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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



THE 2024–2025 EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 13 May 2021 in relation to the 2021–2023 Equipment Purchase Framework Agreement entered into between Wuling Industrial, a non-wholly owned subsidiary of the Company, and Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile.

As the 2021–2023 Equipment Purchase Framework Agreement was expired on 31 December 2023 and Wuling Auto Tech will participate in the bidding for some or all of tenders released by Wuling Industrial Group, on 14 June 2024 (after trading hours), Wuling Industrial and Wuling Auto Tech entered into the 2024–2025 Equipment Purchase Framework Agreement for the period commencing from the effective date of the 2024–2025 Equipment Purchase Framework Agreement to 31 December 2025.

The Proposed Annual Caps under the 2024–2025 Equipment Purchase Framework Agreement are RMB50,000,000 (excluding VAT) and RMB50,000,000 (excluding VAT) for each of the two years ending 31 December 2024 and 2025, respectively.

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 of the Company through its direct and indirect wholly-owned subsidiaries, is interested in approximately 56.54% of the total number of the Shares. In this regard, Wuling Auto Tech is a connected person of the Company under the Listing Rules. Accordingly, the Equipment Purchase Transactions constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for the Proposed Annual Caps, on annual basis, is more than 0.1% but less than 5%, the 2024–2025 Equipment Purchase Framework Agreement, the Equipment Purchase Transactions contemplated thereunder and the Proposed Annual Caps constitute a continuing connected transaction which is subject to the announcement, reporting and annual review requirements, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE 2024–2025 EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 13 May 2021 in relation to the 2021–2023 Equipment Purchase Framework Agreement entered into between Wuling Industrial, a non-wholly owned subsidiary of the Company, and Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile.

As the 2021–2023 Equipment Purchase Framework Agreement was expired on 31 December 2023 and Wuling Auto Tech will participate in the bidding for some or all of tenders published by Wuling Industrial Group in relation to the purchase of Equipment, on 14 June 2024 (after trading hours), Wuling Industrial and Wuling Auto Tech entered into the 2024–2025 Equipment Purchase Framework Agreement for the period commencing from the effective date of the 2024–2025 Equipment Purchase Framework Agreement to 31 December 2025.

The principal terms of the 2024–2025 Equipment Purchase Framework Agreement are set out as below:

Date

14 June 2024

Parties

- (a) Wuling Industrial; and
- (b) Wuling Auto Tech

Term

From the effective date of the Equipment Purchase Framework Agreement to 31 December 2025 (both dates inclusive).

Save for the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, the 2024–2025 Equipment Purchase Framework Agreement is not subject to any regulatory approval requirement and condition precedent. The 2024–2025 Equipment Purchase Framework Agreement will become effective upon publication on this announcement by the Company.

Equipment to be purchased by Wuling Industrial Group

Pursuant to the 2024–2025 Equipment Purchase Framework Agreement, Wuling Industrial Group will purchase (i) 35 sets of toolings and equipment; (ii) certain number of machineries for the 47 projects to modify and upgrade the existing production facilities; and (iii) certain number of accessories from Wuling Auto Tech, for the purposes of the installation, upgrading, modification, repairing and maintenance of new and existing production facilities of Wuling Industrial Group. These production facilities will be used for the production and testing processes of the vehicles' power supply system products, automotive components products and commercial vehicles of Wuling Industrial Group.

Equipment Purchase Transactions

The 2024–2025 Equipment Purchase Framework Agreement is a framework agreement for any Equipment Purchase Transactions between Wuling Industrial Group and Wuling Auto Tech during the terms of the 2024–2025 Equipment Purchase Framework Agreement.

In the event Wuling Auto Tech is awarded a bid for the procurement of certain Equipment, Wuling Industrial and Wuling Auto Tech will enter into a Specific S&P Agreement, which (i) will set out the terms and conditions governing the relevant Equipment Purchase Transactions; and (ii) shall 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 (i) subject to arm's length negotiation between Wuling Industrial Group and Wuling Auto Tech; and (ii) on normal commercial terms or on terms which are no less favourable than those offered by Independent Third Parties to the Wuling Industrial Group. 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 2024–2025 Equipment Purchase Framework Agreement.

Pricing policies

The pricing for the Equipment provided to Wuling Industrial Group by Wuling Auto Tech will be determined:

- (a) with reference to the relevant market prices; or
- (b) (if market prices are not available) on fair basis, and on normal commercial terms or terms which are no less favorable than those offered by Independent Third Parties to Wuling Industrial Group.

HISTORICAL TRANSACTION AMOUNT AND PROPOSED ANNUAL CAPS

The following table set out the Historical Transaction Amount (excluding VAT) and Proposed Annual Caps (excluding VAT):

	For the year ended			For the year ending	
	31 December			31 December	
	2021	2022	2023	2024	2025
Historical Transaction					
Amount (excluding VAT)					
<i>(RMB'000)</i>	8,057	44,042	47,297	N/A	N/A
Previous Annual Caps					
(excluding VAT)					
<i>(RMB'000)</i>	41,000	46,000	49,000	N/A	N/A
Proposed Annual Caps					
(excluding VAT)					
<i>(RMB'000)</i>	N/A	N/A	N/A	50,000	50,000

Basis of determination of the Proposed Annual Caps

The Proposed Annual Caps have been determined by Wuling Industrial and Wuling Auto Tech with reference to:

- (a) the internal procurement plan for the Equipment of Wuling Industrial Group for each of the years ending 31 December 2024 and 2025, details of which are set forth as follows:

	For the year ending 31 December	
	2024	2025
Tooling and equipment	35 sets; unit price range from RMB5,000 to RMB3,000,000	—
Modification and upgrading projects	43 projects; unit price range from RMB2,000 to RMB18,000,000	4 projects; unit price range from RMB9,500,000 to RMB20,000,000
Small accessories and equipment	aggregate cost of not more than RMB5,000,000	aggregate cost of not more than RMB500,000

The above estimated procurement of equipment, machineries and/or toolings for each of the years ending 31 December 2024 and 2025 are based on Wuling Industrial Group's plan for each of the years ending 31 December 2024 and 2025 in relation to (i) the installment of new production facilities and machineries; and (ii) the upgrading, modification and maintenance of its existing production facilities and machineries.

The Group considers the above procurement plan of equipment, machineries and/or toolings is sufficient to support the production of Wuling Industrial Group on various engines products, automotive components products and specialized vehicles during the terms of the 2024–2025 Equipment Purchase Framework Agreement;

- (b) the estimated costs of the individual items and projects with reference to the prevailing market prices of the similar items;
- (c) the expectation that Wuling Auto Tech may participate in the bidding for the tenders to be released by Wuling Industrial Group in relation to the procurement of the Equipment; and

- (d) the utilisation rate of approximately 96.5% (calculated based on the Historical Transaction Amount of approximately RMB47,297,000 for the year ended 31 December 2023 divided by the Previous Annual Caps of approximately RMB49,000,000 for the same period) for the year ended 31 December 2023.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2024–2025 Equipment Purchase Framework Agreement, including the Proposed Annual Caps, are on arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

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

- (i) in preparing the relevant documentation for each tender, the procurement department would collect and evaluate the reference market price for the subject equipment. The budget price for such subject equipment would 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. The budget price shall be approved by the responsible senior management to ensure the price is fair and reasonable;
- (ii) the staff of the procurement department would (a) monitor and evaluate the conducts of each of the bidder during the tender procedure for each tender; and (b) report to the senior management of the procurement department if any irregularities has been observed;
- (iii) the internal audit department and legal department would (a) monitor the tender procedure to ensure its compliance with the policy of Wuling Industrial Group on the tender procedures and the applicable laws and regulations; and (b) review the tender procedure on a yearly basis; and
- (iv) the finance department would monitor and report the Equipment Purchase Transactions to the senior management of Wuling Industrial Group after each completed tender and on a monthly basis to ensure it would not exceed the Proposed Annual Caps.

In addition, the auditors of the Company would perform an annual review on the Equipment Purchase Transactions to (i) confirm the transaction amounts are within the Proposed Annual Caps; and (ii) ensure such transactions are in accordance with the terms set out in the 2024–2025 Equipment Purchase Framework Agreements in all material respects. Meanwhile, Wuling Auto Tech would provide their relevant records to the auditors of the Company to facilitate the annual review conducted by the auditors of the Company on the Equipment Purchase Transactions.

Furthermore, the Equipment Purchase Transactions would be reviewed by the independent non-executive Directors of the Company on a yearly basis.

The results of the review on the Equipment Purchase Transactions performed by the auditors and the independent non-executive Directors of the Company, together with information on the Equipment Purchase Transactions, would be set out in the Company's annual report of the forthcoming financial year after such transactions.

In view of the above, the Directors (including the independent non-executive Directors) consider that the internal control procedures are effective to ensure that the Equipment Purchase Transactions contemplated under the 2024–2025 Equipment Purchase Framework Agreement will be conducted on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024–2025 EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

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

As the production equipment and tooling used by Wuling Industrial Group are subject to reasonable wear and tear due to the ordinary use and application over time, it is necessary for Wuling Industrial Group to purchase new equipment and perform regular maintenance on its existing production facilities. Leveraging on the new equipment and regular maintenance, Wuling Industrial Group could maintain the capacity and productivity to fulfill quality requirement from its customers. Furthermore, the Group considered it is also necessary for Wuling Industrial Group to perform the requisite modification and upgrading work for its existing production facilities to satisfy the production demand on various engines products, automotive components products and specialized vehicles in the coming future to expand its source of revenue.

To fulfill the requirements of Wuling Industrial Group on purchase, maintenance, upgrading and modification projects for the equipment and production facilities, Wuling Auto Tech, a fellow subsidiary of the Wuling Industrial Group, has been selected as the bidder to supply various equipment, machineries and tooling to Wuling Industrial Group since 2020. Due to the long-standing and close working relationship between Wuling Industrial Group and Wuling Auto Tech, Wuling Auto Tech has been familiar with the equipment specifications of the Wuling Industrial Group and has a competitive advantage in understanding the standards and specifications required by the Wuling Industrial Group. The Group believed that the Wuling Auto Tech would continue to provide the equipment, machineries and tooling to Wuling Industrial Group in a cost-effective manner.

In light of the above, to streamline the administrative procedures and reduce compliance costs for these recurring connected transactions, Wuling Industrial Group has renewed the Previous Annual Caps by entering into the 2024–2025 Equipment Purchase Framework Agreement, which serves as a framework for the Equipment Purchase Transactions between Wuling Industrial Group and Wuling Auto Tech.

As such, the Directors (including the independent non-executive Directors) consider that (i) the entering into of the 2024–2025 Equipment Purchase Framework Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2024–2025 Equipment Purchase Framework Agreement, the Equipment Purchase Transactions and the Proposed Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP, WULING AUTO TECH AND GUANGXI AUTOMOBILE

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, as well as the trading of raw materials, water and power supply services. As at the date of this announcement, the Company holds 60.90% equity interest of Wuling Industrial and thus it is a non-wholly owned subsidiary of the Company.

Wuling Auto Tech

Liuzhou Wuling Automotive Technology Limited* (柳州五菱汽車科技有限公司) 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. As at the date of this announcement, Wuling Auto Tech is wholly-owned by Guangxi Automobile.

Guangxi Automobile

Guangxi Automobile Group Co., Limited* (廣西汽車集團有限公司), through its direct and indirect wholly owned subsidiaries, is interested in 1,864,698,780 Shares in issue of the Company, 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, 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 and including the Group, 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 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 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 of the Company through its direct and indirect wholly-owned subsidiaries, is interested in approximately 56.54% of the total number of Shares. In this regard, Wuling Auto Tech is a connected person of the Company under the Listing Rules. Accordingly, the Equipment Purchase Transactions constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for the Proposed Annual Caps, on annual basis, is more than 0.1% but less than 5%, the 2024–2025 Equipment Purchase Framework Agreement, the Equipment Purchase Transactions contemplated thereunder and the Proposed Annual Caps constitute continuing connected transactions which are subject to the announcement, reporting and annual review requirements, but exempt from the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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 2024–2025 Equipment Purchase Framework Agreement, the Equipment Purchase Transactions contemplated thereunder and the Proposed Annual Caps. Save as disclosed above, no other Director is regarded having a material interest in the 2024–2025 Equipment Purchase Framework Agreement, the Equipment Purchase Transaction and the Proposed Annual Caps and required to abstain from voting on the board resolutions to approve the same.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“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 (as and when available)
“2024–2025 Equipment Purchase Framework Agreement”	the equipment purchase framework agreement dated 14 June 2024 entered between Wuling Industrial and Wuling Auto Tech in relation to the Equipment Purchase Transactions (as and when available)
“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 same meaning as 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 Wuling Industrial Group for the purposes of installation, upgrading, modification, repairing and maintenance of new and existing production facilities and machinery
“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 56.54% of the total number of Shares as at the date of this announcement
“Historical Transaction Amount”	the historical transaction amount in relation to the Equipment Purchase Transaction between Wuling Industrial Group and Wuling Auto Tech under the 2021–2023 Equipment Purchase Framework Agreement during the three years ended 31 December 2023
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and its (their) respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Annual Caps”	the annual caps of the Equipment Purchase Transaction for the three years ended 31 December 2023 contemplated under the 2021–2023 Equipment Purchase Framework Agreement
“Proposed Annual Caps”	the annual caps of the Equipment Purchase Transaction for the two years ending 31 December 2025 contemplated under the 2024–2025 Equipment Purchase Framework Agreement
“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 Share(s)
“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 2024–2025 Equipment Purchase Framework Agreement in the event Wuling Auto Tech is selected as the bidder of tender(s) released by Wuling Industrial Group for supply of Equipment to Wuling Industrial Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	the value-added tax
“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 as at the date of this announcement

“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
“%”	per cent

* *For identification purpose only*

By order of the Board
Wuling Motors Holdings Limited
Yuan Zhijun
Chairman

Hong Kong, 14 June 2024

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Yang Jianyong and Mr. Wei Mingfeng as executive Directors, Mr. Li Zheng as non-executive Director and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Xu Jinli as independent non-executive Directors.