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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 —
RENEWAL OF EQUIPMENT PURCHASE FRAMEWORK AGREEMENT**

Financial Adviser to the Company

Kingsman HK Capital Limited
金仕萬香港資本有限公司

BACKGROUND

Reference is made to the announcement of the Company dated 28 April 2020 in relation to the 2020 Equipment Purchase Framework Agreement. The 2020 Equipment Purchase Framework Agreement was expired on 31 December 2020 and it is expected that Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile and a connected person of the Company, will continue to participate in the bidding for some or all of tenders published by Wuling Industrial Group in relation to the purchase of Equipment. 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 Wuling Auto Tech, resulting from the selection of Wuling Auto Tech as the successful bidder for any of the abovementioned tenders, on 13 May 2021 (after trading hours), Wuling Industrial and Wuling Auto Tech entered into the 2021–2023 Equipment Purchase Framework Agreement in relation to the Equipment Purchase Transactions for the period commencing from the effective date of the 2021–2023 Equipment Purchase Framework Agreement to 31 December 2023. The Annual Caps for the Equipment Purchase Transactions as stipulated in the 2021–2023 Equipment Purchase Framework Agreement are RMB41,000,000 (excluding VAT), RMB46,000,000 (excluding VAT) and RMB49,000,000 (excluding VAT) for the three years ending 31 December 2021, 2022 and 2023, respectively.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Wuling Auto Tech is a wholly-owned subsidiary of Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder of the Company, through its direct and indirect wholly-owned subsidiaries, is interested in approximately 56.54% of the total number of Shares in issue of the Company. In this regard, Wuling Auto Tech is a connected person of the Company under the Listing Rules. The Equipment Purchase Transactions contemplated under the 2021–2023 Equipment Purchase Framework Agreement constitute continuing connected transactions for the Company Under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as set out in Rule 14.07 of the Listing Rules) in respect of the Annual Caps, on an annual basis, is more than 0.1% and less than 5%, the entering into the 2021–2023 Equipment Purchase Framework Agreement together with the transactions contemplated thereunder (including but not limit to the Annual Caps) 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

Reference is made to the announcement of the Company dated 28 April 2020 in relation to the 2020 Equipment Purchase Framework Agreement. The 2020 Equipment Purchase Framework Agreement was expired on 31 December 2020 and it is expected that Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile and a connected person of the Company, will continue to participate in the bidding for some or all of tenders published by Wuling Industrial Group in relation to the purchase of Equipment. 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 Wuling Auto Tech, resulting from the selection of Wuling Auto Tech as the successful bidder for any of the abovementioned tenders, on 13 May 2021 (after trading hours), Wuling Industrial and Wuling Auto Tech entered into the 2021–2023 Equipment Purchase Framework Agreement in relation to the Equipment Purchase Transactions for the period commencing from the effective date of the 2021–2023 Equipment Purchase Framework Agreement to 31 December 2023. The Annual Caps for the Equipment Purchase Transactions as stipulated in the 2021–2023 Equipment Purchase Framework Agreement are RMB41,000,000 (excluding VAT), RMB46,000,000 (excluding VAT) and RMB49,000,000 (excluding VAT) for the three years ending 31 December 2021, 2022 and 2023, respectively.

2021–2023 EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

The principal terms of the 2021–2023 Equipment Purchase Framework Agreement are summarised as follows:

Date: 13 May 2021

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 2021–2023 Equipment Purchase Framework Agreement to 31 December 2023

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 2021–2023 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. Details of the equipment, machineries and/or toolings which shall be purchased by the Wuling Industrial Group for the three years ending 31 December 2021, 2022 and 2023 are set out in Annex 3 to the 2021–2023 Equipment Purchase Framework Agreement.

Equipment Purchase Transactions:

The 2021–2023 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 2021–2023 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). Samples of Specific S&P Agreements are set out in Annex 1 and Annex 2 to the 2021–2023 Equipment Purchase Framework Agreement.

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 2021–2023 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. Details of the internal control measures are set out under the following section headed "Internal Control Measures"

Annual Caps for the three years ending 31 December 2021, 2022 and 2023

The 2021–2023 Equipment Purchase Framework Agreement sets out the Annual Caps amounted to RMB41,000,000 (excluding VAT), RMB46,000,000 (excluding VAT) and RMB49,000,000 (excluding VAT) for each of the three years ending 31 December 2021, 2022 and 2023, respectively. Details of the Annual Caps are more fully described under the following section headed "Annual Caps under the 2021–2023 Equipment Purchase Framework Agreement".

Compliance with the Listing Rules:

The transactions under the 2021–2023 Equipment Purchase Framework Agreement are regarded as continuing connected transactions of the Company under the Listing Rules and the 2021–2023 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.

The parties to the 2021–2023 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.

HISTORICAL TRANSACTION AMOUNT

For the year ended 31 December 2020, the actual transaction amount entered into by the Group and Wuling Auto Tech for the equipment purchase transactions under the 2020 Equipment Purchase Framework Agreement was approximately RMB23,752,000 and utilised approximately 84.8% of the RMB28,000,000 annual cap for the year ended 31 December 2020 as stipulated in the 2020 Equipment Purchase Framework Agreement. The Directors confirm that no Equipment Purchase Transactions were conducted for the four months ended 30 April 2021 and up to the date of this announcement before entering into the 2021–2023 Equipment Purchase Framework Agreement.

ANNUAL CAPS UNDER THE 2021–2023 EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

Details of the Annual Caps under the 2021–2023 Equipment Purchase Framework Agreement are set out as follows:

	For the year ending 31 December		
	2021	2022	2023
Annual Caps (<i>RMB</i>) (<i>excluding VAT</i>)	41,000,000	46,000,000	49,000,000

Wuling Industrial Group is currently supplying various types of automotive parts and accessories to Wuling Auto Tech, which is governed under the 2020 — 2022 Master Agreement entered into between Wuling Industrial and Guangxi Automobile on 22 November 2019. This 2020 — 2022 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 2020 — 2022 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. Besides, Wuling Industrial Group and Wuling Auto Tech entered into the 2020 Equipment Purchase Framework Agreement on 28 April 2020 which was expired on 31 December 2020. Save as disclosed above, there were no transactions between the Group and Wuling Auto Tech before entering into the 2021–2023 Equipment Purchase Framework Agreement.

The Annual Caps for the Equipment Purchase Transactions under the 2021–2023 Equipment Purchase Framework Agreement have been determined with reference to:

- (a) the Group's internal procurement plan for the Equipment for each of the three years ending 31 December 2021, 2022 and 2023. Below sets forth the summary of the Equipment to be purchased by Wuling Industrial Group for the three years ending 31 December 2021, 2022 and 2023:

	For the year ending 31 December		
	2021	2022	2023
Tooling and equipment	36 sets; price range from RMB7,000 to RMB5,000,000	13 sets; price range from RMB500,000 to RMB2,000,000	13 sets; price range from RMB500,000 to RMB2,000,000
Modification and upgrading projects	30 projects; price range from RMB1,780 to RMB3,222,000	11 projects; price range from RMB200,000 to RMB10,000,000	11 projects; price range from RMB200,000 to RMB10,000,000
Small accessories and equipment	aggregate cost of not more than RMB4,500,000	aggregate cost of not more than RMB2,000,000	aggregate cost of not more than RMB2,000,000

The above estimated procurement of equipment, machineries and/or toolings for the three years ending 31 December 2021, 2022 and 2023 were projected based on 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 years ending 31 December 2021, 2022 and 2023, to cope with the production needs of Wuling Industrial Group for various engines products, automotive components products and specialized vehicles in the coming future.

- (b) the Annual Caps were also determined by the parties to the 2021–2023 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.
- (c) the 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.

- (d) the historical transaction amount of approximately RMB23,752,000 and utilised approximately 84.8% of the RMB28,000,000 annual cap for the year ended 31 December 2020 as stipulated in the 2020 Equipment Purchase Framework Agreement.
- (e) certain buffer necessary to allow higher flexibility for the Group to conduct the Equipment Purchase Transactions.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2021–2023 Equipment Purchase Framework Agreement, including the Annual Caps, 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.

INTERNAL CONTROL MEASURES

The Group has put in place internal control procedure to safeguard the implementation of the standard tender process (both public tender and private tender), in particular:

- The procurement department will collect and evaluate the reference market price for the subject equipment in preparing the relevant documentation for each tender. The budget price for such subject equipment will then be determined by the technical department and finance department with reference to the technical specification of the equipment and the terms and conditions in relation to the procurement, which is also required to be approved by the responsible senior management to ensure the price is fair and reasonable.
- (for public tender) The procurement department will monitor and evaluate the conducts of the tender agent during the tender process for each tender and will report to the senior management of the procurement department if any abnormality is observed.
- The internal audit and legal department will monitor the tender process to ensure compliance with the Group's standard and the applicable laws and regulations and will review the tender process on yearly basis.
- The finance department will monitor the Equipment Purchase Transactions entered into and will report the same to the senior management of the Group after each completed tender and on monthly basis to ensure it will not exceed the Annual Caps.

In addition, the external auditors of the Company and the independent non-executive Directors will perform annual reviews pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal control systems, to ensure, among others, the Equipment Purchase Transactions are conducted in accordance with the terms of the 2021–2023 Equipment Purchase Framework Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021–2023 EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

The Group, including the 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 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.

Wuling Auto Tech has been selected as the successful bidder for the supply of various equipment, machineries and/or toolings to the Wuling Industrial Group for the year ended 31 December 2020. It is expected that Wuling Auto Tech may participate in bidding for tenders for the supply of Equipment to be published by the Wuling Industrial Group during each of the three years ending 31 December 2021, 2022 and 2023. Wuling Auto Tech, being a fellow subsidiary of Wuling Industrial, it is 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. 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 2021–2023 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 2021–2023 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 2021–2023 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 2021–2023 Equipment Purchase Framework Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2021–2023 Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder (including but not limited to the Annual Caps) 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. Wei Mingfeng, 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 2021–2023 Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder (including but not limited to the Annual Caps). Save as disclosed above, no other Director is regarded having a material interest in the 2021–2023 Equipment Purchase Framework Agreement, together with the transactions contemplated thereunder (including but not limited to the Annual Caps) and required to abstain from voting on the board resolutions to approve the same.

INFORMATION ON THE GROUP AND WULING AUTO TECH

The Group

The Group, including the 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 of the date of this announcement, the Company holds 60.90% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly owned subsidiary of the Company.

Wuling Auto Tech

柳州五菱汽車科技有限公司 (Liuzhou Wuling Automotive Technology Limited*) is a company established in the PRC and is principally engaged in, among other things, the supplying and manufacturing of different types of equipment, machineries and/or toolings for various types of industry and the related installation, upgrading, modification, repairing and maintenance services. It was incorporated in December 2018, equity interest of which is currently held as to 100% by Guangxi Automobile.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Wuling Auto Tech is a wholly-owned subsidiary of Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder of the Company, through its direct and indirect wholly-owned subsidiaries, is interested in approximately 56.54% of the total number of Shares in issue of the Company. In this regard, Wuling Auto Tech is a connected person of the Company under the Listing Rules. The Equipment Purchase Transactions contemplated under the 2021–2023 Equipment Purchase Framework Agreement constitute continuing connected transactions for the Company Under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as set out in Rule 14.07 of the Listing Rules) in respect of the Annual Caps, on an annual basis, is more than 0.1% and less than 5%, the entering into the 2021–2023 Equipment Purchase Framework Agreement together with the transactions contemplated thereunder (including but not limit to the Annual Caps) 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.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2020 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
“2021–2023 Equipment Purchase Framework Agreement”	the equipment purchase framework agreement dated 13 May 2021 entered between Wuling Industrial and Wuling Auto Tech in relation to the equipment purchase transactions
“2020–2022 Master Agreement”	the agreement dated 22 November 2019 entered into between Wuling Industrial and Guangxi Automobile in relation to the Sale Transactions, the Purchase (Materials and Parts) Transactions, the Purchase (Finished Products) Transactions and the Utility Supply Transactions for a term of three years from 1 January 2020 to 31 December 2022

“Annual Cap(s)”	the annual caps of the continuing connected transactions contemplated under the 2021–2023 Equipment Purchase Framework Agreement for the three years ending 31 December 2021, 2022 and 2023, details of which are set out in the section headed “Annual Caps under the 2021–2023 Equipment Purchase Framework Agreement” of this announcement
“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 (Stock Code: 305.HK)
“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
“Director(s)”	the director(s) of the Company
“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
“Equipment Purchase Transaction(s)”	purchase of the 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 2021–2023 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 controlling shareholder of the Company which through its direct and indirectly wholly owned subsidiaries was interested in approximately 56.54% 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 of Hong Kong Limited
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) in the share capital 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 2021–2023 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 and 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

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

Hong Kong, 13 May 2021

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. Wei Mingfeng as executive Directors and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive Directors

* For identification purposes only