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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 LOAN AGREEMENTS**

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 23 November 2018, together with the circular of the Company dated 2 January 2019 in relation to the 2019–2021 Loan Agreements. As the 2019–2021 Loan Agreements will be expired on 31 December 2021, on 16 November 2021 (after trading hours), Wuling Industrial, as borrower, entered into the 2022–2024 Loan Agreement with Guangxi Automobile, the controlling Shareholder of the Company as lender. It is expected that Wuling Industrial, a non-wholly owned subsidiary of the Company, will continue to act as the centralized department responsible for arranging and executing the financing and treasury functions of its business segments, to ensure adequate funds and working capital are available for the operating and investing activities of the Wuling Industrial Group. The obligations of Wuling Industrial under the 2022–2024 Loan Agreement will be secured by the bill receivables of Wuling Industrial Group. The maximum limits for the facility amount as stipulated in the 2022–2024 Loan Agreement are RMB5,800,000,000, RMB6,700,000,000 and RMB7,500,000,000 for the three years ending 31 December 2022, 2023 and 2024, respectively.

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 certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Loans exceed 5%, the provision of the Loans, which are secured by the bill receivables of Wuling Industrial, constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement, circular and independent Shareholders' approval requirements.

GENERAL

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 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps). Save as disclosed above, no other Director is regarded having a material interest in the 2022–2024 Loan Agreement and required to abstain from voting on the Board resolution to approve the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps).

The Independent Board Committee (which consists all of independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps), and to advise the Independent Shareholders on how to vote, taking into account the Recommendations on the same to be given by Gram Capital.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders to consider the terms of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps).

A circular containing, among other things, (i) details of the 2022–2024 Loan Agreement; (ii) a letter from the Independent Board Committee to Independent Shareholders giving its recommendations in respect of the terms of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps); (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the terms of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps); and (iv) a notice of the SGM, will be dispatched to the Shareholders on or before 7 December 2021.

BACKGROUND

References are made to the announcement of the Company dated 23 November 2018, together with the circular of the Company dated 2 January 2019 in relation to the 2019–2021 Loan Agreements. As the 2019–2021 Loan Agreements will be expired on 31 December 2021, on 16 November 2021 (after trading hours), Wuling Industrial, as borrower, entered into the 2022–2024 Loan Agreement with Guangxi Automobile, the controlling Shareholder of the Company as lender. It is expected that Wuling Industrial, a non-wholly owned subsidiary of the Company, will continue to act as the centralized department responsible for arranging and executing the financing and treasury functions of its business segments, to ensure adequate funds and working capital are available for the operating and investing activities of the Wuling Industrial Group. The obligations of Wuling Industrial under the 2022–2024 Loan Agreement will be secured by the bill receivables of Wuling Industrial. The maximum limits for the facility amount as stipulated in the 2022–2024 Loan Agreement are RMB5,800,000,000, RMB6,700,000,000 and RMB7,500,000,000 for the three years ending 31 December 2022, 2023 and 2024, respectively.

THE 2022–2024 LOAN AGREEMENT

The principal terms of the 2022–2024 Loan Agreement are summarized below.

Date: 16 November 2021

Parties:

- (a) **Borrower:** Wuling Industrial, a non-wholly owned subsidiary of the Company; and
- (b) **Lender:** Guangxi Automobile, being the controlling Shareholder of the Company and 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 and a connected person of the Company under the Listing Rules

Facility amount:	Depending on the production and operation capital requirements of Wuling Industrial Group, each of the subsidiary in the Wuling Industrial Group (as stated in the Annex I to the 2022–2024 Loan Agreement) can apply for a loan with Guangxi Automobile, subject to the fulfilment of the condition precedent (as appropriate) and the approval of Guangxi Automobile (as the lender) from time to time. The maximum limits of the 2022–2024 Loan RMB5,800,000,000, RMB6,700,000,000 and RMB7,500,000,000 respectively for the year ended 31 December 2022, 2023 and 2024 respectively. The maximum limits were determined by reference to the estimated bill receivables of Wuling Industrial Group to be utilized as collateral in 2022, 2023 and 2024. Sample of the loan drawdown confirmation letter is set out in Annex II to the 2022–2024 Loan Agreement
Usage:	General working capital for Wuling Industrial Group
Types of facilities:	Loan and advance pledged with bill receivables
Interest rate and payment:	The lowest interest rate offered by banks as obtained by Wuling Industrial Group, for similar type of facilities pledged with bill receivables at the time of drawdown. Interest will be accrued on a monthly basis and payment of which will be made by the respective borrowing subsidiary in the Wuling Industrial Group to Guangxi Automobile within 10 days upon presentation of the relevant VAT invoice by Guangxi Automobile
Term:	Not more than six (6) months from the date of each drawdown
Availability period:	From 1 January 2022 to 31 December 2024
Condition precedent:	The Company having duly performed and complied with its obligations under to the Listing Rules which include the issue of the related announcement(s) and circular(s) and the obtaining of the independent Shareholder’s approval with respect to the relevant transactions contemplated under the 2022–2024 Loan Agreement
Security:	The drawdown amount of the Loan will be secured by the same amount of bill receivables of the respective borrowing subsidiary in the Wuling Industrial Group to be assigned to Guangxi Automobile

HISTORICAL TRANSACTION AMOUNT

The table below sets forth the total amounts of advances drawn on bills receivables discounted of Wuling Industrial Group (including Wuling Liuji, a wholly-owned subsidiary of Wuling Industrial) from Guangxi Automobile, the respective interest rates and interest amounts for the two years ended 31 December 2019 and 2020 and for the ten months ended 31 October 2021.

Year Ended/Ending	2019-2021 Annual Caps			2019-2021 Actual Transaction Amount				
	Estimated		Total	Total Amounts		Total		
	Total	Interest	Interest	Annual	of Advances	Interest Rates	Interest	Utilization
	Facility	Rate	Payment	Caps	drawdown		payment	rate
	RMB'000	%	RMB'000	RMB'000	RMB'000	%	RMB'000	%
31 December 2019	4,600,000	4.9%	112,700	123,970	2,434,768	2.75% to 3.3%	28,515	23.0%
31 December 2020	5,100,000	4.9%	124,950	137,445	1,421,629	2.1% to 3.15%	13,648	9.9%
31 December 2021	5,600,000	4.9%	137,200	150,920	⁽¹⁾ 1,672,527	2.1% to 3.465%	12,897	⁽²⁾ 8.5%

(1): The advances drawdown for the year ending 31 December 2021 represents the actual transaction amount of advances drawdown for the 10 months ended 31 October 2021

(2): The utilization rate for the year ending 31 December 2021 is calculated based on the actual advances drawdown for the 10 months ended 31 October 2021 against the annual caps for the year ending 31 December 2021

PROPOSED TOTAL FACILITY AMOUNT, INTEREST RATE AND PROPOSED ANNUAL CAPS OF ANNUAL INTEREST PAYMENT

Pursuant to the 2022–2024 Loan Agreement, the interest rates to be charged under the Loans would be the lowest rate offered by banks as obtained by Wuling Industrial Group for similar type of facilities pledged with bill receivables at the time of drawdown. At least three offers would be obtained from the banks for reference before the drawdown of the Loans. The interest rate would be determined by reference to the statutory lending rate of the People's Bank of China if Wuling Industrial Group fails to obtain any bank offers. Such interest will be accrued on a monthly basis of which the payment will be made by the respective borrowing subsidiary in the Wuling Industrial Group to Guangxi Automobile within 10 days upon presentation of the relevant VAT invoice by Guangxi Automobile.

In connection with the interest rate to be charged by and the interest payment to be made to Guangxi Automobile, the Board adopted the following caps in respect of the Loans for each of the three years ending 31 December 2022, 2023 and 2024:

	Proposed Annual Caps		
	Total Facility	Estimated Interest Rate	Total Interest Payment
Year Ending	RMB'000	%	RMB'000
31 December 2022	5,800,000	3.87%	112,230
31 December 2023	6,700,000	3.87%	129,645
31 December 2024	7,500,000	3.87%	145,125

BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS OF ANNUAL INTEREST PAYMENT

The above Proposed Annual Caps of the interest payment to be made to Guangxi Automobile in respect of the Loans were determined by reference to (i) the respective maximum limits of the Loans available to be drawn down by Wuling Industrial Group for each of the year ending 31 December 2022, 2023 and 2024; multiplied by (ii) the historical highest interest rate charged by the bank on advances drawn on bill receivables discounted with recourse during the two years ended 31 December 2019 and 2020, and the ten months ended 31 October 2021, at (iii) a fixed repayment term of 6 months from the date of drawdown, plus (iv) a buffer of approximately 10% to account for any unforeseeable circumstances which may give rise to an increase in the interest rate to be charged on advances drawn on bills receivables discounted with recourse.

REASONS AND BENEFITS FOR THE PROVISION OF THE LOAN

Taking into account the Loans will provide an alternative source of finance (in addition to the general banking facilities) and that the interest rate is the lowest market interest rate available to Wuling Industrial Group and that the provision of the equivalent amount of bill receivables as collateral for the Loans is a normal term and condition in regard to the similar type of facilities offered in the market, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from Gram Capital) consider that the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable having considered the current market norm in relation to similar transactions and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

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, 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 ON 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 at 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 of the Company, and is the controlling Shareholder. 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 the connected subsidiaries of the Company under the Listing Rules. The provision of Loans, which are secured by the bill receivable of Wuling Industrial constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Loans exceed 5%, the provision of the Loans constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement, circular and independent Shareholders' approval requirements.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of the directors of the Company
“Company”	Wuling Motors Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 305)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to be appointed by the Company to advise the independent board committee of the Company and the independent Shareholders in respect of the Loans
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Group Co., Limited*), a state-controlled company established in the PRC, being the ultimate beneficial controlling Shareholder of the Company which is indirectly interested in approximately 56.54% of the total number of Shares in issue of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan(s)”	The loan in a maximum amount (calculated as the aggregate amount of drawdowns) of RMB5,800,000,000, RMB6,700,000,000 and RMB7,500,000,000 respectively for the year ending 31 December 2022, 2023 and 2024, each drawdown for a term of not more than six (6) months from the date of each drawdown granted by Guangxi Automobile to Wuling Industrial Group
“2019–2021 Loan Agreements”	the loan agreements dated 23 November 2018 entered into between (i) Guangxi Automobile as lender and Wuling Industrial as borrower and (ii) Guangxi Automobile as lender and Wuling Liuji as borrower respectively
“2022–2024 Loan Agreement”	The loan agreement dated 16 November 2021 entered into between Guangxi Automobile as lender and Wuling Industrial as borrower
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Taiwan and Macau
“Proposed Annual Caps”	the proposed annual caps of interest payment to be made by Wuling Industrial Group to Guangxi Automobile for the provision of Loans for each of the three years ending 31 December 2022, 2023 and 2024 under the 2022–2024 Loan Agreement;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering the New Loan Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	the value-added tax
“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 five of its subsidiaries, namely, 柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited*), 柳州五菱柳機鑄造有限公司 (Liuzhou Wuling Liuji Moulding Company Limited*), 青島五菱專用汽車有限公司 (Qingdao Wuling Special Purpose Vehicles Company Limited*), 柳州卓通汽車零部件有限公司 (Liuzhou Zhuotong Automotive Components Company Limited*) and 重慶卓通汽車工業有限公司 (Chongqing Zhuotong Motors Industrial Company Limited*) as stated in Annex I to the 2022–2024 Loan Agreement;
“Wuling Liuji”	柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited*), a company established in the PRC and a wholly-owned subsidiary of Wuling Industrial
“%”	per cent

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

Hong Kong, 16 November 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