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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)*

**CONTINUING CONNECTED TRANSACTIONS**

**BACKGROUND**

Reference is made to the announcement of the Company dated 28 December 2015, whereby it is disclosed that Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Existing Master Tenancy Agreement in respect of the lease of, among others, the Liuzhou Leased Properties for a period of three years commencing from 1 January 2016 and expiring on 31 December 2018. As the Existing Master Tenancy Agreement is due to expire on 31 December 2018, Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Master Tenancy Agreement on 7 December 2018 (i) in respect of the lease of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021.

**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 and thus is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Master Tenancy Agreement and the transactions to be contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps, on an annual basis, is more than 5% and exceeds HK\$10,000,000, the Master Tenancy Agreement and the Proposed Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**GENERAL**

The SGM will be convened and held at which the Independent Shareholders will consider, and, if thought fit, approve the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps.

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder, and the Proposed Annual Caps. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Master Tenancy Agreement (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder and Proposed Annual Caps; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the terms of the Master Tenancy Agreement, the transactions contemplated thereunder and Proposed Annual Caps; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 2 January 2019.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 28 December 2015, whereby it is disclosed that Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Existing Master Tenancy Agreement in respect of the lease of, among others, the Liuzhou Leased Properties for a period of three years commencing from 1 January 2016 and expiring on 31 December 2018. As the Existing Master Tenancy Agreement is due to expire on 31 December 2018, Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Master Tenancy Agreement (i) in respect of the lease of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021.

## **MASTER TENANCY AGREEMENT**

The principal terms of the Master Tenancy Agreement are summarised as follows:

Date:	7 December 2018
Landlord:	Guangxi Automobile
Tenant:	Wuling Industrial
Term:	Three years from 1 January 2019 to 31 December 2021

Properties to be leased: The Liuzhou Leased Properties and the Additional Properties.

Liuzhou Leased Properties, being nine parcels of land and 43 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC. All the Liuzhou Leased Properties are currently leased by Guangxi Automobile to Wuling Industrial under the Existing Master Tenancy Agreement and used by Wuling Industrial Group as offices and production plants. Wuling Industrial Group will continue to use the Liuzhou Leased Properties for the same purposes under the Master Tenancy Agreement.

During the term of the Master Tenancy Agreement, Wuling Industrial may enter into additional tenancy agreements (the “**Additional Tenancy Agreements**”) with Guangxi Automobile for the leasing of other properties including but not limited to those adjacent to the Liuzhou Leased Properties owned by Guangxi Automobile (the “**Additional Properties**”) to cater for possible further business development of the Wuling Industry Group, to the extent that the aggregated annual rentals for the Liuzhou Leased Properties and the Additional Properties will not exceed the Proposed Annual Cap for the corresponding year, provided that:

- (1) the then market rentals for the Additional Properties will be assessed by an independent valuer and the rentals payable for them will be at a 10% discount to the then market rentals of similar properties as assessed;
- (2) the transactions contemplated under the Additional Tenancy Agreements shall be conducted in the usual and ordinary course of business of the Group;
- (3) the terms of the Additional Tenancy Agreements shall be subject to arm’s length negotiation among the Parties, on normal terms or on terms which are no less favourable than those offered by independent third parties to Wuling Industrial and in the interests of the Group and the Shareholders as a whole; and
- (4) the transactions contemplated under the Additional Tenancy Agreements shall be in compliance with all applicable laws and regulations (including the Listing Rules) and the Master Tenancy Agreement.

Rental and payment terms: The rental for the Liuzhou Leased Properties for the three years commencing from 1 January 2019 shall be RMB2,766,255.08 (equivalent to approximately HK\$3,153,530.79) per month in aggregate as set out below:

	<b>Total site area/floor area (in square meter)</b>	<b>Monthly rental payable per square meter (RMB)</b>	<b>Total monthly rental payable (RMB)</b>
Land of the Liuzhou Leased Properties	617,742.20	0.81	500,371.18
Buildings of the Liuzhou Leased Properties	138,332.35	16.38	<u>2,265,883.90</u>
<b>Total</b>			<b><u>2,766,255.08</u></b>

The rental of the Liuzhou Leased Properties and the Additional Properties shall be payable in arrears semi-annually in the next month following the receipt of the relevant invoice by Wuling Industrial.

If the leasing of any of the Liuzhou Leased Properties and/or the Additional Properties is terminated, the rental payable by Wuling Industrial as tenant shall be calculated on a pro-rata basis with reference to the actual number of days for which the occupation of such land and/or buildings under such leasing is subsisting.

The rental payable for the Liuzhou Leased Properties pursuant to the Master Tenancy Agreement was determined by the Parties upon arm's length negotiation according to the following bases: (i) with respect to the buildings of the Liuzhou Leased Properties, a discount of 10% to the respective prevailing market rentals of similar properties as assessed by Guangxi Tianhua Asset Land And Real Estate Appraisal Company Limited (廣西天華資產土地房地產評估有限責任公司), an independent valuer; and (ii) with respect to the land of the Liuzhou Leased Properties, the estimated costs incurred by Guangxi Automobile in the holding of the land which comprise its original acquisition costs, taxes and insurance premiums. The rental payable for the Additional Properties shall be determined with reference to similar bases above.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider the rental and payment terms for the Liuzhou Leased Properties under the Master Tenancy Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

**Warranties:**

Guangxi Automobile warrants that, among others, should there be any dispute arising from the ownership of titles or any dispute arising from claim or debt in relation to Guangxi Automobile or for any reason which result in the Wuling Industrial Group unable to reasonably use (whether part of or the whole) the Liuzhou Leased Properties and/or the Additional Properties, Guangxi Automobile shall be responsible and compensate Wuling Industrial for all resulting economic losses.

Wuling Industrial warrants that, among others, it shall obtain written approval from Guangxi Automobile before making any alteration to the Liuzhou Leased Properties and/or the Additional Properties and the costs for such alteration shall be borne by the Wuling Industrial.

**Conditions Precedent:**

The Master Tenancy Agreement shall be effective upon the satisfaction of the following conditions precedent:

- (1) the Master Tenancy Agreement having been signed and/or stamped by Guangxi Automobile and Wuling Industrial; and
- (2) the Company having obtained all necessary authorisations, consents and approvals internally and from regulatory bodies (including but not limited to the Stock Exchange) for the Master Tenancy Agreement and the transactions contemplated thereunder, and the Master Tenancy Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in accordance with the Listing Rules (if Master Tenancy Agreement and the transactions contemplated thereunder require approval from the Independent Shareholders pursuant to the Listing Rules).

## **HISTORICAL TRANSACTION AMOUNTS AND EXISTING ANNUAL CAPS UNDER THE EXISTING MASTER TENANCY AGREEMENT**

For the two years ended 31 December 2017 and the ten months ended 31 October 2018, the actual transaction amounts paid by the Group pursuant to the Existing Master Tenancy Agreement and the Existing Annual Caps for the corresponding years are set out as follows:

<b>Period</b>	<b>Actual transaction amount (RMB'000)</b>	<b>Existing Annual Cap (RMB'000)</b>
For the year ended 31 December 2016	35,889	37,000
For the year ended 31 December 2017	33,557	37,000
For the ten months ended 31 October 2018	25,688	37,000

*Note: The actual transaction amounts for the years ended 31 December 2016 and 2017 comprised, among others, the rentals paid in respect of the land and buildings located in Qingdao, Shandong, the PRC leased under the Existing Master Tenancy Agreement (amounting to RMB5,639,984 and RMB3,530,673 respectively). The leasing of such land and buildings was terminated on completion of the acquisition of such land and buildings by Wuling Industrial. Details of the acquisition of such land and buildings by Wuling Industrial were fully described in the Company's circular dated 30 September 2017.*

The Company expects the actual transaction amount of the Group for the year ending 31 December 2018 would not exceed the Existing Annual Cap for the corresponding year.

## **PROPOSED ANNUAL CAPS UNDER THE MASTER TENANCY AGREEMENT**

The total rental payable for the Liuzhou Leased Properties under the Master Tenancy Agreement, on an annual basis, shall be RMB33,195,060.90 (equivalent to approximately HK\$37,842,369.43). The Company proposed to adopt the Proposed Annual Caps for the three years ending 31 December 2021 as set out below:

<b>Period</b>	<b>Proposed Annual Cap (RMB'000)</b>
For the year ending 31 December 2019	36,520
For the year ending 31 December 2020	36,520
For the year ending 31 December 2021	36,520

The Proposed Annual Caps are determined according to the (i) annual rental payable for the Liuzhou Leased Properties under the Master Tenancy Agreement which has been determined by the Parties after making references to factors as detailed above; and (ii) a buffer of approximately 10% on top of the annual rental payable for the Liuzhou Leased Properties, representing the expected rentals payable for the leasing of the Additional Properties to cater for the possible further business development of Wuling Industrial Group according to the current development plan of the Group.

## **REASONS FOR AND BENEFITS ON ENTERING INTO THE MASTER TENANCY AGREEMENT**

Wuling Industrial Group has been occupying the Liuzhou Leased Properties for its business and operation pursuant to the Existing Master Tenancy Agreement. The Liuzhou Leased Properties are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines and parts, automotive components and accessories, specialized vehicles, and other related business. In order to ensure that the business and operation of the Wuling Industrial Group will not be affected upon the expiration of the Existing Master Tenancy Agreement on 31 December 2018, Wuling Industrial and Guangxi Automobile entered into the Master Tenancy Agreement on 7 December 2018 for a term of three years from 1 January 2019 to 31 December 2021.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider that (i) the entering into of the Master Tenancy Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Cap are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

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 Master Tenancy Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director is regarded having a material interest in the Master Tenancy Agreement and the transactions contemplated thereunder and required to abstain from voting on the board resolutions to approve the same.

## **INFORMATION OF 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, specialised 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 OF 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.

## **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 and thus is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Master Tenancy Agreement and the transactions to be contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps, on an annual basis, is more than 5% and exceeds HK\$10,000,000, the Master Tenancy Agreement and the Proposed Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The SGM will be convened and held at which the Independent Shareholders will consider, and, if thought fit, approve the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps.

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder, and the Proposed Annual Caps. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Master Tenancy Agreement (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the terms of the Master Tenancy Agreement, the transactions contemplated thereunder and the Proposed Annual Caps; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 2 January 2019.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Existing Annual Caps”	the annual caps of the continuing connected transactions contemplated under the Existing Master Tenancy Agreement for each of the three years ending 31 December 2018
“Existing Master Tenancy Agreement”	the master tenancy agreement dated 28 December 2015 entered into between Wuling Industrial and Guangxi Automobile in relation to the leasing of the Liuzhou Leased Properties and certain properties in Qingdao, Shandong, the PRC for a term of three years from 1 January 2016 to 31 December 2018
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Tenancy Agreement, the transaction contemplated thereunder, and the Proposed Annual Caps
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*), a state-controlled 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
“Guangxi Automobile Group”	Guangxi Automobile, its subsidiaries and associates (excluding the Group)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholder(s)”	Shareholder(s) other than Guangxi Automobile and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Leased Properties”	nine parcels of land and 43 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC and with a total site area and floor area of approximately 617,742.20 square meters and 138,332.35 square meters respectively
“Master Tenancy Agreement”	the master tenancy agreement dated 7 December 2018 (i) in respect of the lease of entered into between Wuling Industrial and Guangxi Automobile of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021
“Parties”	Parties to the Master Tenancy Agreement, namely, Guangxi Automobile and Wuling Industrial
“PRC”	The People’s Republic of China
“Proposed Annual Caps”	the annual caps of the continuing connected transactions contemplated under the Master Tenancy Agreement for each of the three years ending 31 December 2021, details of which are set out in the section headed “Proposed Annual Caps under the Master Tenancy Agreement” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be held to approve the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong 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

*Conversions of RMB into Hong Kong dollars are, based on the exchange rate of RMB1 to HK\$1.14, for information purpose only. Such conversions 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.*

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

Hong Kong, 7 December 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*