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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)

REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS – GB TRADING TRANSACTIONS

REVISED ANNUAL CAPS OF GB TRADING TRANSACTIONS

Reference is made to the announcement and circular of the Company dated 31 January 2011 and 21 February 2011 respectively in relation to, among other things, the GB Trading Transactions. Due to the increase in the sale and purchase volume of Guilin Bus, it is expected that the existing annual caps for the GB Trading Transactions will not be sufficient for each of the three years ending 31 December 2013. As a result, on 9 September 2011, Wuling Industrial and Guilin Bus entered into the New Revised GB Trading Agreement, which governs the GB Trading Transactions (the sales of parts and raw materials to and purchases of passenger mini-buses and its related accessories from Guilin Bus by the Wuling Industrial Group) for the three years ending 31 December 2013, to replace the Old Revised GB Trading Agreement.

As one of the applicable percentage ratios of the New Revised GB Trading Agreement on an annual basis exceeds 5% and each of the revised annual caps of the GB Trading Transactions under the New Revised GB Trading Agreement is more than HK\$10 million, such transactions constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the Independent Shareholders' approval requirements under Rules 14A.48 to 14A.54 of the Listing Rules and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 to 14A.41 of the Listing Rules.

GENERAL

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the New Revised GB Trading Agreement and the respective transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee (which is formed and comprises all independent non-executive Directors) and the Independent Shareholders to consider the terms of the New Revised GB Trading Agreement. The Circular containing, inter alia, details of the New Revised GB Trading Agreement and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities in relation to the New Revised GB Trading Agreement will be despatched to the Shareholders on or before 30 September 2011 in accordance with the Listing Rules.

THE NEW REVISED GB TRADING AGREEMENT

References are made to the announcement and circular of the Company dated 31 January 2011 and 21 February 2011 respectively in relation to, among other things, the GB Trading Transactions. Due to the increase in the sale and purchase volume of Guilin Bus, it is expected that the existing annual caps for the GB Trading Transactions will not be sufficient for each of the three years ending 31 December 2013. As a result, on 9 September 2011, Wuling Industrial and Guilin Bus entered into the New Revised GB Trading Agreement, which governs the GB Trading Transactions (the sales of parts and raw materials to and purchases of passenger mini-buses and its related accessories from Guilin Bus by the Wuling Industrial Group) for the three years ending 31 December 2013, to replace the Old Revised GB Trading Agreement.

Pursuant to the New Revised GB Trading Agreement, the parties thereto have conditionally agreed that during each of the three years ending 31 December 2013,

- (1) the maximum aggregate value (i.e. the annual caps) of the GB Purchase Transactions shall be revised from: (a) RMB50,000,000 (equivalent to approximately HK\$61,280,000) to RMB120,000,000 (equivalent to approximately HK\$147,080,000) for the year ending 31 December 2011; (b) RMB58,000,000 (equivalent to approximately HK\$71,090,000) to RMB160,000,000 (equivalent to approximately HK\$196,110,000) for the year ending 31 December 2012; and (c) RMB66,000,000 (equivalent to approximately HK\$80,890,000) to RMB220,000,000 (equivalent to approximately HK\$269,650,000) for the year ending 31 December 2013; and
- (2) the maximum aggregate value (i.e. the annual caps) of the GB Sale Transactions shall be revised from: (a) RMB55,000,000 (equivalent to approximately HK\$67,410,000) to RMB80,000,000 (equivalent to approximately HK\$98,050,000) for the year ending 31 December 2011; (b) RMB62,000,000 (equivalent to approximately HK\$75,990,000) to RMB110,000,000 (equivalent to approximately HK\$134,820,000) for the year ending 31 December 2012; and (c) RMB70,000,000 (equivalent to approximately HK\$85,800,000) to RMB150,000,000 (equivalent to approximately HK\$183,850,000) for the year ending 31 December 2013.

Save for (i) the revisions to the annual caps for the GB Purchase Transactions and the GB Sale Transactions for each of the three years ending 31 December 2013; and (ii) the inclusion of the purchase of other ancillary accessories by Wuling Industrial Group from Guilin Bus, which are incidental to the purchase of the mini-buses and amounted to less than HK\$1,000,000 in aggregate for each of the three years ending 31 December 2013, all other terms and conditions of the New Revised GB Trading Agreement (as compared to the Old Revised GB Trading Agreement) remain unchanged.

The Directors confirm that they will closely monitor the GB Trading Transactions and the existing caps of RMB50,000,000 (equivalent to approximately HK\$61,280,000) and RMB55,000,000 (equivalent to approximately HK\$67,410,000) for the GB Purchase Transactions and the GB Sale Transactions respectively for the year ending 31 December 2011 to ensure that such annual caps will not be exceeded before the approval of the Independent Shareholders is sought at the SGM in respect of the New Revised GB Trading Agreement and the respective transactions contemplated thereunder.

It was also set out in the New Revised GB Trading Agreement that Wuling Industrial and Guilin Bus have agreed that:

- a. each GB Trading Transaction will be conducted (i) in the ordinary and usual course of the business of the Group; (ii) on an arm's length basis; and (iii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms to the Group no less favourable than terms available to or from (as appropriate) Independent Third Parties;
- b. the GB Trading Transactions will be reviewed by the independent non-executive Directors and the auditors of the Company annually, and their respective relevant reports, together with information on the GB Trading Transactions, will be set out in the Company's next annual report following the occurrence of the relevant GB Trading Transactions; and
- c. Guilin Bus will provide its relevant records for the auditors of the Company and Wuling Industrial during their course of review of the GB Trading Transactions.

The New Revised GB Trading Agreement, together with the transactions contemplated thereunder (including the GB Trading Transactions), is subject to approval by the Independent Shareholders at the SGM.

Revised Annual Caps for each of the Three Years Ending 31 December 2011, 2012 and 2013

Set out below is a summary of the GB Trading Transactions which took place during each of the three years ended 31 December 2008, 2009 and 2010 and the eight months ended 31 August 2011 between the Group (through Wuling Industrial Group) and Guilin Bus and the proposed revised annual caps in respect of the New Revised GB Trading Agreement for each of the three years ending 31 December 2011, 2012 and 2013:

GB Purchase Transactions

	Year ended			Eight	Proposed revised		
	31 December			months	annual cap for the		
	2008	2009	2010	ended	year ending 31 December		
				31 August	2011	2012	2013
				2011			
RMB'000	25,928	23,496	51,403	48,923	120,000	160,000	220,000
(equivalent to HK\$'000)	30,684	27,806	60,832	59,963	147,080	196,110	269,650
% of increment	-	-	-	-	-	33.3	37.5

GB Sale Transactions

	Year ended 31 December			Eight months ended 31 August	Proposed revised annual cap for the year ending 31 December		
	2008	2009	2010	2011	2011	2012	2013
RMB'000	16,009	42,310	23,189	42,336	80,000	110,000	150,000
(equivalent to HK\$'000)	18,946	50,071	27,443	51,890	98,050	134,820	183,850
% of increment	-	-	-	-	-	37.5	36.4

The basis of the above revised annual caps are determined with reference to the revised business plan formulated between Wuling Industrial and Guilin Bus in response to the increase in the trading volume for the eight months period ended 31 August 2011. The amounts of the above revised annual caps are calculated based on: (a) the historical amounts of the GB Purchase Transactions and the GB Sale Transactions during the eight months ended 31 August 2011 (amounted to approximately RMB48,923,000 (equivalent to approximately HK\$59,963,000) and RMB42,336,000 (equivalent to approximately HK\$51,890,000) respectively); (b) the expected growth in the sales to and purchases from Guilin Bus for each of the three years ending 31 December 2011, 2012 and 2013; and (c) the anticipated inflation in the price of raw materials in each of the three years ending 31 December 2011, 2012 and 2013.

Reasons for the New Revised GB Trading Agreement

Guilin Bus is principally engaged in manufacturing and trading of vehicles, primarily passenger coaches and buses. Liuzhou Wuling, a Substantial Shareholder, is beneficially interested in 70% of the equity interest of Guilin Bus. In this regard, Guilin Bus is a connected person of the Company under the Listing Rules.

The Group, including Wuling Industrial Group, is principally engaged in the business of manufacturing and trading of engines, automotive components and specialised vehicles in the PRC as well as the trading of raw materials, water and power supply services. It is the Group's intention to be engaged in the trading of raw materials and provision of a centralised procurement service in the supply chain to enjoy the benefit of bulk purchases with its customers and suppliers. The Group, through Wuling Industrial Group, would like to supply the parts and raw materials to Guilin Bus for its vehicles production, and in order to further develop and expand its product portfolio and business volume, the Group would also like to act as a sale agent of the vehicles produced by Guilin Bus.

A business plan was formulated between Guilin Bus and Wuling Industrial in relation to the execution of the Old Revised GB Trading Agreement in which the value of the GB Sale Transactions was calculated based on a production forecast provided by Guilin Bus, in particular for the number of the passenger mini-buses expected to be ordered by the customers (primarily Wuling Industrial Group) for each of the three years ending 31 December 2013. Recently, due to: (i) an increase in the orders from the customers (primarily Wuling Industrial Group and in particular for the higher-end model passenger mini-buses)

for the year ending 31 December 2011; (ii) increases of the automotive components and accessories planned to be sourced by Guilin Bus from Wuling Industrial Group; (iii) an increase in the selling prices of a major automotive component sourced by Guilin Bus from the Wuling Industrial Group; and (iv) the anticipated continuous improvement in the sale of the higher-end model passenger mini-buses in the market, Guilin Bus and Wuling Industrial have amended the forecast and have formulated a revised business plan for the GB Sale Transactions.

Meanwhile, as the main sale agent of the passenger mini-buses manufactured by Guilin Bus, in view of the improvement of the sale of the higher-end model passenger mini-buses in the market in the recent months, Wuling Industrial anticipates that the purchases of such mini-buses, especially the higher-end models, from Guilin Bus for each of the three years ending 31 December 2013 will be increased. Accordingly, a revised business plan for the the GB Purchase Transactions has been formulated between Guilin Bus and Wuling Industrial for each of the three years ending 31 December 2013.

It is expected that the existing annual caps for the GB Trading Transactions will not be sufficient for each of the three years ending 31 December 2013. As a result, on 9 September 2011, Wuling Industrial and Guilin Bus entered into the New Revised GB Trading Agreement to revise the existing annual caps for the GB Trading Transactions.

None of the Directors had a material interest in the GB Trading Transactions. The Directors, other than the independent non-executive Directors, who will express their opinion in a separate letter to be included in the Circular after taking into account the advice from Guangdong Securities, consider that the GB Trading Transactions will be conducted in the ordinary and usual course of the business of the Group. In addition, each GB Trading Transactions will be negotiated on an arm's length basis and will be conducted on normal commercial terms or on terms to the Group no less favourable than those available to or from (as appropriate) Independent Third Parties. Therefore, the Directors, other than the independent non-executive Directors, who will express their opinion in a separate letter to be included in the Circular, consider that the terms, including the revised annual caps, of the GB Trading Transactions are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The New Revised GB Trading Agreement

As one of the applicable percentage ratios of the New Revised GB Trading Agreement on an annual basis exceeds 5% and each of the revised annual caps of the GB Trading Transactions under the New Revised GB Trading Agreement is more than HK\$10 million, such transactions constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the Independent Shareholders' approval requirements under Rules 14A.48 to 14A.54 of the Listing Rules and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 to 14A.41 of the Listing Rules.

GENERAL

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the New Revised GB Trading Agreement. Liuzhou Wuling and its associates will abstain from voting at the SGM. All of the independent non-executive Directors do not have any material interests in the GB Trading Transactions.

Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee (which is formed and comprises all independent non-executive Directors) and the Independent Shareholders to consider the terms of the New Revised GB Trading Agreement and the transactions contemplated thereunder. The Circular containing, inter alia, details of the New Revised GB Trading Agreement, and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities in relation to the New Revised GB Trading Agreement will be despatched to the Shareholders on or before 30 September 2011 in accordance with the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Circular”	a circular containing, inter alia, details of the New Revised GB Trading Agreement, and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities in relation to the New Revised GB Trading Agreement to be despatched to the Shareholders
“Company”	Wuling Motors Holdings Limited (五菱汽車集團控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“GB Purchase Transactions”	purchases of passenger mini-buses and its related accessories by Wuling Industrial Group from Guilin Bus which are regarded as continuing connected transactions under the Listing Rules

“GB Sale Transactions”	sales of parts and raw materials by Wuling Industrial Group to Guilin Bus which are regarded as continuing connected transactions under the Listing Rules
“GB Trading Transactions”	the GB Purchase Transactions and the GB Sale Transactions
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities); type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Revised GB Trading Agreement
“Guilin Bus”	桂林客車發展有限公司 (Guilin Bus Development Co., Ltd.*), a company established in the PRC of which Liuzhou Wuling is beneficially interested in 70% of its total issued share capital
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company which is formed to consider the terms of the New Revised GB Trading Agreement (together with the respective transactions contemplated thereunder)
“Independent Shareholders”	Shareholders other than Liuzhou Wuling and its associates
“Independent Third Parties”	persons or entities who/which are not connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Wuling”	柳州五菱汽車有限責任公司 (Liuzhou Wuling Motors Company Limited*), a wholly state-owned limited enterprise established in the PRC and the Substantial Shareholder which is beneficially interested in approximately 37.05% of the total issued share capital of the Company

“New Revised GB Trading Agreement”	the conditional agreement dated 9 September 2011 entered into between Wuling Industrial and Guilin Bus in relation to the GB Trading Transactions to replace the Old Revised GB Trading Agreement
“Old Revised GB Trading Agreement”	the agreement dated 31 January 2011 entered into between Wuling Industrial and Guilin Bus in relation to the GB Trading Transactions
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	special general meeting of the Company to be held to approve the New Revised GB Trading Agreement and the respective transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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 subsidiary of the Company
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries

Conversion of RMB into Hong Kong dollars are, based on the exchange rate of RMB1 to HK\$1.22566, for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

By Order of the Board
Sun Shaoli
Chairman

Hong Kong, 9 September 2011

As at the date of this announcement, the Board comprises Mr. Sun Shaoli (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Wei Hongwen, Mr. Zhong Xianhua, Ms. Liu Yaling and Mr. Zhou Sheji as executive Directors, and Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang as independent non-executive Directors.

** For identification purpose only*