

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 — EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

BACKGROUND

References are made to the announcements of the Company dated 25 January 2017, 31 March 2017, 22 September 2017, 13 October 2017 and 26 November 2018, respectively and the circular of the Company dated 1 November 2017. In its ordinary and usual course of business, Wuling Industrial, a non-wholly owned subsidiary of the Company, and its subsidiaries published tenders in relation to the procurement of automotive components manufacturing equipment and other related transactions by Wuling Industrial Group for its production facility expansion and upgrading projects. Shanghai Yipu, which is a connected person of the Company, from time to time submitted tender offers and was selected as the successful bidder for certain tenders, and the Company had complied with the Listing Rules in respect of the relevant connected transactions then entered into between Wuling Industrial Group and Shanghai Yipu. To cope with the Group's customer demands, it is anticipated by the Group that Wuling Industrial Group will publish further tenders in relation to the procurement of Equipment for the purpose of continuous expansion and upgrade of Wuling Industrial Group's production facilities, and it is also expected that Shanghai Yipu will participate in the bidding for some or all of such tenders.

In order to streamline the processes and to serve as the governance framework in respect of any future continuing connected transactions entered into between Wuling Industrial Group and Shanghai Yipu resulting from the selection of Shanghai Yipu as the successful bidder for any of the abovementioned tenders, on 26 April 2019 (after trading hours), Wuling Industrial entered into the Equipment Purchase Framework Agreement in relation to the Equipment Purchase Transactions for the period commencing from the effective date of the Equipment Purchase Framework Agreement (i.e. the date on which the relevant approval of the Independent Shareholders is obtained) to 31 December 2021.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Yipu was held as to approximately 55% by Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder, through its direct and indirect wholly-owned subsidiaries, holds approximately 60.64% of the total number of Shares in issue. In this regard, Shanghai Yipu is a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions contemplated under the Equipment Purchase Framework Agreement 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 Equipment Purchase Framework 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 Equipment Purchase Framework 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 Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder, and the Proposed Annual Caps. Vinco 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 Equipment Purchase Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder and Proposed Annual Caps; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the terms of the Equipment Purchase Framework 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 21 May 2019.

BACKGROUND

References are made to the announcements of the Company dated 25 January 2017, 31 March 2017, 22 September 2017, 13 October 2017 and 26 November 2018, respectively and the circular of the Company dated 1 November 2017. In its ordinary and usual course of business, Wuling Industrial, a non-wholly owned subsidiary of the Company, and its subsidiaries published tenders in relation to the procurement of automotive components manufacturing equipment and other related transactions by Wuling Industrial Group for its production facility expansion and upgrading projects. Shanghai Yipu, which is a connected person of the Company, from time to time submitted tender offers and was selected as the successful bidder for certain tenders, and the Company had complied with the Listing Rules in respect of the relevant connected transactions then entered into between Wuling Industrial Group and Shanghai Yipu. To cope with the Group's customer demands, it is anticipated by the Group that Wuling Industrial Group will publish further tenders in relation to the procurement of Equipment through the Group's standard tender process for the purpose of continuous expansion and upgrade of Wuling Industrial Group's production facilities, and it is also expected that Shanghai Yipu will participate in the bidding for some or all of such tenders.

In order to streamline the processes and to serve as the governance framework in respect of any future continuing connected transactions entered into between Wuling Industrial Group and Shanghai Yipu resulting from the selection of Shanghai Yipu as the successful bidder for any of the abovementioned anticipated tenders, on 26 April 2019 (after trading hours), Wuling Industrial entered into the Equipment Purchase Framework Agreement in relation to the Equipment Purchase Transactions for the period commencing from the effective date of the Equipment Purchase Framework Agreement (i.e. the date on which the relevant approval of the Independent Shareholders is obtained) to 31 December 2021.

EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

The principal terms of the Equipment Purchase Framework Agreement are summarised as follows:

Date:	26 April 2019
Parties:	Liuzhou Wuling Motors Industrial Company Limited* (柳州五菱汽車工業有限公司); and Shanghai Yipu Automatic Equipment Co., Limited* (上海詣譜自動化裝備有限公司).
Term:	From the effective date of the Equipment Purchase Framework Agreement (i.e. the date on which the relevant approval of the Independent Shareholders is obtained) to 31 December 2021

Equipment Purchase
Transactions:

The Equipment Purchase Framework Agreement sets out the framework structure of any Equipment Purchase Transactions that may be entered into between Wuling Industrial Group and Shanghai Yipu, in accordance with the standard tender process of the Group, during the terms of the Equipment Purchase Framework Agreement. Upon a tender, whether by public tender or private tender, in relation to the procurement of an Equipment by Wuling Industrial Group having been published and Shanghai Yipu having been selected as the successful bidder for such tender in accordance with the Group's standard tender process, Wuling Industrial and Shanghai Yipu will enter into a Specific S&P Agreement which will set out the terms and conditions of the relevant Equipment Purchase Transaction, which will be in compliance with the applicable laws and regulations (including the Listing Rules).

The Equipment Purchase Transactions shall be conducted in the ordinary and usual course of business of the Group; the terms of the Specific S&P Agreements shall be subject to arm's length negotiation among Wuling Industrial Group and Shanghai Yipu, being conducted in accordance with the Group's standard tender process, on normal terms or on terms which are no less favourable than those offered by independent third parties to the Group; and the Specific S&P Agreements and the transactions contemplated thereunder shall be in compliance with applicable laws and regulations (including the Listing Rules) and the Equipment Purchase Framework Agreement.

Pricing policy pursuant to the
Group's standard tender
process:

The purchase of the Equipment by Wuling Industrial Group will be subjected to the Group's standard tender process with reference to the market price of similar equipment. Wuling Industrial will set out its requirements for the Equipment together with its assessment basis in the tender document. Overall assessment of the technical capability and the terms (including the tender prices) offered by the bidders will be conducted and the tender will be awarded to the bidder with the highest overall ranking.

Internal control measures have been put in place to ensure the tender process relating to any purchase of the Equipment will be conducted in accordance with the Group's standard tender process and in a fair and open manner.

Proposed Annual Caps: The Equipment Purchase Framework Agreement sets out the Proposed Annual Caps for each of the three years ending 31 December 2019, 2020 and 2021 pursuant to Chapter 14A of the Listing Rules which are more fully described under the following section headed “Proposed Annual Caps under the Equipment Purchase Framework Agreement”.

Condition precedent: The Equipment Purchase Framework Agreement is conditional upon the compliance by the Group of applicable laws and regulations (including the Listing Rules), including the approval by the Independent Shareholders.

HISTORICAL TRANSACTION AMOUNTS

For the three years ended 31 December 2018, the actual transaction amounts entered into by the Group with Shanghai Yipu for the purchase of automotive components manufacturing equipment and other related transactions for the corresponding years are set out as follows:

	For the year ended		
	31 December 2016	31 December 2017	31 December 2018
Actual transaction amounts (<i>audited</i>) RMB ('000)	<u>—</u>	<u>76,282</u>	<u>26,071</u>

PROPOSED ANNUAL CAPS UNDER THE EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

Details of the Proposed Annual Caps under the Equipment Purchase Framework Agreement are set out as follows:

	For the year ending		
	31 December 2019	31 December 2020	31 December 2021
Proposed Annual Caps RMB ('000)	<u>100,000</u>	<u>110,000</u>	<u>120,000</u>

The Proposed Annual Caps have been determined with reference to (i) the Group’s internal procurement plan for the Equipment for each of the three years ending 31 December 2019, 2020 and 2021 which is prepared based on (a) the planned new capacity expansion and upgrading projects to be undertaken by Wuling Industrial Group and (b) the anticipated maintenance projects of the existing production facilities of Wuling Industrial Group to cope with the normal tear and wear and other modifications issues; (ii) the current estimation by the parties that Shanghai Yipu may participate in the bidding for the tenders to be published by Wuling Industrial Group in relation to the procurement of the

Equipment; (iii) the historical transaction amounts between the Group and Shanghai Yipu for the two years ended 31 December 2018 and (iv) certain buffer necessary to allow higher flexibility for the Group to conduct the Equipment Purchase Transactions.

REASONS FOR AND BENEFITS ON ENTERING INTO THE EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

As disclosed in the results announcement of the Company for the year ended 31 December 2018, Wuling Industrial Group has been actively undertaking certain expansion and upgrading programmes 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 (in particular the SUVs and MPVs) market in the PRC. To satisfy such changes of SGMW and provide SGMW and other customers with high-end products, it is anticipated by the Group that Wuling Industrial Group will continue to undertake capacity expansion and upgrading projects as well as other capacity maintenance and facilities modification projects in its production facilities by purchasing the Equipment from suppliers thereof through the Group's standard tender process in the coming years.

Shanghai Yipu has been selected as the successful bidder for the supply of various automotive components manufacturing equipment and other related transaction to the Wuling Industrial Group over the past two years, and it is currently expected that Shanghai Yipu may participate in bidding for the tenders for the supply of the Equipment to be published by the Wuling Industrial Group during each of the three years ending 31 December 2019, 2020 and 2021. As set out in the paragraph headed "Listing Rules Implications" below, Shanghai Yipu is a connected person of the Company. Any connected transaction entered into between the Group (including Wuling Industrial Group) and Shanghai Yipu should be conducted by the Group in compliance with the Listing Rules. The Equipment Purchase Framework Agreement intends to streamline the processes in respect of any future continuing connected transactions, being the Equipment Purchase Transactions between Wuling Industrial Group and Shanghai Yipu, in the event Shanghai Yipu is selected as the successful bidder for the supply of the Equipment by serving as a basic framework on which the Company and Wuling Industrial Group will be based upon to comply with the disclosures and independent shareholders' approval requirements in compliance with the Listing Rules, such that the administrative burden and costs on the Company and Wuling Industrial Group to comply with such requirements for each of the Equipment Purchase Transactions, if any, during the term of the Equipment Purchase Framework Agreement will be reasonably reduced. The Group will continue to comply with the applicable requirements under the Listing Rules, in particular the reporting and annual review requirements under Chapter 14A of the Listing Rules, with regard to the Equipment Purchase Transactions which may be entered into by Wuling Industrial Group and Shanghai Yipu in accordance with the Equipment Purchase Framework Agreement.

In light of the above, 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 Equipment Purchase Framework Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms

of the Equipment Purchase Framework 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. Yang Jianyong and Mr. Wang Zhengtong, being the Directors and the directors and/or senior executives of Guangxi Automobile, where Mr. Wang Zhengtong who also serves as a director of Shanghai Yipu, have duly declared their interests and abstained from voting on the board resolutions passed to approve the Equipment Purchase Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director is regarded having a material interest in the Equipment Purchase Framework Agreement and the transactions contemplated thereunder and required to abstain from voting on the board resolutions to approve the same.

INFORMATION OF THE GROUP AND SHANGHAI YIPU

The Group

The Group, including Wuling Industrial Group, is principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles (which covers the new energy vehicles, represented primarily by the electric vehicles), as well as the trading of raw materials, water and power supply services. As at the date of this announcement, the Company holding 60.90% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

Shanghai Yipu

上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Limited*), the vendor of the Equipment Purchase Framework Agreement, is a company established in the PRC and is principally engaged in the design, construction and integration work of automatic production lines and welding fixture devices, as well as the manufacturing of molds, tooling and components for machinery and motor vehicles. It was incorporated in March 2014 by independent third parties and became an associated company of Guangxi Automobile following the completion of the acquisition of 40% interests by Guangxi Automobile in September 2016 and a subsidiary of Guangxi Automobile upon completion of the acquisition of a further 15% interests by Guangxi Automobile in April 2019.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Yipu is held as to 55% by Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder, through its direct and indirect wholly-owned subsidiaries, holds approximately 60.64% of the total number of Shares in issue. In this regard, Shanghai Yipu is a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions contemplated under the Equipment Purchase Framework Agreement 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 Equipment Purchase Framework 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 Equipment Purchase Framework 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 Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder, and the Proposed Annual Caps. Vinco 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 Equipment Purchase Framework Agreement (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder and Proposed Annual Caps; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the terms of the Equipment Purchase Framework 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 21 May 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
“Equipment”	means the equipment and/or production line/toolings to be purchased by the Wuling Industrial Group as well as the modification and/or upgrade of the existing equipment and/or production line/toolings to be undertaken by the Wuling Industrial Group

“Equipment Purchase Framework Agreement”	the equipment purchase framework agreement dated 26 April 2019 entered into between Wuling Industrial and Shanghai Yipu in relation to the Equipment Purchase Transactions (if any)
“Equipment Purchase Transaction(s)”	purchase of Equipment by Wuling Industrial Group from Shanghai Yipu and such other transactions to meet the actual needs of Wuling Industrial Group (such as after-sale services, installations and testings) pursuant to the respective terms of the Equipment Purchase Framework Agreement and the relevant Specific S&P Agreements (if entered)
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*), a state-controlled enterprise established in the PRC, being the ultimate beneficial controlling Shareholder which is indirectly interested in approximately 60.64% of the total number of Shares in issue of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the terms of the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder, and the Proposed Annual Caps
“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps
“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

“Parties”	Parties to the Equipment Purchase Framework Agreement, namely, Wuling Industrial and Shanghai Yipu
“PRC”	The People’s Republic of China
“Proposed Annual Caps”	the annual caps of the continuing connected transactions contemplated under the Equipment Purchase Framework Agreement for each of the three years ending 31 December 2019, 2020 and 2021, details of which are set out in the section headed “Proposed Annual Caps under the Equipment Purchase Framework Agreement” of this announcement
“SGM”	the special general meeting of the Company to be held to approve the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps
“SGMW”	上汽通用五菱汽車股份有限公司 (SAIC-GM-Wuling Automobile Co., Limited*), a company established in the PRC and a joint venture formed among Shanghai Automobile Industry (Group) Company Limited, GM (China) Investment Co., Limited and Guangxi Automobile and is currently a major customer of Wuling Industrial Group’s businesses in engines and automotive components
“Shanghai Yipu”	上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd*), a company established in the PRC and is currently held as to 55% by Guangxi Automobile and as to 45% by independent third party
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Specific S&P Agreement(s)”	the sale and purchase agreement(s) to be entered into between Wuling Industrial Group (as purchaser) and Shanghai Yipu (as vendor) pursuant to the terms of the Equipment Purchase Framework Agreement in the event that Shanghai Yipu is selected as successful bidder of tender(s) published by Wuling Industrial Group for supply of Equipment to Wuling Industrial Group
“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\$1.164, 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, 26 April 2019

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Ms. Liu Yaling, Mr. Yang Jianyong and Mr. Wang Zhengtong as executive Directors, and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive Directors.

* *For identification purposes only*