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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 —
EQUIPMENT PURCHASE FRAMEWORK AGREEMENT**

BACKGROUND

On 28 April 2020 (after trading hours), Wuling Industrial, a non-wholly-owned subsidiary of the Company, and Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile, entered into the Equipment Purchase Framework Agreement in relation to the Equipment Purchase Transactions. The Annual Cap for the Equipment Purchase Transactions as stipulated in the Equipment Purchase Framework Agreement is RMB28,000,000 (excluding VAT) (equivalent to approximately HK\$30,660,000) for the year ending 31 December 2020.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Wuling Auto Tech is a wholly-owned subsidiary of Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder, through its direct and indirect wholly-owned subsidiaries, is interested in approximately 60.64% of the total number of Shares in issue. In this regard, Wuling Auto Tech is a connected person of the Company under Rule 14A.07 of the Listing Rules. The entering into of the Equipment Purchase Framework Agreement (together with the transactions contemplated thereunder) constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap, on an annual basis, is more than 0.1% and less than 5%, the entering into of the Equipment Purchase Framework Agreement together with the transactions contemplated thereunder (including but not limited to the Annual Cap) constitute continuing connected transactions which are subject to the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 28 April 2020 (after trading hours), Wuling Industrial, a non-wholly-owned subsidiary of the Company, and Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile, entered into the Equipment Purchase Framework Agreement in relation to the Equipment Purchase Transactions for a term up to 31 December 2020. The Annual Cap for the Equipment Purchase Transactions as stipulated in the Equipment Purchase Framework Agreement is RMB28,000,000 (excluding VAT) (equivalent to approximately HK\$30,660,000) for the year ending 31 December 2020.

THE EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

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

Date:	28 April 2020
Parties:	柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*) as purchaser and 柳州五菱汽車科技有限公司 (Liuzhou Wuling Automotive Technology Limited*) as vendor.
Term:	From the effective date of the Equipment Purchase Framework Agreement to 31 December 2020.

Save for the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules as detailed in the section headed “Listing Rules Implications” below, the Equipment Purchase Framework Agreement is not subject to any regulatory approval requirement and condition precedent, and the agreement has become effective upon publication on this announcement by the Company.

Equipment subject to sale and purchase	The equipment, machineries and/or toolings which shall be purchased by the Wuling Industrial Group for the purposes of installation, upgrading, modification, repairing and maintenance of new and existing production facilities and machinery for the production and testing processes of its engines products, automotive components products and specialized vehicles, which consist of projected 53 sets of toolings and equipment, 22 modification and upgrading projects and certain number of small value accessories and equipment.
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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 Wuling Auto Tech, in accordance with the standard tender process of the Group, during the terms of the Equipment Purchase Framework Agreement. Upon a tender, whether public tender or private tender, in relation to the procurement of an Equipment by Wuling Industrial Group having been published while Wuling Auto Tech having submitted a bid and having been selected as the successful bidder for such tender in accordance with the Group's standard tender process, Wuling Industrial and Wuling Auto Tech will enter into a Specific S&P Agreement which will set out the terms and conditions of the relevant Equipment Purchase Transaction and 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 Wuling Auto Tech, 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 subject 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.

Annual Cap for year ending 31 December 2020:	The Annual Cap for the Equipment Purchase Transactions is RMB28,000,000 (excluding VAT) (equivalent to approximately HK\$30,660,000) for the year ending 31 December 2020 which are more fully described under the following section headed “Annual Cap under the Equipment Purchase Framework Agreement”.
Compliance with the Listing Rules:	<p>The transactions under the Equipment Purchase Framework Agreement are regarded as continuing connected transactions of the Company under the Listing Rules and the Equipment Purchase Framework Agreement would become effective upon (i) having been complied with the Listing Rules, any other relevant laws and regulations; and (ii) (if required) having been approved by the independent Shareholders.</p> <p>The parties to the Equipment Purchase Framework Agreement have confirmed that they would provide with the necessary assistance for the Company’s compliance with the Listing Rules, any other relevant laws and regulations as well as the request from the Stock Exchange from time to time regarding to the provision of all required relevant documents and information to the Company and its auditors, accountants, lawyers and other professional advisers.</p>

ANNUAL CAP UNDER THE EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

Wuling Industrial Group is currently supplying various types of automotive parts and accessories to Wuling Auto Tech, which is governed under a master agreement entered into between Wuling Industrial and Guangxi Automobile on 22 November 2019. This master agreement and the related sale and purchase transactions between Wuling Industrial Group and Wuling Auto Tech constitute continuing connected transactions for the Company where the relevant independent shareholders’ approval has been obtained in a special general meeting of the Company held on 20 January 2020. Details of the above master agreement and the related sale and purchase transactions between Wuling Industrial Group and Wuling Auto Tech were disclosed in the Company’s circular dated 27 December 2019. Save as disclosed above, the Group had not entered into any transaction with Wuling Auto Tech before entering into the Equipment Purchase Framework Agreement.

The Annual Cap for the Equipment Purchase Transactions is RMB28,000,000 (excluding VAT) (equivalent to approximately HK\$30,660,000) for the year ending 31 December 2020. The Annual Cap has been determined with references to the Wuling Industrial Group’s internal procurement plan for the Equipment, which consist of projected 53 sets of toolings and equipment (with estimated costs of individual items range from RMB1,300 to RMB1,530,000), 22 modification and upgrading projects (with estimated costs of individual projects range from RMB3,000 to RMB3,000,000) and certain number of small value accessories and equipment (with an aggregate cost of not more than RMB1,000,000), based on the Wuling Industrial Group’s plan to install new production facilities and machinery

and to upgrade, modify and maintain its existing production facilities and machinery for the year ending 31 December 2020, which plan in turn is driven by the production plan of Wuling Industrial Group for various engines products, automotive components products and specialized vehicles in the coming future.

The Annual Cap was determined by the parties to the Equipment Purchase Framework Agreement after taking into account the estimated costs of the individual items and projects with reference to the prevailing market prices of the relevant items which are also based on the current expectation by the parties that Wuling Auto Tech may participate in the bidding for the tenders to be published by Wuling Industrial Group in relation to the procurement of the Equipment.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equipment Purchase Framework Agreement, including the Annual Cap, are on arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

As disclosed in the preliminary announcement dated 31 March 2020 relating to the unaudited results of the Company for the year ended 31 December 2019, 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. As the production lines, machineries and toolings used by Wuling Industrial Group for production of its products are subject to normal wear and tear in their usages and applications, it is necessary for the Wuling Industrial Group to acquire new equipment and toolings and to engage upgrading and maintenance services on a regular basis to ensure the capacity and productivity of its production facilities in meeting the demands and quality standard of the customers. Besides, requisite modification and upgrading works are also needed to be undertaken on the existing production facilities for the production of new products of the Wuling Industrial Group. These acquisition, maintenance, upgrading and modification projects are essential to the Group's business and daily operation and would have a significant impact on the productivity and profitability of the Group.

Facing the unfavourable market situation of the automobile industry, Wuling Industrial Group has continued to undertake various cost control measures to improve its profitability performance. In terms of the operating costs involved in the above acquisition, maintenance, upgrading and modification projects, apart from the Group's standard tender process, it is considered by Wuling Industrial Group that additional suitable suppliers should be invited to participate into the bidding processes aiming at further promoting cost efficiency in the operation. Wuling Auto Tech, which is established in December 2018 and engages in this business activity, will therefore be invited to participate in the bidding process with regard to the Equipment Purchase Transactions for the year ending 31 December 2020. In addition, being a fellow subsidiary of Wuling Industrial, it is also expected that Wuling Auto Tech would have an advantage with a familiarity to the standards and specifications of the product and service requirements set by the Wuling Industrial Group.

It is currently expected that Wuling Auto Tech may participate in bidding for the tenders for the supply of the Equipment to be published by the Wuling Industrial Group during of the year ending 31 December 2020 which consist of projected 53 sets of toolings and equipment, 22 modification and upgrading projects and certain number of small value accessories and equipment. As set out in the paragraph headed “Listing Rules Implications” below, Wuling Auto Tech is a connected person of the Company. Any connected transaction/continuing connected transaction entered into between the Group (including Wuling Industrial Group) and Wuling Auto Tech 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 Wuling Auto Tech, in the event Wuling Auto Tech 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 (if required) 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 Wuling Auto Tech in accordance with the Equipment Purchase Framework Agreement.

In light of the above, the Directors (including the independent non-executive Directors) 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 (including but not limited to the 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, have abstained from voting on the board resolutions passed to approve the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder (including but not limited to the Annual Cap). Save as disclosed above, no other Director is regarded having a material interest in the Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder (including but not limited to the Annual Cap) and required to abstain from voting on the board resolutions to approve the same.

“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”	the equipment, machineries and/or toolings which shall be purchased by the Wuling Industrial Group for the purposes of installation, upgrading, modification, repairing and maintenance of new and existing production facilities and machinery for the production and testing processes of its engines products, automotive components products and specialized vehicles, which consist of projected 53 sets of toolings and equipment, 22 modification and upgrading projects and certain number of small value accessories and equipment
“Equipment Purchase Framework Agreement”	the equipment purchase framework agreement dated 28 April 2020 entered between Wuling Industrial and Wuling Auto Tech in relation to the Equipment Purchase Transactions (if any)
“Equipment Purchase Transaction(s)”	purchase of Equipment by Wuling Industrial Group from Wuling Auto Tech and such other transactions to meet the actual needs of Wuling Industrial Group pursuant to the 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 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) 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 Wuling Auto Tech (as vendor) pursuant to the terms of the Equipment Purchase Framework Agreement in the event that Wuling Auto Tech 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 Auto Tech”	柳州五菱汽車科技有限公司 (Liuzhou Wuling Automotive Technology Limited*), a company established in the PRC which is currently a wholly-owned subsidiary of Guangxi Automobile
“Wuling Industrial”	柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*), a company established in the PRC and a non-wholly owned subsidiary of the Company
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“%”	per cent

Conversions of RMB into Hong Kong dollars are, based on the exchange rate of RMB1 to HK\$1.095, 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, 28 April 2020

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), 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