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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 2019–2021 MASTER TENANCY AGREEMENT**

Financial Adviser to the Company

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

BACKGROUND

References are made to the announcement of the Company dated 7 December 2018, together with the circular of the Company dated 15 January 2019, in relation to the 2019–2021 Master Tenancy Agreement. Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the 2019–2021 Master Tenancy Agreement in respect of the lease of, among others, the Liuzhou Leased Properties and Additional Properties for a period of three years commencing from 1 January 2019 and expiring on 31 December 2021. As the 2019–2021 Master Tenancy Agreement is due to expire on 31 December 2021, Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the 2022–2024 Master Tenancy Agreement on 29 December 2021 (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 2022 and expiring on 31 December 2024.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in approximately 56.54% of the total number of Shares in issue, and is the controlling Shareholder of the Company. Therefore, Guangxi Automobile is a connected person of the Company under the Listing Rules. In addition, Guangxi Automobile directly holds 39.10% of the equity interest in Wuling Industrial. Therefore, Wuling Industrial is also a connected subsidiary of the Company under the Listing Rules. The provision of the Loans constitutes 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 Proposed Annual Caps, on an annual basis, is more than 0.1% and less than 5%, the entering into the 2022–2024 Master Tenancy Agreement together with the transactions contemplated thereunder (including but not limit to the Proposed 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

References are made to the announcement of the Company dated 7 December 2018, together with the circular of the Company dated 15 January 2019, in relation to the 2019–2021 Master Tenancy Agreement. Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the 2019–2021 Master Tenancy Agreement in respect of the lease of, among others, the Liuzhou Leased Properties and Additional Properties for a period of three years commencing from 1 January 2019 and expiring on 31 December 2021. As the 2019–2021 Master Tenancy Agreement is due to expire on 31 December 2021, Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the 2022–2024 Master Tenancy Agreement on 29 December 2021 (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 2022 and expiring on 31 December 2024.

2022–2024 MASTER TENANCY AGREEMENT

The principal terms of the 2022–2024 Master Tenancy Agreement are summarised as follows:

Date:	29 December 2021
Landlord:	Guangxi Automobile
Tenant:	Wuling Industrial
Term:	Three years from 1 January 2022 to 31 December 2024
Properties to be leased:	The Liuzhou Leased Properties

Liuzhou Leased Properties, being eight parcels of land and 42 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 2019–2021 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 2022–2024 Master Tenancy Agreement.

During the term of the 2022–2024 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 2022–2024 Master Tenancy Agreement.

Rental and payment terms:

The rental for the Liuzhou Leased Properties for the three years commencing from 1 January 2022 shall be RMB2,767,314.20 per month in aggregate as set out below:

	Total site area/floor area <i>(in square meter)</i>	Monthly rental payable per square meter <i>(RMB)</i>	Total monthly rental payable <i>(RMB)</i>
Land of the Liuzhou Leased Properties	482,082.41	0.78	376,024.28
Buildings of the Liuzhou Leased Properties	149,455.62	16.00	<u>2,391,289.92</u>
Total			<u><u>2,767,314.20</u></u>

The rental of the Liuzhou Leased Properties and the Additional Properties shall be payable in arrears semiannually 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 2022–2024 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 (including the independent non-executive Directors) consider that (i) the entering into of the 2022–2024 Master Tenancy Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2022–2024 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.

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 2022–2024 Master Tenancy Agreement shall be effective upon the satisfaction of the following conditions precedent:

- (1) the 2022–2024 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 2022–2024 Master Tenancy Agreement and the transactions contemplated thereunder, and the 2022–2024 Master Tenancy Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in accordance with the Listing Rules (if the 2022–2024 Master Tenancy Agreement and the transactions contemplated thereunder require approval from the Independent Shareholders pursuant to the Listing Rules).

HISTORICAL TRANSACTION AMOUNTS AND 2019–2021 ANNUAL CAPS UNDER THE 2019–2021 MASTER TENANCY AGREEMENT

For the two years ended 31 December 2020 and the eleven months ended 30 November 2021, the actual transaction amounts paid by the Group pursuant to the 2019–2021 Master Tenancy Agreement and the 2019–2021 Annual Caps for the corresponding years are set out as follows:

Period	Actual transaction amount (RMB'000)	2019–2021 Annual Caps (RMB'000)	Utilization Rate %
For the year ended 31 December 2019	36,448	36,520	99.8
For the year ended 31 December 2020	31,600	36,520	86.5
For the eleven months ended 30 November 2021	29,191	36,520	79.9

The Company expects the actual transaction amount of the Group for the year ending 31 December 2021 would not exceed the 2019–2021 Annual Caps for the corresponding year.

PROPOSED ANNUAL CAPS UNDER THE 2022–2024 MASTER TENANCY AGREEMENT

The total rental payable for the Liuzhou Leased Properties under the 2022–2024 Master Tenancy Agreement, on an annual basis, shall be RMB33,207,770.40. The Company proposed to adopt the Proposed Annual Caps for the three years ending 31 December 2024 as set out below:

Period	Proposed Annual Cap (RMB'000)
For the year ending 31 December 2022	36,530
For the year ending 31 December 2023	36,530
For the year ending 31 December 2024	36,530

The Proposed Annual Caps are determined according to the (i) annual rental payable for the Liuzhou Leased Properties under the 2022–2024 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 2022–2024 MASTER TENANCY AGREEMENT

Wuling Industrial Group has been occupying the Liuzhou Leased Properties for its business and operation pursuant to the 2019–2021 Master Tenancy Agreement. The Liuzhou Leased Properties are important for the Wuling Industrial Group in carrying out its businesses, being the manufacturing of vehicle's power supply systems, automotive components and accessories, commercial vehicles assembly 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 2019–2021 Master Tenancy Agreement on 31 December 2021, Wuling Industrial and Guangxi Automobile entered into the 2022–2024 Master Tenancy Agreement on 29 December 2021 for a term of three years from 1 January 2022 to 31 December 2024.

In light of the above, the Directors (including the independent non-executive Directors) consider that (i) the entering into of the 2022–2024 Master Tenancy Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2022–2024 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. Yang Jianyong and Mr. Wei Mingfeng, being the Directors and the directors and/or senior executives of Guangxi Automobile, were abstained from voting on the board resolutions passed to approve the 2022-2024 Master Tenancy Agreement, together with the transactions contemplated thereunder (including but not limited to the Proposed Annual Caps). As at the date of this announcement, Mr. Yuan Zhijun and his associates held 3,000,000 Shares, representing approximately 0.09% of the Shares in issue of the Company. Mr. Wei Mingfeng and his associates held 270,000 Shares and 335,400 share options to subscribe for the equal number of Shares under the employee's share option scheme of the Company, in aggregate representing approximately 0.02% of the Shares in issue of the Company. Mr. Yang Jianyong and his associates did not hold any Shares of the Company as at the date of this announcement. Save as disclosed above, no other Director is regarded having a material interest in the 2022-2024 Master Tenancy Agreement and required to abstain from voting on the Board resolution to approve the 2022-2024 Master Tenancy Agreement, together with the transactions contemplated thereunder (including but not limited to the Proposed Annual Caps).

INFORMATION OF THE GROUP

The Group, including the Wuling Industrial Group, is principally engage in the manufacturing and trading of automotive components, vehicles' power supply systems and commercial vehicles assembly, as well as the trading of raw materials, water and power supply services. As at the date of this announcement, the Company holding 60.9% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

INFORMATION OF GUANGXI AUTOMOBILE

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in 1,864,698,780 Shares, representing approximately 56.54% 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, Furthermore, Guangxi Automobile directly holds 39.10% of the equity interest in Wuling Industrial. 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 of the date of this announcement, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in approximately 56.54% of the total number of Shares in issue, and is the controlling Shareholder of the Company. Therefore, Guangxi Automobile is a connected person of the Company under the Listing Rules. In addition, Guangxi Automobile directly holds 39.10% of the equity interest in Wuling Industrial. Therefore, Wuling Industrial is also a connected subsidiary of the Company under the Listing Rules. The provision of the Loans constitutes 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 2022–2024 Master Tenancy Agreement together with the transactions contemplated thereunder (including but not limit to the Proposed 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

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

“Board”	the board of Directors
“2019–2021 Annual Caps”	the annual caps of the continuing connected transactions contemplated under the 2019–2021 Master Tenancy Agreement for each of the three years ending 31 December 2021
“2019–2021 Master Tenancy Agreement”	the 2019–2021 master tenancy agreement dated 7 December 2018 entered into between Wuling Industrial and Guangxi Automobile in relation to the leasing of the Liuzhou Leased Properties and certain other properties in the PRC for a term of three years from 1 January 2019 to 31 December 2021
“2022–2024 Master Tenancy Agreement”	the 2022–2024 master tenancy agreement dated 29 December 2021 entered into between Wuling Industrial and Guangxi Automobile in relation to the leasing of the Liuzhou Leased Properties and certain other properties in the PRC for a term of three years from 1 January 2022 to 31 December 2024

“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
“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 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
“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”	eight parcels of land and 42 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 482,082.41 square meters and 149,455.62 square meters respectively
“Parties”	Parties to the 2022–2024 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 2022–2024 Master Tenancy Agreement for each of the three years ending 31 December 2024, details of which are set out in the section headed “Proposed Annual Caps under the 2022–2024 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 2022–2024 Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps
“Share(s)”	ordinary share(s) in the issued 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

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

Hong Kong, 29 December 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