<b>“Guangling”</b>	柳州廣菱汽車技術有限公司 (Liuzhou Guangling Moulds & Tools Technology Limited*), a company established in the PRC of which Guangxi Automobile is beneficially interested in approximately 50.1% of its total registered capital
<b>“Guangxi Automobile”</b>	廣西汽車集團有限公司 (Guangxi Automobile Group Co., limited*), a state-controlled company established in the PRC, being the ultimate beneficial controlling Shareholder which is indirectly interested in approximately 60.64% of the total number of Shares in issue of the Company
<b>“Guangxi Automobile Group”</b>	Guangxi Automobile, its subsidiaries and associates (excluding the Group and including but not limited to Baomali, Guangling and Guilin Bus)
<b>“Guilin Bus”</b>	桂林客車發展有限責任公司 (Guilin Bus Development Co., Limited*), a company established in the PRC of which Guangxi Automobile is beneficially interested in approximately 70.00% of its total registered capital
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Board Committee”</b>	the independent board committee of the Company (which comprises all independent non-executive Directors) formed to consider the revised terms of the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement and the adoption of New Annual Caps with respect to the Vehicle Sale Transactions
<b>“Independent Financial Adviser” or “Gram Capital”</b>	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the revised terms of the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement and the adoption of New Annual Caps with respect to the Vehicle Sale Transactions
<b>“Independent Shareholder(s)”</b>	Shareholder(s) other than Guangxi Automobile and its associates
<b>“Independent Third Party(ies)”</b>	Shareholder(s) other than Guangxi Automobile and its associates
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

<b>“New Annual Caps”</b>	the proposed annual caps of the Vehicle Sale Transactions for each of the two years ending 31 December 2018 and 2019 under the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement
<b>“Outsourcing Services”</b>	provision of production outsourcing services by Wuling Industrial Group to Guangling under the 2017–2019 Master Agreement as amended by the Supplemental Agreement
<b>“PRC”</b>	the People’s Republic of China
<b>“Purchase Transactions”</b>	the GL Purchase Transactions, GB Purchase Transactions and the Baomali Purchase Transactions pursuant to the 2017–2019 Master Agreement or the 2017–2019 Master Agreement as amended by the Second Supplemental Agreement, as appropriate
<b>“Revised Annual Caps”</b>	the proposed aggregate annual caps of the Sale Transactions for each of the two years ending 31 December 2018 and 2019 under the 2017–2019 Master Agreement as amended by the Third Supplemental Agreement
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Sale Transactions”</b>	the GL Sale Transactions, GB Sale Transactions and Vehicle Sale Transactions pursuant to the 2017–2019 Master Agreement or the 2017–2019 Master Agreement as amended by the Supplemental Agreement and the Third Supplemental Agreement, as appropriate
<b>“Second Supplemental Agreement”</b>	the second supplemental agreement dated 17 May 2017 entered into between Wuling Industrial and Guangxi Automobile to further revise the Annual Caps for the GL Purchase Transactions and Baomali Purchase Transactions under the 2017–2019 Master Agreement and to rescind the revision of the Annual Caps of GB Purchase Transactions under the Supplemental Agreement
<b>“SGM”</b>	the special general meeting of the Company to be held to approve the Third Supplemental Agreement and the adoption of New Annual Caps for the Vehicle Sale Transactions

<b>“SGMW”</b>	上汽通用五菱汽車股份有限公司 (SAIC-GM-Wuling Automobile Co., Limited*), a company established in the PRC and a joint venture formed among Shanghai Automobile Industry (Group) Company Limited, GM (China) Investment Co., Limited and 廣西汽車集團有限公司 (Guangxi Automobile Group Co., Limited*) (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
<b>“Shareholder(s)”</b>	holder(s) of the ordinary share(s) in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Supplemental Agreement”</b>	the supplemental agreement dated 28 April 2017 entered into between Wuling Industrial and Guangxi Automobile to amend certain terms of the 2017–2019 Master Agreement and revise the Annual Caps for GL Sale Transactions, GL Purchase Transactions, GB Purchase Transactions and Sale Transactions and to adopt an annual cap for the Outsourcing Services
<b>“Third Supplemental Agreement”</b>	the supplemental agreement dated 15 June 2018 entered into between Wuling Industrial and Guangxi Automobile to amend certain terms of the 2017–2019 Master Agreement and to adopt the New Annual Caps in relation to the Vehicle Sale Transactions
<b>“Vehicle Sale Transactions”</b>	sale of specialized vehicles by Wuling Industrial Group to Guangxi Automobile Group
<b>“Wuling Industrial”</b>	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, 15 June 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.*

\* *For identification purposes only*