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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
CONSIGNMENT FRAMEWORK AGREEMENT
REGARDING THE CONSIGNMENT OF THE OPERATION IN RELATION
TO THE SALES OF THE PROCESSED SCRAP MATERIALS**

Financial Adviser to the Company



THE CONSIGNMENT FRAMEWORK AGREEMENT

On 29 July 2022, Wuling Industrial entered into the Consignment Framework Agreement with Wuling Real Estate, pursuant to which Wuling Industrial may make consignment arrangements with Wuling Real Estate in relation to the sales of the Processed Scrap Materials, and Wuling Real Estate may sell the Processed Scrap Materials to its own customers, the sales price of which shall be determined by Wuling Real Estate at its own discretion and confirmed by Wuling Industrial. When the consigned Processed Scrap Materials are sold to its customers by Wuling Real Estate, Wuling Industrial shall pay Wuling Real Estate the consignment fee for the provision of Consignment Services.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Guangxi Automobile is the parent company of Wuling Real Estate. Guangxi Automobile indirectly owns approximately 56.54% of the issued share capital of the Company, and is the ultimate controlling shareholder of the Company. Wuling Industrial is owned as to approximately 60.90% by the Company and is a non-wholly subsidiary of the Company. In light of the above, Wuling Real Estate is an associate of the Group and thus a connected person of the Group under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in relation to the Annual Caps exceeds 0.1% but is less than 5% on an annual basis, the Annual Caps are subject to reporting and announcement requirements but are exempt from circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 29 July 2022, Wuling Industrial entered into the Consignment Framework Agreement with Wuling Real Estate, pursuant to which Wuling Industrial may make consignment arrangements with Wuling Real Estate in relation to the sales of the Processed Scrap Materials, and Wuling Real Estate may sell the Processed Scrap Materials to its own customers, the sales price of which shall be determined by Wuling Real Estate at its own discretion and confirmed by Wuling Industrial. When the consigned Processed Scrap Materials are sold to its customers by Wuling Real Estate, Wuling Industrial shall pay Wuling Real Estate the consignment fee for the provision of Consignment Services, which is determined based on the gross sales revenue of the consigned Processed Scrap Materials multiplied by the applicable consignment commission rate. In this connection, Wuling Industrial shall make profit from the net sales revenue, which is equal to the gross sales revenue of the consigned Processed Scrap Materials less the respective consignment fee payable to Wuling Real Estate.

THE CONSIGNMENT FRAMEWORK AGREEMENT

The principal terms of the Consignment Framework Agreement are set out below:

Date

29 July 2022

Parties to the Consignment Framework Agreement

- (i) Wuling Industrial (as the consignor); and
- (ii) Wuling Real Estate (as the consignee)

Scope of services by the parties to the Consignment Framework Agreement

Pursuant to the Consignment Framework Agreement:

- (i) Wuling Industrial consigns the operation in relation to the sales of the Processed Scrap Materials which may be arisen from the manufacturing operation of Wuling Industrial Group and its customers to Wuling Real Estate; and

- (ii) Wuling Real Estate is responsible for the provision of the related Consignment Services, which include but not limited to the collecting, screening, processing, recycling and storing of the scrap materials arisen from the manufacturing processes and the subsequent sale and disposal of the Processed Scarp Materials, by way of tender and/or other appropriate marketing processes in accordance with the general industry practices.

Terms

From 29 July 2022 to 31 December 2024

Basis of the consignment fee and the consignment commission rate under the Consignment Framework Agreement

The consignment fee under the Consignment Framework Agreement is determined based on the gross sales revenue of the consigned Processed Scrap Materials multiplied by the applicable consignment commission rate, which is determined on negotiation between Wuling Industrial and Wuling Real Estate on an arm's length basis with reference to the specific scope of services involved in the processes and the consignment commission rates normally adopted by other recyclers in the recycling industry.

ANNUAL CAPS

The table below sets out the Annual Caps during the terms of the Consignment Framework Agreement, i.e., from 29 July 2022 to 31 December 2024:

| | Period from 29 July 2022 to 31 December 2022 | Year ending 31 December | |
|------------|-----------------------------------------------------------------|--------------------------------|----------------|
| | <i>RMB'000</i> | 2023 | 2024 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Annual cap | 9,580 | 18,500 | 18,500 |

No historical transaction amounts of consignment fee is available as the procedures as described under the scope of Consignment Services were used to be performed by Wuling Industrial internally.

Basis of Annual Caps

The Annual Caps have been determined based on (i) the forecasted sales revenue of the Processed Scrap Materials by Wuling Industrial during the terms of the Consignment Framework Agreement, i.e., from 29 July 2022 to 31 December 2024, as prepared by the management of Wuling Industrial; (ii) the actual amount of proceeds from the sale of Processed Scrap Materials received by Wuling Industrial for the year ended 31 December 2021; and (iii) the applicable consignment commission rate as described under the section headed “THE CONSIGNMENT FRAMEWORK AGREEMENT — Basis of the consignment fee and the consignment commission rate under the Consignment Framework Agreement” in this announcement.

INFORMATION ON THE PARTIES

The Company and the Group

The Company is incorporated in Bermuda with limited liability and is an investment holding company. As at the date of this announcement, the ultimate controlling shareholder of the Company is Guangxi Automobile, which owns approximately 56.54% of the issued share capital of the Company.

The Group, through Wuling Industrial, is principally engaged in the manufacturing and trading of automotive components, vehicles’ power supply systems and commercial vehicles assembly, as well as the trading of raw materials and the provision of water and power.

Wuling Industrial

Wuling Industrial was established on 30 October 2006 in the PRC. Wuling Industrial is currently owned as to approximately 60.90% by the Company and as to approximately 39.10% by Guangxi Automobile. Wuling Industrial and its subsidiaries are principally engaged in the manufacturing and trading of automotive components, vehicles’ power supply systems and commercial vehicles assembly, as well as trading of raw materials and the provision of water and power.

Wuling Real Estate

Wuling Real Estate is principally engaged in housing leasing, non-residential real estate leasing, parking services, commercial complex management services, recycling of productive scrap metal, processing of recycled resources, sale of recycled resources and recycling of recycled resources (other than productive scrap metal). As at the date of this announcement, Wuling Real Estate is a wholly-owned subsidiary of Guangxi Automobile, which is also the ultimate controlling shareholder of the Company.

Guangxi Automobile

Guangxi Automobile is currently a state-owned company established in the PRC controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region, being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region. Guangxi Automobile, together with its subsidiaries, is mainly engaged in (i) the trading, manufacturing and design of various types of vehicles, primarily passenger coaches and mini-buses, automotive parts and accessories; (ii) the trading, manufacturing and design of various types of machineries, 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.

REASONS FOR AND BENEFITS OF THE CONSIGNMENT FRAMEWORK AGREEMENT

Wuling Industrial is engaged in the manufacturing of automotive components, vehicles' power supply systems and commercial vehicles assembly. It is commonly known in the automotive industry that certain industrial scraps and wastes will be inevitably originated from the manufacturing processes of the automotive products. Given that, subject to appropriate procedures of screening, processing and recycling, these industrial scraps and wastes would have monetary value, the management of Wuling Industrial used to perform these procedures (i.e., by transforming the industrial scraps and wastes into Processed Scrap Materials) in house at its own cost, as well as approach suitable ultimate customers in marketing and selling the Processed Scrap Materials themselves by way of tender and/or other appropriate marketing processes, so as to generate additional revenue for its manufacturing operation.

As (i) it would be time-consuming for the management of Wuling Industrial to seek ultimate customers for the marketing and sale of the Processed Scrap Materials and to coordinate the transfer of the Processed Scrap Materials to ultimate customers; and (ii) the management of Wuling Industrial intended to focus on the main business including manufacturing and trading of automotive components, vehicles' power supply systems and commercial vehicles assembly, the management of Wuling Industrial decided to consign the operation in relation to the sales of the Processed Scrap Materials to the recyclers.

In light of the above, Wuling Industrial has considered Wuling Real Estate, which is engaged in recycling of productive scrap metal, processing of recycled resources, sale of recycled resources and recycling of recycled resources, and one other recycler independent of the Group in Liuzhou City, Guangxi Zhuang Autonomous Region, where Wuling

Industrial is located. After consideration, Wuling Industrial decided to consign the operation in relation to the sales of the Processed Scrap Materials to Wuling Real Estate due to the following reasons:

- (i) due to the close proximity between the Group and Guangxi Automobile, Wuling Industrial would be able to (a) obtain a prompt response from Wuling Real Estate during the Consignment Sale Transactions; and (b) reduce the operation risks of any default in the Consignment Sale Transactions and achieve economic benefits through the Consignment Sale Transactions; and
- (ii) the consignment commission rate charged by Wuling Real Estate is no less favorable to Wuling Industrial than that charged by the recycler independent of the Group.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Consignment Framework Agreement are fair and reasonable; (ii) the Consignment Sale Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the Consignment Sale Transactions are in the interests of the Company and its Shareholders as a whole.

The Board approved the Consignment Framework Agreement, the Consignment Sale Transactions, and the Annual Caps on 29 July 2022. As at the date of this announcement, 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. Save as disclosed above, none of the other Directors was considered having a material interest in the Consignment Framework Agreement and the Consignment Sale Transactions and was required to abstain from voting in respect of the resolutions approving the Consignment Sale Transactions and the Annual Caps.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Guangxi Automobile is the parent company of Wuling Real Estate. Guangxi Automobile indirectly owns approximately 56.54% of the issued share capital of the Company, and is the ultimate controlling shareholder of the Company. Wuling Industrial is owned as to approximately 60.90% by the Company and is a non-wholly subsidiary of the Company. In light of the above, Wuling Real Estate is an associate of the Group and thus a connected person of the Group under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in relation to the Annual Caps exceeds 0.1% but is less than 5% on an annual basis, the Annual Caps are subject to reporting and announcement requirements but are exempt from circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITION

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

| | |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Annual Cap(s)” | the annual caps under the Consignment Sale Transactions |
| “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 |
| “Consignment Framework Agreement” | the consignment framework agreement regarding the consignment of the operation in relation to the sales of the Processed Scrap Materials for the period from 29 July 2022 to 31 December 2024 entered into between Wuling Industrial and Wuling Real Estate on 29 July 2022 |
| “Consignment Sale Transactions” | the consignment of the operation in relation to the sales of the Processed Scrap Materials by Wuling Industrial to Wuling Real Estate for the period from 29 July 2022 to 31 December 2024 contemplated under the Consignment Framework Agreement |
| “Consignment Services” | including but not limited to the collecting, screening, processing, recycling and storing of the scrap materials arisen from the manufacturing processes and the subsequent sale and disposal of the Processed Scarp Materials, by way of tender and/or other appropriate marketing processes in accordance with the general industry practices |
| “Director(s)” | the director(s) of the Company |
| “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 which 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 as at the date of this announcement |
| “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, but for the purpose of this announcement only and except where the context requires otherwise, references in this announcement to “PRC” do not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Processed Scrap Materials” | scrap materials arisen from the manufacturing processes which have been processed under the necessary screening, processing and recycling procedures which would have monetary value on sale and/or disposal |
| “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)” | shareholder(s) 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 as at the date of this announcement |
| “Wuling Industrial Group” | Wuling Industrial and its subsidiaries |

“Wuling Real Estate” 柳州五菱置業投資有限公司 (Liuzhou Wuling Real Estate Limited*), a company established in the PRC and is a wholly-owned subsidiary of Guangxi Automobile as at the date of this announcement

“%” per cent

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

Hong Kong, 29 July 2022

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), 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*