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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 SUBSCRIPTION OF 2016 SEPTEMBER ASSET MANAGEMENT SCHEME

BACKGROUND

On 28 September 2016, GD Welling (an indirect wholly-owned subsidiary of the Company) as subscriber and the Manager as asset manager entered into the 2016 September Asset Management Agreement pursuant to which GD Welling shall use its internal resources to subscribe for the 2016 September Asset Management Scheme in an amount of RMB280,000,000.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (defined under the Listing Rules) exceed 5% but are less than 25%, the 2016 September Subscription constitutes a discloseable transaction of the Company for the purposes of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

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2016 September Asset Management Scheme

Parties:	(i) GD Welling as subscriber; and (ii) the Manager as asset manager to deal with the investment portfolio.
Subscription date:	28 September 2016
Term of investment:	from 28 September 2016 to 11 September 2017 (both days inclusive)
Principal amount:	RMB280,000,000

Expected annual investment return rate:	4.1%
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:	<ul style="list-style-type: none"> (i) investment in assets with high liquidity and low risk including but not limited to bank deposits, bank's wealth management products and bonds with high credit rating, which shall account in aggregate for not more than 10% of the portfolio; (ii) various financing projects as advised by the Custodian and Financial Adviser; (iii) other equity related products including but not limited to interests in trusts, finance leases, listed and non-listed corporate stocks, and asset management scheme/fund of insurance companies, securities companies and/or fund management companies, which shall account in aggregate for not more than 50% of the portfolio; and (iv) investments for purposes as may be approved by the subscribers of 2016 September Asset Management Scheme at the subscriber's meeting. <p>The portfolio shall not include direct investment in corporate stocks of secondary markets, and trading in Qualified Domestic Institutional Investors products and derivative products (including but not limited to stock index futures, stock futures, stock index options and stock options) with high risk.</p>
Fees:	fees payable under the 2016 September Asset Management Scheme including but not limited to asset management fee, custodian fee, agency fee, investment advisory fee, relevant tax and other fees under applicable law and the 2016 September Asset Management Agreement
Transferability:	the trust units subscribed under the 2016 September Asset Management Scheme are transferable during the subsistence of the said scheme
Redemption:	no early redemption right during the term of investment
Early termination:	the Manager has the right of early termination
Payment and return upon maturity:	the principal and investment income shall be paid to the investor within five working days after the date of maturity

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2016 SEPTEMBER ASSET MANAGEMENT AGREEMENT

The 2016 September 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 September Asset Management 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 September Asset Management Agreement.

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.

GD Welling, 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.

The Manager is a non-bank financial institution incorporated in the PRC which provides professional trust services to customers.

The Custodian and Financial Adviser 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, the Manager and the Custodian and Financial Adviser, 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 September Asset Management Agreement”	五礦信託－民生保騰投資集合資金信託計劃信託合同 (the investment trust scheme agreement*) dated 28 September 2016 entered into between GD Welling and the Manager, major terms of which is summarised herein
“2016 September Asset Management Scheme”	五礦信託－民生保騰投資集合資金信託計劃, the asset management scheme, established on 6 February 2013 for a term of 10 years or such term as determined by the Manager, subscribed by GD Welling under the 2016 September Asset Management Agreement
“2016 September Subscription”	the subscription by GD Welling in the amount of RMB280,000,000 of 280,000,000 trust units with a nominal value of RMB1 each under the 2016 September Asset Management Scheme
“Board”	the board of Directors
“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 and Financial Adviser”	中國民生銀行股份有限公司(China Minsheng Banking Corp., Ltd.*), a joint stock company incorporated with limited liability in accordance with the Company Law of the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Director(s)”	the director(s) of the Company
“GD Welling”	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 an indirect wholly-owned subsidiary 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”	五礦國際信託有限公司 (China Minmetals Trust Co., Ltd.*), a trust company incorporated in the PRC and a subsidiary of 中國五礦集團公司(China Minmetals Corporation*)

“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
“%”	per cent

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

* The Chinese names of the PRC entities and agreement 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 agreement and their respective English translations, the Chinese version shall prevail.

On behalf of the Board
Welling Holding Limited
Xiang Weimin
Chairman

Hong Kong, 28 September 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, Mr. Xiao Mingguang and Mr. Li Feide

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