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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)**

#### **DISCLOSEABLE TRANSACTION FURTHER SUBSCRIPTION OF THE ASSET MANAGEMENT SCHEME**

##### **BACKGROUND**

Reference is made to the announcement dated 19 May 2016 in respect of the Asset Management Scheme. On 31 May 2016, Welling Washer (an indirect wholly-owned subsidiary of the Company) as subscriber, CCB as financial adviser, the Manager as asset manager and the Custodian as custodian, entered into the 2016 Second Subscription Agreement pursuant to which Welling Washer shall use its internal resources to further subscribe for the Asset Management Scheme in an amount of RMB230,000,000. Save for the subscription date, term of investment and subscription amount, the material terms under the 2016 Second Subscription are same as the 2016 First Subscription.

##### **LISTING RULES IMPLICATIONS**

According to the Listing Rules, each of the 2016 First Subscription and the 2016 Second Subscription by itself constitutes a notifiable transaction of the Company and each of them is subject to the reporting and announcement requirements under the Listing Rules. Pursuant to Rule 14.22 of the Listing Rules, when the 2016 First Subscription and the 2016 Second Subscription are calculated in aggregate, the relevant applicable percentage ratios exceed 5% but are less than 25%. Therefore, the aggregated subscriptions still constitute a discloseable transaction of the Company only and no independent shareholders' approval is required for the purposes of the Listing Rules.

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## 2016 Second Subscription

Parties:	(i) Welling Washer as subscriber; (ii) CCB as financial adviser; (iii) the Manager as asset manager to deal with the investment portfolio under the instruction of CCB; and (iv) the Custodian as the custodian of the subscription funds
Subscription date:	31 May 2016
Term of investment:	from 31 May 2016 to 30 May 2017 (both days inclusive)
Principal amount:	RMB230,000,000
Expected annual investment return rate:	5.4%
Principle for calculation of return and interest:	return on the scheme is calculated based on the investment principal, period of investment, and the actual annual yield
Type of return:	medium risk and non-principal guaranteed
Investment portfolio:	direct or indirect investment in financial instruments including but not limited to bank deposits, money market instruments, bank's wealth management products, corporate stocks, bonds with high credit rating or equity related products etc., and various financial products as advised by CCB which are in compliance with the applicable regulatory requirements
Fees:	fees payable under the Asset Management Scheme include asset management fee, custodian fee, financial advisory fee, bank account opening fee, bank transfer fee, transaction fee, asset valuation fee, accountants' advisory fee, legal advisory fee, relevant tax and other fees under applicable law and the 2016 Asset Management Agreements
Early termination:	the parties may terminate the Asset Management Scheme upon mutual agreement
Payment and return upon maturity:	the principal and investment income shall be paid to the investor within three working days after the date of maturity as set out in the relevant funding confirmation

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2016 SECOND SUBSCRIPTION AGREEMENT**

The Asset Management Scheme offers better returns when compared to the fixed-term deposit interest rates offered by commercial banks in the PRC. The Board believes that the transaction contemplated under the 2016 Second Subscription Agreement is on normal commercial terms and is fair and reasonable and is in the interests of the Group and the shareholders of the Company as a whole.

The Group has implemented adequate and appropriate internal control procedures to ensure that the subscription of any asset management scheme(s) would not affect the working capital or the operation of the Group, and such investments shall be conducted on the principle of protecting the interests of the Group and the shareholders of the Company.

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None of the Directors has a material interest in the transaction contemplated under the 2016 Second Subscription.

## **GENERAL**

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.

Welling Washer, an indirect 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.

CCB is a leading large-scale joint stock commercial bank in the PRC which provides a variety of financial products and services to corporate and personal banking customers.

The Manager is a limited liability company incorporated in the PRC which provides a variety of asset management products and services to corporate and personal customers.

The Custodian is a joint stock commercial bank in the PRC which provides a variety of financial products and services to corporate and personal banking customers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CCB, the Manager, the Custodian and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and any of their respective associates.

## DEFINITIONS

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

“2016 Asset Management Agreements”	(i) 增值實業務合作協議 (the value-adding business cooperation agreement*) dated 19 May 2016 entered into between Welling Washer, CCB and the Manager; and (ii) 銀華資本-匯鑫6號專項資產管理計劃資產管理合同 (the Yinhua Capital asset management agreement*) dated 19 May 2016 entered into between Welling Washer, the Manager and the Custodian
“2016 First Subscription”	the subscription by Welling Washer in the amount of RMB200,000,000 for the Asset Management Scheme dated 19 May 2016
“2016 Second Subscription”	the further subscription by Welling Washer in the amount of RMB230,000,000 for the Asset Management Scheme
“2016 Second Subscription Agreement”	the agreement dated 31 May 2016 entered into between Welling Washer, CCB, the Manager and the Custodian in respect of the further subscription of the Asset Management Scheme
“Asset Management Scheme”	the asset management scheme subscribed by Welling Washer under the 2016 Asset Management Agreements
“Board”	the board of Directors
“CCB”	中國建設銀行股份有限公司 (China Construction Bank Corporation*) is a leading large-scale joint stock commercial bank in the PRC, the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
“Company”	Welling Holding Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (stock code: 382)
“Custodian”	寧波銀行股份有限公司 (Bank of Ningbo Co., Ltd*) is a joint stock commercial bank in the PRC, the shares of which are listed on the Shenzhen Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Manager”	銀華財富資本管理(北京)有限公司 (Yinhua Wealth and Capital Management (Beijing) Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of 銀華基金管理有限公司 (Yinhua Fund Management Co., Ltd.*)
“PRC”	People’s Republic of China, but for the purposes of this announcement and for geographical reference only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Welling Washer”	佛山市威靈洗滌電機製造有限公司 (Foshan Welling Washer Motor Manufacturing Co., Ltd.*), a limited liability company (sino-foreign equity joint venture enterprise) incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

\* The Chinese names of the PRC entities and agreements have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and/or agreements and their respective English translations, the Chinese version shall prevail.

On behalf of the Board  
**Welling Holding Limited**  
**Xiang Weimin**  
*Chairman*

Hong Kong, 31 May 2016

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

Executive Directors: Mr. Xiang Weimin (Chairman), Mr. Zhong Lin (Chief Executive Officer), Ms. Pan Xinling, Mr. Li Li, Ms. Yuan Liqun and Mr. Li Feide

Independent non-executive Directors: Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao