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# Welling

## WELLING HOLDING LIMITED

## 威靈控股有限公司

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 382)**

**VOLUNTARY ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS  
SUPPLEMENTAL AGREEMENT TO THE FINANCIAL SERVICES FRAMEWORK  
(RENEWAL) AGREEMENT**

Reference is made to the Announcement and Circular in respect of renewing the continuing connected transactions of the Company relating to the provision of the Financial Services by the Finance Company to the GD Welling Group contemplated by the Financial Services Framework (Renewal) Agreement. The Board announces that on 23 January 2013, the Company, GD Welling and the Finance Company entered into the Supplemental Agreement, pursuant to which the parties thereto agreed to add the PRC Subsidiaries of the Company as users of the Financial Services. The purpose of this is to allow the PRC Subsidiaries of the Company, which are also part of the Group, to enjoy the use of the Financial Services on the same terms as those available to GD Welling Group in accordance with the terms and conditions of the Financial Services Framework (Renewal) Agreement. Save for the PRC Subsidiaries of the Company being added as users of the Financial Services, all other terms and conditions of the Financial Services Framework (Renewal) Agreement, including but not limited to the annual caps of the Core Financial Services and the expiry date of the agreement set out therein as approved by the then independent shareholders of the Company at the EGM, have not been altered.

The Company has decided to make this voluntary announcement to disclose the entering into of the Supplemental Agreement in the interests of transparency of information and good corporate governance.

## **SUPPLEMENTAL AGREEMENT TO THE FINANCIAL SERVICES FRAMEWORK (RENEWAL) AGREEMENT**

### **Background**

Reference is made to the Company's announcement dated 19 April 2012 ("Announcement") and circular dated 11 May 2012 ("Circular") in respect of renewing the continuing connected transactions of the Company relating to the provision of the Financial Services by the Finance Company to the GD Welling Group contemplated by the Financial Services Framework (Renewal) Agreement. The Board announces that on 23 January 2013, the Company, GD Welling and the Finance Company entered into the Supplemental Agreement, pursuant to which the parties thereto agreed to add the PRC Subsidiaries of the Company as users of the Financial Services. The purpose of this is to allow the PRC Subsidiaries of the Company, which are also part of the Group, to enjoy the use of the Financial Services on the same terms as those available to GD Welling Group in accordance with the terms and conditions of the Financial Services Framework (Renewal) Agreement. Save for the PRC Subsidiaries of the Company being added as users of the Financial Services, all other terms and conditions of the Financial Services Framework (Renewal) Agreement, including but not limited to the annual caps of the Core Financial Services and the expiry date of the agreement set out therein as approved by the then independent shareholders of the Company at the EGM, have not been altered.

### **Supplemental Agreement**

**Date :** 23 January 2013

**Parties :** The Company, GD Welling and the Finance Company

**Purpose :** To amend the Financial Services Framework (Renewal) Agreement so that the PRC Subsidiaries of the Company are added as users of the Financial Services to be provided by the Finance Company under the Financial Services Framework (Renewal) Agreement within the same annual caps of the Core Financial Services as set out therein with effect from the date of the Supplemental Agreement.

### **Reasons for and benefits of entering into the Supplemental Agreement**

According to the Financial Services Framework (Renewal) Agreement, only companies of the GD Welling Group were defined as the users of the Financial Services to be provided by the Finance Company. From time to time, the PRC Subsidiaries of the Company are also in need of financing or other financial services in the course of their operations. Entering into the Supplemental Agreement will enable the PRC Subsidiaries of the Company to also enjoy the use of the Financial Services in the same manner as other PRC subsidiaries of the Group held through GD Welling. Therefore, it is considered necessary for the Company and GD Welling to enter into the Supplemental Agreement with the Finance Company.

Since the PRC Subsidiaries of the Company are also subsidiaries of the Group, they should be treated equally when they are in need of the Financial Services so that they may enjoy the same terms or interest rates offered by the Finance Company to GD Welling Group that are more favourable than those offered by other independent commercial banks in the PRC.

Although there are additional users of the Financial Services, the aggregate amount of the Core Financial Services to be provided to the PRC subsidiaries of the Company and GD Welling Group shall not exceed the previously existing annual caps as set out in the Financial Services Framework (Renewal) Agreement and approved by the then independent shareholders of the Company at the EGM.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental Agreement was entered into on normal commercial terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Each of Ms. Yuan Liqun and Mr. Li Feide is a director of the Company, Midea and GD Midea and Ms. Yuan Liqun is also a director of the Finance Company. They were regarded as having a material interest in the transactions contemplated under the Supplemental Agreement and had abstained from voting in respect of the relevant Board resolutions passed at the Board meeting held for considering and approving the Supplemental Agreement. Save as disclosed, none of the Directors has a material interest in the transactions contemplated under the Supplemental Agreement.

### **Listing Rules Implications**

The Finance Company is owned as to 5% by GD Welling, 55% by Midea (the controlling shareholder of the Company) and 40% by GD Midea (a company controlled by Midea). The Finance Company is a subsidiary of Midea and therefore a connected person of the Company under the Listing Rules.

The Financial Services Framework (Renewal) Agreement therefore creates continuing connected transactions of the Company and the Supplemental Agreement constitutes an amendment thereto. The Directors (including the independent non-executive Directors) are of the view that the amendment does not constitute a material variation of the terms of the Financial Services Framework (Renewal) Agreement since (i) the annual caps of the Core Financial Services remain the same as disclosed in the Announcement and the Circular and approved by the then independent shareholders of the Company at the EGM; (ii) apart from adding users of the Financial Services, no other terms of the Financial Services Framework (Renewal) Agreement was varied; and (iii) no monetary consideration was provided or received by any party in entering into the Supplemental Agreement.

The Company has decided to make this voluntary announcement to disclose the entering into of the Supplemental Agreement in the interests of transparency of information and good corporate governance.

### **INFORMATION ABOUT THE COMPANY**

The Company is an investment holding company. The Group is principally engaged in the manufacturing and distribution of motors and electronic and electric components for electrical household appliances, including principally air-conditioners, washing machines, dishwashers, water heaters and refrigerators.

## INFORMATION ABOUT GD WELLING

GD Welling, a wholly-owned subsidiary of the Company incorporated in the PRC, is principally engaged in the business of manufacture and distribution of motors and electronic and electric components for electrical household appliances.

## INFORMATION ABOUT THE FINANCE COMPANY

The Finance Company, a limited company incorporated in the PRC, is owned as to 5% by GD Welling, 55% by Midea and 40% by GD Midea. The Finance Company is a non-bank financial institution regulated by the CBRC engaging in the business of providing deposit services, loan and financing services and other finance related services to the member companies of the Finance Company in the PRC in accordance with the provisions set out in the “Management of Group Finance Company” promulgated by the CBRC.

## DEFINITIONS

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

“Board”	means the board of Directors;
“CBRC”	means 中國銀行業監督管理委員會 (China Banking Regulatory Commission);
“Company”	means Welling Holding Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 382);
“Core Financial Services”	means deposit, loan and financing, bills discounting, bills acceptance, foreign exchange and guarantee services to be provided by the Finance Company under the Financial Services Framework (Renewal) Agreement;
“Directors”	means the directors of the Company;
“EGM”	means the extraordinary general meeting of the Company held on 31 May 2012 approving, among other things, the Financial Service Framework (Renewal) Agreement and the annual caps in respect of the Core Financial Services contemplated thereunder for the three years ending 31 December 2014;
“Finance Company”	means 美的集團財務有限公司 (Midea Group Finance Co., Ltd.*) a limited company incorporated in the PRC which is owned as to 5% by GD Welling, 55% by Midea and 40% by GD Midea;

“Financial Services”	means the Core Financial Services and Other Financial Services collectively;
“Financial Services Framework (Renewal) Agreement”	means the Financial Services Framework (Renewal) Agreement entered into between GD Welling and the Finance Company on 19 April 2012 setting out the service charging principle of the Core Financial Services and the annual caps for the three years ending 31 December 2014;
“GD Midea”	means 廣東美的電器股份有限公司 (GD Midea Holding Co., Ltd.*), a limited company incorporated in the PRC and the shares of which are listed on the Shenzhen Stock Exchange, in which Midea has approximately 41.17% interest as at the date of this announcement;
“GD Welling”	means 廣東威靈電機製造有限公司 (Guangdong Welling Motor Manufacturing Co., Ltd.*), a limited company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“GD Welling Group”	means GD Welling and its subsidiaries;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities of the Stock Exchange;
“Midea”	means 美的集團股份有限公司 (Midea Group Co., Ltd.*), a limited company incorporated in the PRC and the controlling shareholder of the Company holding approximately 69% of the issued share capital of the Company as at the date of this announcement;
“Other Financial Services”	means the financial services other than the Core Financial Services to be provided by the Finance Company including financing consultancy services, credit verification and related consultancy and agency services, assistance in payment and receipt of transaction proceeds, approved insurance agency services, intra-group transfer and settlement services, liquidation planning, entrusted loan and other business as may be approved by the CBRC under the Financial Services Framework (Renewal) Agreement;
“PRC”	means the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement;

“PRC Subsidiaries of the Company”	means the direct and indirect subsidiaries of the Company incorporated in the PRC which are fellow subsidiaries of GD Welling;
“Shareholder(s)”	means the holder(s) of ordinary share of the Company with a nominal value of HK\$0.5 each;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement:	means the supplemental agreement to the Financial Services Framework (Renewal) Agreement entered into among the Company, GD Welling and the Finance Company on 23 January 2013; and
“%”	means per cent.

In addition, the terms “connected person”, “controlling shareholder”, “holding company” and “subsidiary” shall have the meanings ascribed to them under the Listing Rules.

By order of the Board  
**Welling Holding Limited**  
**Tang Wai Ying, Tracy**  
Company Secretary

Hong Kong, 23 January 2013

As at the date of this announcement, the Directors of the Company are:

*Executive Directors:* Mr. Zhou Xiangyang (*Chairman*), Mr. Jiang Deqing (*Chief Executive Officer*), Ms. Yuan Liqun, Mr. Li Feide, Mr. Lu Xiaoji and Mr. Li Yang

*Independent non-executive Directors:* Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Chen Chunhua

\* *for identification purposes only*