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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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 17 April 2009, the Company and Annto entered into the Logistic Service Agreement in respect of the provision of Logistic Services for a term of one year commencing on 1 January 2009 and expiring on 31 December 2009.

Annto is a subsidiary of Midea, which is the controlling shareholder of the Company, and therefore each of Annto and its subsidiaries will be regarded as a connected person of the Company under the Listing Rules. As each of the percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregate service fees paid and payable under the Logistic Service Agreement is, on an annual basis, less than 2.5%, the Continuing Connected Transactions contemplated under the Logistic Service Agreement constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules and is exempted from the independent shareholders' approval requirements. Details of the Logistic Service Agreement will be included in the Company's next published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Logistic Service Agreement was entered into after arm's length negotiations on normal commercial terms and the terms of the Logistic Service Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

On 17 April 2009, the Company and Annto entered into the Logistic Service Agreement in respect of the provision of Logistic Services for a term of one year commencing on 1 January 2009 and expiring on 31 December 2009. Details are as follows:

LOGISTIC SERVICE AGREEMENT

- Date : 17 April 2009
- Term : One year commencing on 1 January 2009 and expiring on 31 December 2009
- Parties: the Company; and
Annto
- Nature of transaction: pursuant to the Logistic Service Agreement, the Company has agreed to acquire from Annto and Annto has agreed to provide or procure its subsidiaries to provide to the Group the Logistic Services during the period from 1 January 2009 to 31 December 2009 at a service charge based on the quotations set out in the tender which was submitted by Annto to the Group or otherwise (to the extent that any services or combination of services has not been specified in the quotations), as agreed between the parties with reference to the market price. According to the Logistic Service Agreement, the service charge will be settled on a monthly basis.
- Annual cap: RMB10,000,000 (equivalent to approximately HK\$11,340,000)

HISTORICAL AMOUNT

The aggregate logistic service fees paid by the Group to Annto for the year ended 31 December 2008 amounted to approximately RMB1,227,000 (equivalent to approximately HK\$1,391,000). The aggregate logistic service fees paid by the Group to Annto during the three months from 1 January 2009 to 31 March 2009 amounted to approximately RMB263,000 (equivalent to approximately HK\$298,000).

BASIS OF ANNUAL CAP

The proposed annual cap has been estimated primarily based on the historical transaction amounts of the Logistic Services provided by Annto or its subsidiaries to the Group in combination of the estimated increase in demand of Logistic Services to accommodate the needs of the Group according to its operation plan and requirements for year 2009. It is expected that the aggregate services fees to be paid by the Group to Annto for the year ending 31 December 2009 will not exceed RMB10,000,000 (equivalent to approximately HK\$11,340,000).

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, microwave ovens and refrigerators.

INFORMATION ABOUT ANNTO

Annto is principally engaged in the business related to logistic and transportation services including cargo agents services, general road cargo transportation, warehousing management and logistic technologies consultation services.

REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTIONS

The Group has invited bids by way of tender from logistic service providers to provide to the Group the Logistic Services for the year 2009. Based on the terms of the bid submitted to the Group by Annto and for reasons stated below, the Company accepted the bid and awarded the Logistic Services Agreement to Annto. Annto was the logistic service provider of the Group in year 2008. Annto has demonstrated to the Company that it is a professional logistic service provider to the Group with its extensive experience in providing high-quality logistic services. Annto has a wide service network covering over 160 servicing points together with its well-established information system, facilities and equipment and sufficient number of own trucks and vehicles.

The aggregate amount of annual service fees paid by the Group to Annto in year 2008 had not exceeded the de minimis threshold as stipulated in Chapter 14A of the Listing Rules. As a result of the forecast increase in demand of the Logistic Services as needed in line with the operation plan and requirements of the Group for year 2009, the Directors considered it is appropriate for the Company to enter into the Logistic Service Agreement with Annto which sets out the annual cap of service fees and terms of the provision of Logistic Services.

LISTING RULES IMPLICATIONS

Annto is a subsidiary of Midea, which is the controlling shareholder of the Company, and therefore each of Annto and its subsidiaries will be regarded as a connected person of the Company under the Listing Rules.

The Continuing Connected Transactions are carried out on a continuing and recurring basis in the ordinary and usual course of business of the Company and constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregate service fees paid and payable under the Logistic Service Agreement is, on an annual basis, less than 2.5%, the Continuing

Connected Transactions contemplated under the Logistic Service Agreement constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules and is exempted from the independent shareholders' approval requirements. Details of the Logistic Service Agreement will be included in the Company's next published 2009 annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate amount of the Continuing Connected Transactions exceeds the annual cap during the year ending 31 December 2009, or when the Logistic Service Agreement is renewed or where there are any material changes to the terms of the Logistic Service Agreement. The Company will also comply with the annual review requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the Continuing Connected Transactions during the year ending 31 December 2009.

The Directors (including the independent non-executive Directors) are of the view that the Logistic Service Agreement was entered into after arm's length negotiations on normal commercial terms and the terms of the Logistic Service Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

DEFINITIONS

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

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| “Annto” | means 蕪湖安得物流股份有限公司 (Wuhu Annto Logistics Co., Ltd.), a limited company incorporated in the PRC; |
| “Board” | means the board of Directors; |
| “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); |
| “connected person(s)” | has the meaning ascribed to such term in the Listing Rules; |
| “Continuing Connected Transactions” | means the continuing connected transactions relating to the provision of Logistic Services under the Logistic Service Agreement; |
| “controlling shareholder” | shall have the meaning ascribed to such term in the Listing Rules; |

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| “Directors” | means the directors of the Company; |
| “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 on the Main Board of the Stock Exchange; |
| “Logistic Service Agreement” | means the logistic service agreement dated 17 April 2009 entered into between the Company and Annto in respect of the provision of Logistic Services to the Group by Annto or any of its subsidiaries; |
| “Logistic Services” | means logistic and transportation services including cargo transportation, cargo distribution, warehousing and custody, transshipment and loading and unloading, as well as other related ancillary services; |
| “Midea” | means 美的集團有限公司 (Midea Group Co., Ltd.), a limited company incorporated in the PRC, which is the controlling shareholder of the Company; |
| “PRC” | means the People’s Republic of China; |
| “Shareholder(s)” | means the holder(s) of the ordinary shares of the Company with a nominal value of HK\$0.1 each; |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited; |
| “subsidiary” | has the meaning ascribed to it in sections 2 and 2B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); |
| “HK\$” | means Hong Kong Dollars, the lawful currency of Hong Kong; |
| “RMB” | means Renminbi, the lawful currency of the PRC; |
| “%” | means per cent. |

For the purpose of this announcement, HK\$1.00 is equivalent to approximately RMB0.8818

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

Hong Kong, 17 April 2009

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

Executive Directors: Mr. Cai Qiwu (*Chairman*), Mr. Jiang Deqing (*Chief Executive Officer*), Mr. Qu Fei, Mr. Gao Fazhong, Ms. Yuan Liqun, Mr. Li Jianwei and Mr. Zheng Weikang

Non-executive Director: Ms. Tan Xuemei

Independent non-executive Directors: Mr. Chan Wai Dune, Mr. Lam Ming Yung and Ms. Chen Chunhua