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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)*

**MAJOR TRANSACTION IN RELATION TO  
ESTABLISHMENT OF JOINT VENTURE  
AND  
MAJOR TRANSACTION IN RELATION TO  
DISPOSAL OF ASSETS RELATED TO EMISSIONS CONTROL SYSTEM**

**ESTABLISHMENT OF JOINT VENTURE**

On 24 October 2018 (after trading hours), Wuling Industrial, a non-wholly-owned subsidiary of the Company, entered into the JV Agreement with Faurecia (China) in relation to the establishment of the JV Company. Pursuant to the JV Agreement, the JV Company shall be owned as to 50% by each of Wuling Industrial and Faurecia (China), respectively. The total registered capital of the JV Company is RMB120 million (equivalent to approximately HK\$135.6 million), which shall be contributed as to RMB60 million (equivalent to approximately HK\$67.8 million) by each of Wuling Industrial and Faurecia (China) respectively.

**DISPOSAL OF ASSETS RELATED TO EMISSIONS CONTROL SYSTEM**

According to the term of the JV Agreement, after the establishment of the JV Company, the JV Party(ies) and the JV Company shall enter into the Ancillary Agreements (which include the Sale and Purchase Agreement and final draft of which has been appended to the JV Agreement). Accordingly, Wuling Industrial, a non-wholly-owned subsidiary of the Company and/or its subsidiaries, will enter into the Sale and Purchase Agreement with the JV Company upon its establishment (which shall be a non-wholly-owned subsidiary of Faurecia (China)), pursuant to which Wuling Industrial Group shall conditionally agree to sell and the JV Company shall conditionally agree to purchase the Assets (the final list of the Assets will be confirmed on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement, which are currently owned by the Wuling Industrial Group and are required for the operation of the JV Company for the emissions control system business, at the Consideration (exclusive of VAT) which shall be equal to the final valuation of the Assets as at 31 October 2018 (such final valuation will be confirmed and released by the Valuer on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement, and the Company will make further announcement upon release of such final valuation by the Valuer and determination of the Consideration as well as the confirmation of the final list of the Assets). For reference purposes only, pursuant to the report dated 10 October 2018 of the Valuer, the preliminary valuation of the preliminary list of Assets as at 31 August 2018 was approximately RMB70,202,000 (equivalent to approximately HK\$79.3 million).

## **LISTING RULES IMPLICATIONS**

### **Establishment of Joint Venture**

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the JV Agreement and the two joint venture agreements in relation to the respective establishment of the Car Seat Sale JV Company and the Interior JV Company were entered into between Wuling Industrial and Faurecia (China) or completed within a 12-month period, all transactions respectively contemplated under the three agreements hereabove mentioned are considered and aggregated as one transaction. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the aggregate contribution payable/paid by Wuling Industrial towards the Car Seat Sale JV Company, the Interior JV Company and the JV Company is more than 25% but less than 100%, the entering into of the JV Agreement by Wuling Industrial constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Disposal of Assets Related to Emissions Control System**

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, all transactions respectively contemplated under the Sale and Purchase Agreement and the Previous Sales and Purchase Agreements are considered and be aggregated as one transaction. Having taken into account the highest of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the aggregate consideration (not including VAT) of the transactions contemplated under the Sale and Purchase Agreement and the Previous Sale and Purchase Agreements is more than 25% but less than 75%, the disposal of the Assets by the Group under the Sale and Purchase Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Written Shareholder's Approval**

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, no Shareholder has any material interest in the transaction contemplated under the JV Agreement and the Sale and Purchase Agreement. Therefore, no Shareholder will be required to abstain from voting at the general meeting on the resolutions to approve the respective transactions contemplated thereunder the JV Agreement and the Sale and Purchase Agreement. 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 Sale and Purchase Agreement, the Company intends to seek a written approval of the JV Agreement and the Sale and Purchase Agreement from Wuling HK, the immediate controlling Shareholder, which currently holds approximately 60.64% shareholding interest in the Company. Accordingly, such written Shareholder's approval, if obtained, will be accepted in lieu of holding a general meeting for the approval of the JV Agreement and the Sale and Purchase Agreement, 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 Sale and Purchase Agreement if such written Shareholder's approval is obtained.

### **Issue of Further Announcement(s) and Despatch of Circular**

The final list of the Assets to be disposed of by Wuling Industrial and/or its subsidiaries to the JV Company under the Sale and Purchase Agreement will be confirmed and the Consideration of the Assets which will be determined based on the final valuation of the Assets as at 31 October 2018 will be confirmed and released by the Valuer on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement. Further announcement(s) will be made by the Company (i) upon release of the final list of the Assets, the final valuation by the Valuer and determination of the Consideration; and/or (ii) should there be any material change to the information (including but not limited to any material change to the terms of the finalised Sale and purchase Agreement) disclosed in this announcement.

Pursuant to Rule 14.41 of the Listing Rules, a circular containing, amongst other things, the information required under the Listing Rules in relation to the transactions contemplated under the JV Agreement and the Sale and Purchase Agreement will be despatched to the Shareholders within 15 Business Days after publication of this announcement. As more time is required for the Company to prepare, among other things, the indebtedness statement for inclusion in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41 of the Listing Rules. The Company will publish an announcement in relation to the despatch of the circular as and when appropriate.

## **I. ESTABLISHMENT OF JOINT VENTURE**

On 24 October 2018 (after trading hours), Wuling Industrial, a non-wholly-owned subsidiary of the Company, entered into the JV Agreement with Faurecia (China) in relation to the establishment of the JV Company. Pursuant to the JV Agreement, the JV Company shall be owned as to 50% by each of Wuling Industrial and Faurecia (China), respectively. The total registered capital of the JV Company is RMB120 million (equivalent to approximately HK\$135.6 million), which shall be contributed as to RMB60 million (equivalent to approximately HK\$67.8 million) by each of Wuling Industrial and Faurecia (China) respectively.

## **PRINCIPAL TERMS OF THE JV AGREEMENT**

**Date of the JV Agreement:** 24 October 2018

**JV Parties:** (a) Wuling Industrial; and  
(b) Faurecia (China)

each entered into the JV Agreement in the capacity of the proposed holder of 50% Equity Interests.

**Proposed name of the JV Company:** English Name: Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd.

Chinese Name: 佛吉亞（柳州）排氣控制技術有限公司

**Scope of business of the JV Company:** The proposed scope of business of the JV Company shall include (i) development, manufacture, delivery and sales of automotive emissions control system products and related parts and components; (ii) agency and operation of import and export of the related technology and goods; and (iii) provision of after-sales and technical consultancy services.

**Terms of business of the JV Company:** Twenty years from the date of the establishment of the JV Company unless early termination thereof.

**Total investment and registered capital of the JV Company:** The total investment of the JV Company shall be RMB180 million (equivalent to approximately HK\$203.4 million). The registered capital of the JV Company will be RMB120 million (equivalent to approximately HK\$135.6 million), which shall be contributed as to RMB60 million (equivalent to approximately HK\$67.8 million and representing 50% of the registered capital of the JV Company) by each of Wuling Industrial and Faurecia (China) respectively.

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

Subject to fulfilment (or waiver, as the case may be) of the conditions set out in the following part "conditions for payment of the capital contribution to the JV Company", each JV Party should pay its capital contribution to the JV Company in cash within six months from the date of establishment of the JV Company. The capital contribution of Wuling Industrial to the JV Company in the amount of RMB60 million (equivalent to approximately HK\$67.8 million) will be funded by the internal resources of the Group.

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

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

The payment of the respective capital contribution to the JV Company by Wuling Industrial and Faurecia (China) is conditional upon satisfaction (or, if and when the relevant laws and regulations (including the Listing Rules) are not violated and where permissible, waiver in writing by the JV Parties) of the following conditions:

- (a) all documents relevant to the approval and filing process having been filed to or approved by the regulatory authorities as required;
- (b) all warranties and representation made by the JV Parties as set out in the JV Agreement having been true and accurate in all material respects;
- (c) as at the date of the JV Agreement, there having been no material changes in the rules, laws and regulations of the PRC which would materially impact any JV Party’s capability in sharing the economic benefit resulting from its investment in the JV Company, or on the business environment in which the JV Company shall commence its business under the JV Agreement;
- (d) the JV Company having been established according to the terms and conditions of the JV Agreement, and having obtained a business license which reflects the relevant requirements under the JV Agreement;
- (e) the Company having duly performed and complied with its obligations pursuant to the Listing Rules which include the issue of the related announcement(s) and circular(s), and the obtaining of the relevant shareholders’ approval where necessary;

- (f) each or both of the JV Parties (and/or relevant associated companies of them) and the JV Company having entered into the Ancillary Agreements; and
- (g) the JV Company having set up a bank account for receiving the capital contribution to it from the JV Parties.

If any of the above conditions precedent are not fulfilled, or agreed to be waived by the JV Parties within six months from the date of the JV Agreement, unless it is agreed by the JV Parties jointly, the JV Agreement shall forthwith be terminated and neither of the JV Parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

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

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

During the term of the JV Agreement, (i) a JV Party shall have the pre-emptive right (the “**Pre-emptive Right**”, which is not transferrable) to purchase the other JV Party’s Equity Interest under the same conditions if a JV Party proposes to sell its Equity Interest; and (ii) a JV Party should not dispose of its Equity Interest to a competitor of the other JV Party.

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



No Equity Interest should be transferred by a JV Party to the competitors of the other JV Party. Please refer to the part “Respective Rights of the JV Parties upon occurrence of certain events” below for situation where a JV Party is acquired by a competitor of the other JV Party.

The relevant requirements under the Listing Rules will be required to be complied with before the exercise of any right (including but not limited to the transfer of Equity Interests and related restriction mentioned herein) conferred to any of the JV Parties by the JV Agreement and the Ancillary Agreements.

**Non-competition with the JV Company:**

A JV Party and its associated company(ies), during the period in which any of them is/are holder(s) of the Equity Interest and during the three year-period after it ceases/they cease to be holder(s) of the Equity Interest, should not, without the prior written consent of the other party, directly or indirectly enter into, carry on, be engaged or concerned or interested in any business which is in competition with the business of the JV Company.

**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 five directors, two of which shall be appointed by Wuling Industrial while the other three directors shall be appointed by Faurecia (China). The chairman and vice chairman of the board of directors shall be appointed by Wuling Industrial and Faurecia (China) respectively.

Each of the JV Parties is entitled to appoint one supervisor for a term of three (3) years. Supervisors may serve consecutive terms, if re-appointed. Directors and senior management personnel of the JV Company shall not concurrently serve as supervisor.

The senior management team of the JV Company shall comprise a general manager, a deputy general manager and other senior executives. The general manager shall be nominated by Faurecia (China), and the deputy general manager(s) shall be nominated by Wuling Industrial.

Both Wuling Industrial and Faurecia (China) further agree that the chief financial officer shall be nominated by Faurecia (China) and the deputy chief financial officer shall be nominated by Wuling Industrial.

**Respective rights of the JV Parties upon occurrence of certain events:**

Under the JV Agreement, a JV Party (the “**Relevant JV Party**”) should have the right to take the following actions upon occurrence of the following events by serving notice to the other JV Party (the “**Defaulting JV Party**”) pursuant to the terms set out in the JV Agreement:

- (A) if the Defaulting JV Party is acquired by the competitor of the Relevant JV Party, upon receiving written notice from the Defaulting JV Party which should be served 30 days before the occurrence of such acquisition (in any event not later than the date of occurrence of such acquisition), the Remaining JV Party may terminate the JV Agreement or, by issuing notice within 60 days thereafter, request for (i) acquisition of the Equity interest held by the Defaulting JV Party or (ii) disposal of the Equity Interest held by it to the Defaulting JV Party;
- (B) if the Relevant JV Party is informed by the Defaulting JV Party in writing that the Defaulting JV Party has been subject to any unforeseen severe difficulty or force majeure event, and no agreement is reached by the parties within 90 days thereafter and the Defaulting JV Party do not request for the disposal of the Equity Interest held by it to the Relevant JV Party in the next 20 days, the Relevant JV Party will be entitled to request for termination of the JV Agreement or acquisition of the Equity Interest held by the Defaulting JV Party by serving written notice during a 10-day period; and
- (C) if notice in relation to the breach of the JV Agreement by the Defaulting JV Party (including but not limited to the declaration of winding up of the Defaulting JV Party) is issued within 90 days upon occurrence of the breach according to the terms of the JV Agreement, the Relevant JV Party will be entitled to request for (i) termination of the JV Agreement; or (ii) acquisition of the Equity Interest held by the Defaulting JV Party (which sales and purchase should be carried out at a price equals to 90% of the Fair Market Value); or (iii) disposal of the Equity Interest held by the Relevant JV Party to the Defaulting JV Party.

All sale and purchase of the Equity Interest mentioned above, save for (C)(ii), should be carried out at a price equals to the Fair Market Value.



Furthermore, should the board of directors of the JV Company be unable to pass a resolution on a matter which requires unanimous consent of all directors of the JV Company attending the relevant board meeting (for examples, the approval of financial budgets, increase or decrease of registered capital of the JV Company, change of the articles of association of the JV Company), and if such disagreement has had or will have a material adverse effect on the JV Company or its business (the “**Deadlock Event**”), a JV Party may give notice to the other JV Party a notice thereof (the “**Deadlock Notice**”). If no Deadlock Notice is served by any JV Party within thirty days from the occurrence of a Deadlock Event, each JV Party shall be deemed to have waived its right to serve a Deadlock Notice.

During a period of ninety days following any such Deadlock Notice (the “**Deadlock Resolving Period**”), the members of the board of directors of the JV Company and the chief executive officers of the JV Parties shall use their best efforts to, in good faith, resolve the matter or issue in dispute. If there is no agreement reached on the matter or issue in dispute upon the expiration of the Deadlock Resolving Period, then

- (I) if the Deadlock Event is related to the approval of financial budgets, then
  - (a) if a Deadlock Notice is served by Wuling Industrial,
    - (1) Faurecia (China) may, within thirty days after the expiration of the Deadlock Resolving Period, require Wuling Industrial to sell all its Equity Interest to Faurecia (China) by serving a written notice to Wuling Industrial; and
    - (2) if no written notice is served by Faurecia (China) during the thirty days period mentioned in (a)(1) above, Wuling Industrial should purchase all the Equity Interest of Faurecia (China) at the Fair Market Value.

- (b) if a Deadlock Notice is served by Faurecia (China),
    - (1) Faurecia (China) may, within thirty days after the expiration of the Deadlock Resolving Period, require Wuling Industrial to sell all its Equity Interest to Faurecia (China) at the Fair Market Value by serving a written notice to Wuling Industrial; and
    - (2) if no written notice is served by Faurecia (China) during the thirty days period mentioned in (b)(1) above, Wuling Industrial may require Faurecia (China) to sell all its Equity Interest to Wuling Industrial at the Fair Market Value by serving a written notice to Faurecia (China) and in case Wuling Industrial does not acquire the entire Equity Interest from Faurecia (China), unless it is otherwise agreed between the JV Parties, the JV Agreement shall be terminated and the JV Company shall be dissolved in accordance with terms of the JV Agreement.
  - (c) if no written notice is served by any JV Party according to (a) and (b) above, unless it is otherwise agreed between the JV Parties, the JV Agreement shall be terminated and the JV Company shall be dissolved in accordance with terms of the JV Agreement.
- (II) if the Deadlock Event is not related to the approval of financial budgets, then
- (a) if a Deadlock Notice is served by Wuling Industrial,
    - (1) Faurecia (China) may, within thirty days after the expiration of the Deadlock Resolving Period, require Wuling Industrial to sell all its Equity Interest to Faurecia (China) by serving a written notice to Wuling Industrial; and
    - (2) if no written notice is served by Faurecia (China) during the thirty days period mentioned in (a)(1) above, Wuling Industrial should purchase all the Equity Interest of Faurecia (China) at the Fair Market Value.

- (b) if a Deadlock Notice is served by Faurecia (China),
  - (1) Wuling Industrial may, within thirty days after the expiration of the Deadlock Resolving Period, require Faurecia (China) to sell all its Equity Interest to Wuling Industrial at the Fair Market Value by serving a written notice to Faurecia (China); and
  - (2) if no written notice is served by Wuling Industrial during the thirty days period mentioned in (b)(1) above, Faurecia (China) may require Wuling Industrial to sell all its Equity Interest to Faurecia (China) at the Fair Market Value by serving a written notice to Wuling Industrial.
- (c) if no written notice is served by any JV Party according to (a) and (b) above, unless it is otherwise agreed between the JV Parties, the JV Agreement shall be terminated and the JV Company shall be dissolved in accordance with terms of the JV Agreement.

All sale and purchase of the Equity Interest mentioned above should be carried out at a price equals to the Fair Market Value.

**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 (which include the Sale and Purchase Agreement, and final draft of which has been appended to the JV Agreement) in relation to provision of management services, technical services and grant of technology licenses by the JV Party(ies) to the JV Company, and the acquisition by the JV Company of the existing assets and business of Wuling Industrial and its subsidiaries in Liuzhou, Chongqing and Qingdao, the PRC related to the emissions control system business for the purpose of facilitating the commencement of business and operation of the JV Company under the Sale and Purchase Agreement. For details of the Sale and Purchase Agreement, please refer to the section headed “II. Disposal of Assets Related to Emissions Control System” below.

## II. DISPOSAL OF ASSETS RELATED TO EMISSIONS CONTROL SYSTEM

It has been a term of the JV Agreement that after the establishment of the JV Company, the JV Party(ies) and the JV Company shall enter into the Ancillary Agreements (which include the Sale and Purchase Agreement and final draft of which has been appended to the JV Agreement). Accordingly, Wuling Industrial, a non-wholly-owned subsidiary of the Company and/or its subsidiaries, will enter into the Sale and Purchase Agreement with the JV Company upon its establishment (which shall be a non-wholly-owned subsidiary of Faurecia (China)), pursuant to which Wuling Industrial Group shall conditionally agree to sell and the JV Company shall conditionally agree to purchase the Assets (the final list of the Assets will be confirmed on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement), which are currently owned by the Wuling Industrial Group and are required for the operation of the JV Company for the emissions control system business, at the Consideration (exclusive of VAT) which shall be equal to the final valuation of the Assets as at 31 October 2018 (such final valuation will be confirmed and released by the Valuer on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement, and the Company will make further announcement upon release of such final valuation by the Valuer and determination of the Consideration as well as the confirmation of the final list of the Assets). For reference purposes only, pursuant to the report dated 10 October 2018 of the Valuer, the preliminary valuation of the preliminary list of Assets as at 31 August 2018 was approximately RMB70,202,000 (equivalent to approximately HK\$79.3 million).

### THE SALE AND PURCHASE AGREEMENT

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

**Date:** Being a date after the establishment of the JV Company.

**Parties:** The Vendor:  
(a) Wuling Industrial and/or its subsidiaries; and

The Purchaser:  
(b) the JV Company.

**Assets which are subject of the sale and purchase:**

The Assets include (i) the machinery and equipment as listed out in the appendix to the Sale and Purchase Agreement which are currently owned by Wuling Industrial Group for the purpose of manufacturing and operating the automotive emissions control system products; (ii) other assets owned by Wuling Industrial Group for the purpose of manufacturing and operating the automotive emissions control system products that, based on the fair discretion of both of Wuling Industrial and the JV Company, should be included in the Sale and Purchase Agreement (including but not limited to the tooling owned by the Vendor for the purpose of manufacturing and operating the automotive emissions control system products); and (iii) relevant inventory (including raw materials, semi-finished products and finished products). In case any asset being delivered to the JV Company (as purchaser) was determined to be ineffective, the JV Company may returned the such asset to Wuling Industrial and/or its subsidiaries at the original acquisition cost of the asset under the Sale and Purchase Agreement.

**Conditions precedent:**

Completion of the Sale and Purchase Agreement (i.e. Closing) is subject to the fulfilment by Wuling Industrial to the satisfaction of the JV Company (or, if and when the relevant laws and regulations (including the Listing Rules) are not violated and where permissible, waiver in writing by the JV Company or the Vendor) of the following conditions precedent (referred to as completion of the conditions precedent thereafter):

- (i) there having no occurrence or existence of any material adverse effect on, among other things, the Assets since the date of the Sale and Purchase Agreement, and the representations and warranties given by Wuling Industrial remaining true and accurate in all respects at the Delivery Date;
- (ii) there having been no threatened, instituted or pending any action or proceeding by any person which (a) may affect the ownership or operation by the JV Company of all or any material portion of the Assets or (b) may impose any limitation on the ability of the JV Company in exercising its rights relating to such ownership or use of the Assets in full after Closing;
- (iii) Wuling Industrial having provide the JV Company with the bank and wiring information relating to its receipt of the Consideration from the JV Company;

- (iv) the Assets (a) having been maintained in good condition as at the Delivery Date, which conditions are satisfied by the JV Company after having carried out all inspection of the Assets considered as necessary by the JV Company, and (b) having been delivered by Wuling Industrial Group and accepted by the JV Company on the Delivery Date;
- (v) Wuling Industrial (a) having obtained ownership certificates of the factory site and buildings thereon to be used by the JV Company for the purpose of carrying out the business and operation of the emission controls business upon Closing; and (b) having provided copies of such ownership certificates to the JV Company;
- (vi) confirmation from the related parties of Wuling Industrial Group regarding the transfer of their respective rights relating to the ownership or use or handling of the Assets to the JV Company having been received by the JV Company;
- (vii) Wuling Industrial having resolved or listed out all currently known issues relating to quality and environment protection of its existing products produced by the Assets;
- (viii) all necessary procedures relating to approval, registration and other requirements (including evaluation and appraisal of the Assets by the Valuer regarding the sale and purchase of the Assets and completion of the necessary filing procedures of the relevant valuation report) and 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 having been completed; and
- (ix) the Company having duly performed and complied with its obligations pursuant to the Listing Rules which include the issue of the related announcement(s) and circular(s), and the obtaining of the relevant shareholders' approval where necessary.



The JV Company will promptly inform Wuling Industrial on the fulfilment (or waiver, as the case maybe) of all conditions precedent, as appropriate, to its satisfaction to facilitate completion of the transactions as contemplated under the Sale and Purchase Agreement.

**Consideration:**

The Consideration (exclusive of VAT) shall be equal to the final valuation of the Assets as at 31 October 2018 (such final valuation will be confirmed and released by the Valuer on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement. For reference purposes only, pursuant to the report dated 10 October 2018 of the Valuer, the preliminary valuation of the preliminary list of Assets as at 31 August 2018 was approximately RMB70,202,000 (equivalent to approximately HK\$79.3 million).

The first payment installment, being not more than 60% of the Consideration, is to be paid by the JV Company to Wuling Industrial within seven (7) business days after the Closing Date, provided that Wuling has issued an invoice of the amount above to the JV Company.

The remaining balance shall be paid by the JV Company to Wuling Industrial within three (3) months after the Closing Date.

The basis of determining the Consideration was agreed by Wuling Industrial (as vendor) and the JV Company (as purchaser) after arm's length negotiations and by taking into account the valuation to be conducted and finalized by the Valuer.

**Closing:**

If the JV Company is satisfied in its sole discretion that all the conditions precedent of the Sale and Purchase Agreement have been duly completed, the JV Company shall forthwith inform Wuling Industrial of the same and the Closing shall take place within thirty days after the date on which all the conditions precedents have been fulfillment (the "**Closing Date**") (or on such later date to be mutually agreed by Wuling Industrial and the JV Company).

At the sole discretion of the JV Company, if any conditions precedent of the Sale and Purchase Agreement has not been fulfilled or waived before the 180th day from the date of the Sale and Purchase Agreement (“**Long-stop Date**”), then (i) the JV Company may terminate the Sale and Purchase Agreement; or (ii) the JV Company and Wuling Industrial may defer the Long-stop Date to such a later date as mutually agreed so that the conditions precedent can be fulfilled to the satisfaction of the JV Company.

**Termination:**

The Sale and Purchase Agreement may be terminated:

- (i) by mutual agreement of the parties to the Sale and Purchase Agreement;
- (ii) by the Purchaser prior to the Closing Date 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 Vendor;
- (iii) by the Purchaser if the Closing 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 Closing 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;
- (iv) by either the Purchaser or the Vendor prior to the Closing Date 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
- (v) 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 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 Vendor to the Purchaser shall immediately be returned to the Vendor. Prior to issuing a notice to terminate the Sale and Purchase Agreement by any party to the Sale and Purchase Agreement, the parties agree to carry out negotiation for the purpose of considering the effect of such termination on the JV Agreement and to take any further action that considered necessary to ensure that the viability of the Purchaser will not be adversely affected.

### **III. INFORMATION ON THE GROUP, FAURECIA, FAURECIA (CHINA) AND THE JV COMPANY**

#### **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, as well as the trading of raw materials, water and power supply services.

#### **Faurecia and Faurecia (China)**

Faurecia is a leading manufacturer in the global automobile industry headquartered in Nanterre, France, specializing in three main areas of automotive business including: (i) automotive seating; (ii) interior systems; and (iii) emissions control technologies. Founded in 1997, Faurecia Group has been actively expanding and progressing its businesses in the automobile industry and currently operates over 300 factories across 34 countries. Faurecia Group is currently recognized as the world's number one supplier of seat frames and mechanisms, emissions control technologies and vehicle interiors and the world's third largest supplier of complete seat systems.

Faurecia (China) was the operating arm of Faurecia Group in the PRC, which was established in Shanghai, the PRC in December 2008. Faurecia (China) is principally engaged in development, manufacture and sales of automotive seating, interior systems and emissions control systems.

## **The JV Company**

The JV Company is a joint venture company to be established pursuant to the JV Agreement. On 24 October 2018, Wuling Industrial, a non-wholly-owned subsidiary of the Company, entered into the JV Agreement with Faurecia (China) in relation to the establishment of the JV Company. Pursuant to the JV Agreement, the JV Company shall be owned as to 50% by each of Wuling Industrial and Faurecia (China), respectively. The total registered capital of the JV Company will be RMB120 million (equivalent to approximately HK\$135.6 million), which shall be contributed as to RMB60 million (equivalent to approximately HK\$67.8 million) by each of Wuling Industrial and Faurecia (China) respectively.

Save for the JV Company, three other joint venture companies, namely the Interior JV Company and the Car Seat Sale JV Company and the Car Seat JV Company, all owned as to 50% by each of the Company and Faurecia (China) have been established on 5 February 2018, 15 December 2017 and 26 September 2017 respectively. The Interior JV Company is principally engaged in (i) development, manufacture and sales of automotive interior system and related parts and accessories; (ii) agency and operation of import and/or export for the related automotive technology and goods; and (iii) provision of after sale and technical consultancy services for the automotive interior system and related parts and accessories. Meanwhile, the 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 the related automotive technology and goods; and (iii) provision of after sale and technical consultancy services for the automotive seating system and car seat-related parts and accessories. As the majority members of the respective boards of directors of the Interior JV Company and Car Seat JV Company are nominated by Faurecia (China), both the Interior JV Company and Car Seat JV Company are classified as non-wholly-owned subsidiaries of, and their financial statements would be consolidated by, Faurecia (China). The Car Seat Sale JV Company is intended to be principally engaged in the trading of automotive parts which include car seats, automotive interior parts, automotive emissions control system products and their respective related parts and components. As the Car Seat Sale JV Company's financial statements would be consolidated by the Company, it is classified as a non-wholly-owned subsidiary of the Company. However, given the Car Seat Sale JV Company recorded no business revenue for the financial year ended 31 December 2017 and for the period from 1 January 2018 until the date of this announcement after its establishment on 15 December 2017 and the total asset value of the Car Seat Sale JV Company as at 31 August 2018, based on its unaudited management account were below RMB41,000,000 (equivalent to approximately HK\$46.3 million), it is regarded as an insignificant subsidiary of the Group (where Faurecia (China) is a substantial shareholder of such insignificant subsidiary) as at the date of this announcement. Pursuant to Rule 14A.09 of the Listing Rules, the respective transactions contemplated under the JV Agreement (entered into between Wuling Industrial and Faurecia (China)) and the Sales and Purchase Agreement (to be entered into between Wuling Industrial and the JV Company, being a subsidiary of Faurecia (China) upon its establishment), will be exempted from the relevant announcement, reporting and independent shareholder's approval requirements under Chapter 14A of the Listing Rules. Nevertheless, those transactions are subject to the requirements under Chapter 14 of the Listing Rules and details of which are further set out in the following section headed "V. Listing Rules Implications".

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for their interests in the Car Seat JV Company, the Car Seat Sale JV Company and the Interior JV Company (all of which are joint ventures of Wuling Industrial and Faurecia (China)) as detailed above, each of Faurecia (China) and its ultimate beneficial owner(s) 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).

#### **IV. REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY AND THE DISPOSAL OF THE ASSETS**

As disclosed in the interim report of the Company for the six months ended 30 June 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 and provide SGMW with high-end products. To expedite the processes, the Group has been actively explored potential collaboration with various manufacturing powerhouses at home and abroad for its automotive component business with a view to improving its manufacturing capacity with advanced technologies imported from the international market.

Wuling Industrial currently supplies automotive emissions control system products to SGMW for the production of its low to mid-range vehicle models which business volume is expected to be contracted in future due to the shifting of the business focus of SGMW from the commercial-type mini-vehicle market to the passenger vehicle market in the PRC. In response to the increasing business volume of SGMW for its high-end vehicle models, Wuling Industrial considers it is necessary to upgrade its technical standard in order to meet the rising technical and quality requirements of SGMW's new and existing high-end vehicle models as well as other potential new customers in the high-end automotive market.

It is considered that the establishment of the JV Company will be able to (i) take advantage of the advanced technology and operating management from Faurecia Group when manufacturing automotive emissions control system products for SGMW and other automakers in the PRC; (ii) utilize Wuling Industrial's experience in the manufacturing and sales of automotive components in the PRC, for example in terms of cost-control, to meet the demands of the local automakers; and (iii) share the extensive resources and networks of Wuling Industrial in the automobile market in the PRC.

The terms of the JV Agreement, including the total amount of the registered capital of the JV Company of RMB120 million (equivalent to approximately HK\$135.6 million) and the contribution thereof by each JV Party (as to RMB60 million (equivalent to approximately HK\$67.8 million and representing 50% of the registered capital of the JV Company)), were determined after arm's length negotiation between the JV Parties with references to, among other things, the initial capital requirement of the JV Company and the intention of each JV Party in respect of its capital contribution to the JV Company. In view of the above, the Directors consider that the terms of the JV Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In light of the establishment of the JV Company in the coming future, Wuling Industrial Group and Faurecia (China) are of the opinion that it would be in the interest of all parties to speed up the forthcoming operation of the JV Company by utilising the machinery, equipment and other assets which are currently owned by Wuling Industrial Group for the automotive emissions control system products manufacturing and operation. On that basis and after arm's length negotiation between Wuling Industrial Group and Faurecia Group for the disposal of the Assets to the JV Company by making reference to the final valuation of the Assets to be determined by the Valuer, the parties agreed that Wuling Industrial Group (as vendor) and the JV Company (as purchaser) should enter into the Sale and Purchase Agreement upon establishment of the JV Company. It is also expected by the parties that by taking over the Assets relating to the business and production of automotive emissions control system products from Wuling Industrial Group, the JV Company will be able 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 automotive emissions control system products.

The following is a summary of the financial information relating to the Assets based on the management information prepared for analyses purposes:

|                   | <b>For the year<br/>ended 31<br/>December 2016<br/>(unaudited)<br/>RMB'000</b> | <b>For the year<br/>ended 31<br/>December 2017<br/>(unaudited)<br/>RMB'000</b> |
|-------------------|--|--|
| Revenue           | 358,809  | 442,761  |
| Profit before tax | 38,973   | 38,312   |
| Profit after tax  | 29,230   | 28,734   |

Based on (i) the unaudited total net book values of the preliminary list of Assets of RMB65,211,000 (equivalent to approximately HK\$73.7 million) as at 31 August 2018 as recorded in the management accounts of Wuling Industrial for the eight-month period ended 31 August 2018 and (ii) the estimated consideration of the preliminary list of Assets with reference to its preliminary valuation of approximately RMB70,202,000 (equivalent to approximately HK\$79.3 million); and (iii) the costs and expenses of approximately RMB200,000 (equivalent to approximately HK\$226,000) in total incurred by the Group in relation to the Sale and Purchase Agreement, it is expected by the Group that a gain of approximately RMB4,791,000 (equivalent to approximately HK\$5.4 million) will be recognized by the Group.



It is intended that the Consideration will be applied by the Group as general working capital.

Having considered (a) the factors and benefits in respect of the establishment of the JV Company as set out above; (b) the opinion of the parties that the transfer of the Assets relating to the production of automotive emissions control system products would facilitate a smooth commencement of the business and operation of the JV Company, which in turn would be in the interest of the JV Company and the owners of the Equity Interest (each of Wuling Industrial and Faurecia (China) owns 50% of the Equity Interest); (c) the terms of the Sale and Purchase Agreement have been determined after arm's length negotiation between the JV Parties; and (d) the Consideration will be determined after taking into account the final valuation of the Assets to be confirmed by the Valuer, the Directors consider that the respective terms of the Sale and Purchase Agreement, including the basis of determination of the Consideration and the payment terms thereof, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **V. LISTING RULES IMPLICATIONS**

### **Establishment of the JV Company**

References are made to the Previous Announcements. The Car Seat Sale JV Company and the Interior JV Company, all owned as to 50% by each of Wuling Industrial and Faurecia (China), have been established on 15 December 2017 and 5 February 2018 respectively. Pursuant to their respective joint venture agreements, the registered capitals of the Car Seat Sale JV Company and the Interior JV Company are RMB1 million (equivalent to approximately HK\$1.13 million) and RMB300 million (equivalent to approximately HK\$339 million) respectively and each of Wuling Industrial and Faurecia (China) shall contribute RMB0.5 million (equivalent to approximately HK\$0.57 million) and RMB150 million (equivalent to approximately HK\$169.5 million) to the registered capitals of the Car Seat Sale JV Company and the Interior JV Company, respectively.

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the JV Agreement and the two joint venture agreements in relation to the respective establishment of the Car Seat Sale JV Company and the Interior JV Company (which were established on 15 December 2017 and 5 February 2018 respectively) were entered into between Wuling Industrial and Faurecia (China) or completed within a 12-month period, all transactions respectively contemplated under the three agreements hereabove mentioned are considered and aggregated as one transaction.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the aggregate contribution payable/paid by Wuling Industrial towards the Car Seat Sale JV Company, the Interior JV Company and the JV Company is more than 25% but less than 100%, the entering into of the JV Agreement by Wuling Industrial constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Disposal of Assets Related to Emissions Control System**

References are made to the Previous Announcements. The Sale and Purchase Agreement and the Previous Sale and Purchase Agreements, all involving the disposal by Wuling Industrial Group of assets to subsidiaries of Faurecia (China) (being the JV Company upon its establishment, as well as the Car Seat JV Company and the Interior JV Company), have been/will be entered into or completed within a 12-month period. Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, all transactions respectively contemplated under the Sale and Purchase Agreement and the Previous Sale and Purchase Agreements are considered and be aggregated as one transaction. Having taken into account the highest of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the aggregate consideration (not including VAT) of the transactions contemplated under the Sale and Purchase Agreement and the Previous Sale and Purchase Agreements (*note: with regard to the Consideration, currently based on the preliminary valuation of the preliminary list of Assets as at 31 August 2018 of approximately RMB70,202,000 (equivalent to approximately HK\$79.3 million)*) is more than 25% but less than 75%, the disposal of the Assets by the Group under the Sale and Purchase Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Written Shareholder's Approval**

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, no Shareholder has any material interest in the transaction contemplated under the JV Agreement and the Sale and Purchase Agreement. Therefore, no Shareholder will be required to abstain from voting at the general meeting on the resolutions to approve the respective transactions contemplated thereunder the JV Agreement and the Sale and Purchase Agreement. 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 Sale and Purchase Agreement, the Company intends to seek a written approval of the JV Agreement and the Sale and Purchase Agreement from Wuling HK, the immediate controlling Shareholder, which currently holds approximately 60.64% shareholding interest in the Company. Accordingly, such written Shareholder's approval, if obtained, will be accepted in lieu of holding a general meeting for the approval of the JV Agreement and the Sale and Purchase Agreement, 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 Sale and Purchase Agreement if such written Shareholder's approval is obtained.

## **Issue of Further Announcement(s) and Despatch of Circular**

The final list of the Assets to be disposed of by Wuling Industrial and/or its subsidiaries to the JV Company under the Sale and Purchase Agreement will be confirmed and the Consideration of the Assets which will be determined based on the final valuation of the Assets as at 31 October 2018 will be confirmed and released by the Valuer on or before the issue of the circular relating to and the approval in writing by Wuling HK of the transactions contemplated under, inter alia, the Sale and Purchase Agreement. Further announcement(s) will be made by the Company (i) upon release of the final list of the Assets, the final valuation by the Valuer and determination of the Consideration; and/or (ii) should there be any material change to the information (including but not limited to any material change to the terms of the finalised Sale and purchase Agreement) disclosed in this announcement.

Pursuant to Rule 14.41 of the Listing Rules, a circular containing, amongst other things, the information required under the Listing Rules in relation to the transactions contemplated under the JV Agreement and the Sale and Purchase Agreement will be despatched to the Shareholders within 15 Business Days after publication of this announcement. As more time is required for the Company to prepare, among other things, the indebtedness statement for inclusion in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41 of the Listing Rules. The Company will publish an announcement in relation to the despatch of the circular as and when appropriate.

## **VI. DEFINITIONS**

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

**“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” set out in this announcement

|                                   |   |
|-----------------------------------|---|
| <b>“Assets”</b>                   | the assets to be disposed of by Wuling Industrial and/or its subsidiaries to the JV Company pursuant to the Sale and Purchase Agreement, which include (i) the machinery and equipment as listed out in the appendix to the Sale and Purchase Agreement which are currently owned by Wuling Industrial Group for the purpose of manufacturing and operating the automotive emissions control system products; (ii) other assets owned by Wuling Industrial for the purpose of manufacturing and operating the automotive emissions control system products that, based on the fair discretion of both of Wuling Industrial and the JV Company, should be included in the Sale and Purchase Agreement (including but not limited to the tooling owned by the Vendor for the purpose of manufacturing and operating the automotive emissions control system products); and (iii) relevant inventory (including raw materials, semi-finished products and finished products) |
| <b>“Board”</b>                    | the board of Directors  |
| <b>“Business Day”</b>             | any day (excluding Saturday, Sunday or public holiday) on which banks generally in Hong Kong are open for business  |
| <b>“Car Seat JV Company”</b>      | 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 joint venture agreement dated 3 July 2017 entered into between Wuling Industrial and Faurecia (China)   |
| <b>“Car Seat Sale JV Company”</b> | 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) and which is intended to be responsible for the sale functions of the car seat, automotive interior parts and automotive emission control system products manufactured by Car Seat JV Company, Interior JV Company and the JV Company respectively  |
| <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>“Closing”</b>                  | completion of the sale and purchase of the Assets pursuant to the Sale and Purchase Agreement   |

|                             |   |
|-----------------------------|---|
| <b>“Consideration”</b>      | the consideration of the Assets (exclusive of VAT) to be disposed of by Wuling Industrial and/or its subsidiaries to the JV Company which shall be determined based on the final valuation of the Assets as at 31 October 2018 to be confirmed and released by the Valuer. For reference purposes only, pursuant to the report dated 10 October 2018 of the Valuer, the preliminary valuation of the preliminary list of Assets as at 31 August 2018 was approximately RMB70,202,000 (equivalent to approximately HK\$79.3 million) |
| <b>“Delivery Date”</b>      | the date of delivery of the Assets by Wuling Industrial Group to the JV Company pursuant to the Sale and Purchase Agreement, which should be a date within 90 days after the date of the Sale and Purchase Agreement  |
| <b>“Director(s)”</b>        | the director(s) of the Company  |
| <b>“Equity Interest(s)”</b> | equity interest(s) in the JV Company  |
| <b>“Fair Market Value”</b>  | the fair market value of the Equity Interests as agreed between the JV Parties, or the fair market value as derived from the enterprise value and the net financial debt of the JV Company as appraised by an auditing firm jointly appointed by the JV Parties (or, if the JV Parties fail to agree on such appointment, an auditing firm to be appointed by the Secretary of the International Chamber of Commerce upon request of any JV Party)  |
| <b>“Faurecia”</b>           | Faurecia, the ultimate holding company of Faurecia (China), a leading manufacturer in the global automobile industry with headquarter in Nanterre, France   |
| <b>“Faurecia (China)”</b>   | Faurecia (China) Holding Co. Ltd., a wholly owned subsidiary of Faurecia established in the PRC in 2008   |
| <b>“Faurecia Group”</b>     | Faurecia and its subsidiaries, being a world renowned group of companies, engages in the automobile industry specialising in the business segments of automotive seating, interior systems and emissions control technologies   |
| <b>“Group”</b>              | the Company and its subsidiaries  |
| <b>“HK\$”</b>               | Hong Kong dollars, the lawful currency of Hong Kong   |

|   |  |
|---|--|
| “Interior JV Company”                   | 佛吉亞（柳州）汽車內飾系統有限公司 (Faurecia (Liuzhou) Automotive Interior System Co., Limited*), a joint venture company established in the PRC on 5 February 2018, the equity interest of which is owned as to 50% by Wuling Industrial and 50% by Faurecia (China) pursuant to the joint venture agreement dated 29 November 2017 entered into between Wuling Industrial and Faurecia (China)  |
| “JV Agreement”                          | the joint venture agreement entered into between Wuling Industrial and Faurecia (China) for the purpose of establishment of the JV Company on 24 October 2018  |
| “JV Company”                            | 佛吉亞（柳州）排氣控制技術有限公司 Faurecia (Liuzhou) Emission Control Technologies Co., Limited*), a joint venture company to be established in the PRC which shall be owned as to 50% by Wuling Industrial and 50% by Faurecia (China) pursuant to the JV Agreement   |
| “JV Party(ies)”                         | a party/parties to the JV Agreement, namely Wuling Industrial and/or Faurecia (China), as the case maybe   |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                                   | the People’s Republic of China   |
| “Previous Sale and Purchase Agreements” | (A) the sale and purchase agreement dated 14 March 2018 entered into between Wuling Industrial and Car Seat JV Company relating to the sale of certain machinery and equipment for the production and operation of car seat product by Wuling Industrial to the Car Seat JV Company at a consideration of RMB24,300,096 (exclusive of VAT); (B) the sale and purchase agreement dated 7 June 2018 entered into between Wuling Industrial (Shandong branch office) and the Car Seat JV Company (Qingdao branch office) relating to the sale by Wuling Industrial (Shandong branch office) of the assets to the Car Seat JV Company (Qingdao branch office) at a consideration of RMB11,314,822 (exclusive of VAT); and (C) the sale and purchase agreements entered into between Wuling Industrial Group and the Interior JV Company on 30 May 2018, pursuant to which Wuling Industrial Group conditionally agreed to sell and the Interior JV Company conditionally agreed to purchase the necessary assets for the production of various automotive interior parts and accessories at a total consideration of RMB146,249,171 (exclusive of VAT) |



|                                      |  |
|--------------------------------------|--|
| <b>“Previous Announcement(s)”</b>    | the announcements of the Company (i) dated 29 November 2017 relating to the establishment of the Interior JV Company pursuant to the joint venture agreement dated 29 November 2017 entered into between Wuling Industrial and Faurecia (China); (ii) dated 29 December 2017, 13 February 2018 and 14 March 2018 in relation to agreement (A) of the Previous Sale and Purchase Agreements; (iii) dated 30 May 2018 relating to, among other things, agreement (C) of the Previous Sale and Purchase Agreements; and (iv) dated 7 June 2018 relating to agreement (B) of the Previous Sale and Purchase Agreements |
| <b>“Purchaser”</b>                   | the JV Company   |
| <b>“RMB”</b>                         | Renminbi, the lawful currency of the PRC   |
| <b>“Sale and Purchase Agreement”</b> | the sale and purchase agreement to be entered into between Wuling Industrial and/or its subsidiaries and the JV Company upon its establishment relating to the sale by Wuling Industrial of the Assets to the JV Company, the final draft of which has been appended to the JV Agreement   |
| <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 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   |
| <b>“Shareholder(s)”</b>              | holder(s) of the ordinary share(s) of the Company  |
| <b>“Stock Exchange”</b>              | The Stock Exchange of Hong Kong Limited  |
| <b>“Valuer”</b>                      | 廣西正德房地產土地資產評估有限公司 (Guangxi Zhengde Real Estate and Asset Appraisal Company Limited*), being an independent appraisal firm recognized by the relevant government authority(ies) and jointly engaged by the JV Parties   |
| <b>“VAT”</b>                         | the value-added tax  |
| <b>“Vendor(s)”</b>                   | Wuling Industrial and/or its subsidiaries  |

|                           |  |
|---------------------------|--|
| “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 issued shares of the Company as at the date of this announcement and an indirect wholly-owned subsidiary of Guangxi Automobile Holdings Limited |
| “Wuling Industrial”       | 柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*), a company established in the PRC and a non-wholly owned subsidiary of the Company  |
| “Wuling Industrial Group” | Wuling Industrial and its subsidiaries   |
| “%”                       | per cent   |

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

Hong Kong, 24 October 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\$1.13, 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