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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Wuling Motors Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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Terms used in this cover shall have the same meaning as defined in this circular.

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee is set out on page 11 of this circular. A letter from Guangdong Securities, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 12 to 18 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Monday, 17 October 2011 at Unit 2805-06, 28th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 26 to 27 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“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
“Director(s)”	the director(s) 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

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## DEFINITIONS

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“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 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
“Latest Practicable Date”	27 September 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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 a 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

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	special general meeting of the Company to be held at 11:00 a.m. Monday, 17 October 2011 at Unit 2805-06, 28th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Hong Kong to approve the New Revised GB Trading Agreement and the 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
“%”	percent.

*In this circular, unless otherwise specified, amounts in RMB are converted to HK\$ at the conversion rate of HK\$1.22566 = RMB1 for illustration only. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at such rate or any other rates.*

\* For identification purpose only

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LETTER FROM THE BOARD

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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)*

*Executive Directors:*

Mr. Sun Shaoli (*Chairman*)  
Mr. Lee Shing (*Vice-chairman and CEO*)  
Mr. Wei Hongwen  
Mr. Zhong Xianhua  
Ms. Liu Yaling  
Mr. Zhou Sheji

*Independent non-executive Directors:*

Mr. Yu Xiumin  
Mr. Zuo Duofu  
Mr. Ye Xiang

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Head office and principal place of  
business in Hong Kong:*

Unit 2805-06  
28th Floor  
Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

29 September 2011

*To the Shareholders, and for information only, holders of options of the Company  
and holders of convertible notes issued by the Company*

Dear Sir or Madam,

**REVISED ANNUAL CAPS FOR  
CONTINUING CONNECTED TRANSACTIONS –  
GB TRADING TRANSACTIONS**

**1. INTRODUCTION**

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. Reference is also made to the announcement of the Company dated 9 September 2011. 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.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) details of the New Revised GB Trading Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in relation to the New Revised GB Trading Agreement; (iii) the letter of advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders containing its advice and recommendations on the New Revised GB Trading Agreement; and (iv) the notice of the SGM.

### 2. THE NEW 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 million (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 revision 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 transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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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 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 to 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.

### 3. REVISED ANNUAL CAPS

Set out below is a summary of the GB Trading Transactions which took place during each of the three years ended 31 December 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 2013:

#### (i) GB Purchase 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	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



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## LETTER FROM THE BOARD

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### (ii) GB Sale Transactions

	Year ended 31 December			Eight months ended 31 August 2011	Proposed Revised Annual Cap for the year ending 31 December		
	2008	2009	2010		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 2013; and (c) the anticipated inflation in the price of raw materials in each of the three years ending 31 December 2013.

#### 4. 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 specialized 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 centralized 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. The payment terms of the GB Trading Transactions range from 90 to 180 days from the date of invoices.

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## LETTER FROM THE BOARD

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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) increase 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 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 GB Purchase Transactions has been formulated between Guilin Bus and Wuling Industrial.

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 consider that the GB Trading Transactions will be conducted in the ordinary and usual course of 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 consider that the terms of the GB Trading Transactions (including the revised annual caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### **5. LISTING RULES IMPLICATIONS**

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. Liuzhou Wuling and its associates will abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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### 6. THE SGM

A notice convening the SGM to be held at 11:00 a.m. on Monday, 17 October 2011 at Unit 2805-06, 28th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the New Revised GB Trading Agreement and the transactions contemplated thereunder, is set out on pages 26 to 27 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

The ordinary resolution as set out in the notice of the SGM will be put to the vote of the Independent Shareholders by poll. An announcement will be made by the Company following the conclusion of the SGM.

### 7. RECOMMENDATIONS

The Directors consider that the terms of the New Revised GB Trading Agreement (including the annual caps for the transactions contemplated thereunder) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the New Revised GB Trading Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang, being all independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the New Revised GB Trading Agreement, including the annual caps for the transactions contemplated thereunder, and as to how to vote at the SGM. Guangdong Securities has been appointed to give its advice and recommendations to the Independent Board Committee and the Independent Shareholders in this regard. The respective letters from the Independent Board Committee and Guangdong Securities are set out on page 11 and pages 12 to 18 of this circular respectively. You are advised to read the letters carefully before making your voting decision.

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## LETTER FROM THE BOARD

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The Independent Board Committee, after taking into account the advice and recommendations of Guangdong Securities, consider that the terms of the New Revised GB Trading Agreement, including the annual caps for the transactions contemplated thereunder, are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the New Revised GB Trading Agreement and the transactions contemplated thereunder.

### **8. ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information on the Group set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**Wuling Motors Holdings Limited**  
**Sun Shaoli**  
*Chairman*



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)*

29 September 2011

*To the Independent Shareholders*

Dear Sir or Madam,

**REVISED ANNUAL CAPS FOR  
CONTINUING CONNECTED TRANSACTIONS –  
GB TRADING TRANSACTIONS**

We refer to the circular of the Company dated 29 September 2011 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the terms of the New Revised GB Trading Agreement, the transactions contemplated thereunder and the proposed annual caps of the GB Trading Transactions, details of which are set out in the letter from the Board contained in the Circular. Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard. Details of the advice and recommendations of Guangdong Securities, together with the principal factors and reasons taken into consideration by Guangdong Securities in arriving at its advice and recommendations, are set out in the letter from Guangdong Securities on pages 12 to 18 of the Circular.

Having taken into account the terms of the New Revised GB Trading Agreement and the transactions contemplated thereunder, and the advice and recommendations of Guangdong Securities, we are of the opinion that the terms of the New Revised GB Trading Agreement, including the annual caps for the transactions contemplated thereunder, are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the New Revised GB Trading Agreement, including the annual caps for the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the

**Independent Board Committee**

**Yu Xiumin**

**Zuo Duofu**

**Ye Xiang**

*Independent non-executive Directors*

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## LETTER FROM GUANGDONG SECURITIES

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*Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the New Revised GB Trading Agreement (together with the Revised GB Annual Caps, as being defined in this letter), and the respective transactions contemplated thereunder for the purpose of inclusion in this circular.*



Units 2505-06, 25/F.  
Low Block of Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

29 September 2011

*To: The independent board committee and the independent shareholders  
of Wuling Motors Holdings Limited*

Dear Sirs,

### **REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS – GB TRADING TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Revised GB Trading Agreement (together with its revised annual caps, the “**Revised GB Annual Caps**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 29 September 2011 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, 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 (the “**Existing Caps**”) 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.

Since Liuzhou Wuling, being a Substantial Shareholder, is beneficially interested in 70% of the equity interest of Guilin Bus, Guilin Bus is a connected person of the Company under the Listing Rules. In addition, 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

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## LETTER FROM GUANGDONG SECURITIES

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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.

An Independent Board Committee comprising Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the New Revised GB Trading Agreement (together with the Revised GB Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the GB Trading Transactions are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant ordinary resolution to approve the New Revised GB Trading Agreement (together with the Revised GB Annual Caps) and the respective transactions contemplated thereunder at the SGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in all these respects.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Wuling Industrial, Liuzhou Wuling, Guilin Bus or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the New Revised GB Trading Agreement (together with the Revised GB Annual Caps). Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as the Latest Practicable Date.

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## LETTER FROM GUANGDONG SECURITIES

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Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in the letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the New Revised GB Trading Agreement and the Revised GB Annual Caps, we have taken into consideration the following principal factors and reasons:

#### **(1) Background of the GB Trading Transactions**

With reference to the Board Letter, the Group, including Wuling Industrial Group, is principally engaged in the business of manufacturing and trading of engines, automotive components and specialized 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 centralized 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 the Group's product portfolio and business volume, the Group would also like to act as a sale agent of the vehicles produced by Guilin Bus.

With reference to the Board Letter, Guilin Bus is principally engaged in manufacturing and trading of vehicles, primarily passenger coaches and buses.

On 2 July 2008, Wuling Industrial and Guilin Bus entered into an agreement (as revised by a revised agreement dated 15 October 2008) in relation to the GB Trading Transactions for a term of three years from 1 January 2008 to 31 December 2010 (the "**GB Trading Agreement**"). After the expiration of the GB Trading Agreement on 31 December 2010, Wuling Industrial and Guilin Bus entered into the Old Revised GB Trading Agreement on 31 January 2011 for a term of three years from 1 January 2011 to 31 December 2013.

Due to the increase in the sale and purchase volume of Guilin Bus, it is expected that the Existing Caps 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 each of the three years ending 31 December 2013, to replace the Old Revised GB Trading Agreement.



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## LETTER FROM GUANGDONG SECURITIES

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### (2) Reasons for the Revised GB Trading Transactions

As mentioned under the section headed “Background of the GB Trading Transactions” above, 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 the Group’s product portfolio and business volume, the Group would also like to act as a sale agent of the vehicles produced by Guilin Bus.

With reference to the Board Letter, 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 (the “**Revised GB Sale 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 (the “**Revised GB Purchase Business Plan**”) for 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 Caps for the GB Trading Transactions.

Based on the above reasons for the GB Trading Transactions, we concur with the Directors that the GB Trading Transactions (consisting both the GB Purchase Transactions and the GB Sale Transactions) are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM GUANGDONG SECURITIES

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### (3) Principal terms of the New Revised GB Trading Agreement

The table below summarises the major terms of the New Revised GB Trading Agreement dated 9 September 2011:

	<b>The GB Purchase Transactions</b>	<b>The GB Sale Transactions</b>
<b>Effective period:</b>	From 1 January 2011 to 31 December 2013 (both days inclusive)	From 1 January 2011 to 31 December 2013 (both days inclusive)
<b>Seller:</b>	Guilin Bus	The Wuling Industrial Group
<b>Purchaser:</b>	The Wuling Industrial Group	Guilin Bus
<b>Subject of the transaction:</b>	Passenger mini-buses and its related accessories	Parts and raw materials

Besides the terms as outlined above, we have also reviewed the other major terms of the New Revised GB Trading Agreement and are not aware of any other major terms which are unusual. Moreover, for our due diligence purpose, we have requested the Company to provide us with copies of sample of trading agreements which were entered into between the Wuling Industrial Group and other Independent Third Parties (the “**Other Wuling Trading Agreements**”). We noted from such copies that the terms and conditions of the New Revised GB Trading Agreement are similar to those as contained in the Other Wuling Trading Agreements. As also stipulated under the Revised GB Trading Agreement and confirmed by the Directors, each of the GB Trading Transactions will be conducted on an arm’s length basis and will be 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 being no less favourable than terms available to or from (as appropriate) Independent Third Parties. In light of all of the foregoing, we concur with the Directors that the terms of the Revised GB Trading Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### (4) The Revised GB Annual Caps

The table below shows the Revised GB Annual Caps for the three years ending 31 December 2013:

	<b>Year ending 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<b>The GB Purchase Transactions</b>	120 million	160 million	220 million
<b>The GB Sale Transactions</b>	80 million	110 million	150 million

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## LETTER FROM GUANGDONG SECURITIES

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With reference to the Board Letter, the Revised GB Annual Caps are determined with reference to the Revised GB Sale Business Plan and the Revised GB Purchase Business Plan in response to the increase in the trading volume for the eight months period ended 31 August 2011. The amounts of the Revised GB 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) (the Existing Caps for the year ending 31 December 2011 for the GB Purchase Transactions and the GB Sale Transactions are RMB50,000,000 (equivalent to approximately HK\$61,283,000) and RMB55,000,000 (equivalent to approximately HK\$67,411,300) respectively); (b) the expected growth in the sales to and purchases from Guilin Bus for each of the three years ending 31 December 2013; and (c) the anticipated inflation in the price of raw materials in each of the three years ending 31 December 2013.

In assessing the fairness and reasonableness of the Revised GB Annual Caps, we have discussed with the Directors and were given to understand that Guilin Bus would like to source parts and raw materials from the Wuling Industrial Group for the production of passenger mini-buses; while the Wuling Industrial Group would like to act as a sale agent of the passenger mini-buses produced by Guilin Bus. In addition, we have further requested and obtained the Revised GB Purchase Business Plan and the Revised GB Sale Business Plan from the Company to substantiate the expected growth in the sales and purchase of Guilin Bus in the coming three years ending 31 December 2013.

Principal assumptions of the Revised GB Purchase Business Plan include: (i) increase in the unit price of passenger mini-buses, primarily due to the increasing orders for higher-end model passenger mini-buses by end customers, which trend is expected to continue; (ii) increase in historical amount of the Revised GB Purchase Transactions in recent months which is expected to sustain; (iii) the anticipated continuous improvement in the sale of the higher-end model passenger mini-buses by Guilin Bus in the market, as derived from the trend of growth in recent months; and (iv) a contingent buffer for an increase in the unit price resulting from the inflationary pressure in the PRC economy.

Principal assumptions of the Revised GB Sale Business Plan include: (i) increase in the unit price of parts and raw materials, primarily due to the increase in the production of higher-end model passengers by Guilin Bus (as abovementioned), which trend is expected to continue; (ii) increase in types of parts and raw materials to be sold to Guilin Bus; (iii) increase in historical amount of the Revised GB Sale Transactions in recent months which is expected to sustain; (iv) the anticipated continuous improvement in the sale of the higher-end model passenger mini-buses by Guilin Bus in the market, as derived from the trend of growth in recent months; and (v) a contingent buffer for an increase in the unit price resulting from the inflationary pressure in the PRC economy.

Upon discussion with the Directors regarding the above principal assumptions of the Revised GB Purchase Business Plan and the Revised GB Sale Business Plan respectively (the “**Assumptions**”), we concur with the Directors’ view that the Assumptions are reasonable.

Having considered the above basis and assumptions for determining the Revised GB Annual Caps, we consider that the Revised GB Annual Caps for each of the three years ending 31 December 2013 are justifiable.

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## LETTER FROM GUANGDONG SECURITIES

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Shareholders should note that as the Revised GB Annual Caps are relating to future events and are estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2013, and they do not represent forecasts of revenue nor purchase to be generated from the GB Trading Transactions. Consequently, we express no opinion as to how closely the actual revenue or purchase to be generated under the GB Trading Transactions will correspond with the Revised GB Annual Caps.

### (5) Listing Rules implication

Under the New Revised GB Trading Agreement and as confirmed by the Directors, 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 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. Given also the relevant requirements for continuing connected transactions pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the New Revised GB Trading Agreement (including the Revised GB Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the terms of the New Revised GB Trading Agreement (together with the Revised GB Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the GB Trading Transactions are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the SGM to approve the New Revised GB Trading Agreement (together with the Revised GB Annual Caps), and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Guangdong Securities Limited**  
**Graham Lam**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (I) Directors and chief executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company held any interest or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange:

#### *Long positions in respect of the Shares:*

Name of Directors	Capacity	Number of Shares held	Approximate %
			of the issued share capital
Mr. Lee Shing	Held by controlled corporation ( <i>Note 1</i> )	281,622,914	24.06%
Mr. Zhou Sheji	Held by controlled corporation ( <i>Note 2</i> )	44,770,000	3.83%

#### *Notes:*

- (1) The 281,622,914 Shares are currently held by Dragon Hill Development Limited (“**Dragon Hill**”), a company wholly owned by Mr. Lee Shing.
- (2) The 44,770,000 Shares are owned by Gao Bao Development Limited, a company wholly owned by Mr. Zhou Sheji.

***Long positions in respect of the outstanding options granted by the Company (“Options”)  
(Note):***

(Note: As at the Latest Practicable Date, the outstanding Options carried rights to subscribe for an aggregate of 72,092,046 Shares pursuant to the share option scheme adopted by the Company which was approved by the Shareholders on 11 June 2002, amongst which (i) Options carrying subscription rights to subscribe for a total of 35,154,274 Shares are currently exercisable up to the expiry date on 31 December 2012; and (ii) Options carrying subscription rights to subscribe for a total of 36,937,772 Shares will be exercisable during the period up to the expiry date on 31 December 2013.)

Name of Directors	Capacity	Number of options held	Exercise period	Price of grant	Subscription price per Share
Mr. Sun Shaoli	Beneficial Owner	906,818	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		906,818	From 21 January 2011 to 31 December 2013		
		1,813,636			
Mr. Lee Shing	Beneficial Owner	906,818	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		906,818	From 21 January 2011 to 31 December 2013		
		1,813,636			
	Family interest (Note)	352,651	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		352,651	From 21 January 2011 to 31 December 2013		
		705,302			
Mr. Wei Hongwen	Beneficial Owner	806,060	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		806,060	From 21 January 2011 to 31 December 2013		
		1,612,120			
Mr. Zhong Xianhua	Beneficial Owner	705,303	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		705,303	From 21 January 2011 to 31 December 2013		
		1,410,606			

Name of Directors	Capacity	Number of options granted	Exercise period	Price of grant	Subscription price per Share
Ms. Liu Yaling	Beneficial Owner	806,060	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		806,060	From 21 January 2011 to 31 December 2013		
		1,612,120			
Mr. Zhuo Sheji	Beneficial Owner	705,303	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		705,303	From 21 January 2011 to 31 December 2013		
		1,410,606			
Mr. Yu Xiumin	Beneficial Owner	604,545	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		604,545	From 21 January 2011 to 31 December 2013		
		1,209,090			
Mr. Zuo Duofu	Beneficial Owner	604,545	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		604,545	From 21 January 2011 to 31 December 2013		
		1,209,090			
Mr. Ye Xiang	Beneficial Owner	604,545	From 21 January 2010 to 31 December 2012	HK\$1	HK\$1.062
		604,545	From 21 January 2011 to 31 December 2013		
		1,209,090			

*Note:* The 705,302 Options are held by the spouse of Mr. Lee Shing.

**(II) Substantial Shareholders**

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, no other persons had an interest or short positions in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital:

***Long Positions***

Name of Shareholders	Capacity	Nature of interest	Number of ordinary shares	Approximate % of the issued share capital
Dragon Hill (Note 1)	Beneficial Owner	Corporate	281,622,914	24.06%
Wuling (Hong Kong) Holdings Limited (“Wuling HK”) (Notes 2 and 3)	Beneficial Owner	Corporate	433,651,975	37.05%
		Unlisted derivatives	136,986,300	11.69%
		Total	570,638,275	48.74%
Wuling Motors (Hong Kong) Interest in Company Limited (“Wuling Motors”) (Notes 2 and 3)	controlled corporation	Corporate	433,651,975	37.05%
		Unlisted derivatives	136,986,300	11.69%
		Total	570,638,275	48.74%
Liuzhou Wuling Motors Company Limited (“Liuzhou Wuling”) (Notes 2 and 3)	Interest in controlled corporation	Corporate	433,651,975	37.05%
		Unlisted derivatives	136,986,300	11.69%
		Total	570,638,975	48.74%

***Notes:***

- (1) The entire issued share capital of Dragon Hill is legally and beneficially owned by Mr. Lee Shing, an executive Director. Accordingly, this parcel of shares of the Company has also been disclosed as long position of Mr. Lee under the above section.
- (2) The entire issued share capital of Wuling HK is held by Wuling Motors, whereas the entire issued share capital of Wuling Motors is held by Liuzhou Wuling. Accordingly, Wuling Motors and Liuzhou Wuling are deemed to be interested in the Shares held by Wuling HK under the SFO.
- (3) The unlisted derivatives referred to 136,986,300 Shares issuable to Wuling HK upon exercise in full of the conversion rights attached to the Existing Convertible Notes with a principal amount of HK\$100,000,000 at the existing conversion price of HK\$0.73 per Share (subject to adjustments).



### 3. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had service contract with the Company or any of its subsidiaries or associated companies which are not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 4. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

A subsidiary of the Company entered into a lease agreement with an associate of Mr. Lee Shing, an executive Director, in July 2010 for the leasing of a warehouse for keeping the old records of the Group for three years commencing from 1 August 2010 at a monthly rental of HK\$9,200. Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any interest in any assets which had been since 31 December 2010 (being the date to which the latest published accounts of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

### 5. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published consolidated audited financial statements of the Company were made up.

### 6. COMPETING INTEREST

As at the Latest Practicable Date:

- (i) Mr. Lee Shing, an executive Director, is also a director and a substantial shareholder of Shandong Jun Shan Automobile Company Limited (山東俊山汽車有限公司) (“Shandong JS”), a company formed in October 2009 in the PRC with principal business scopes being the design, trading and manufacturing of automotive components, engines, and other mould and tool parts. Since its formation and up to the Latest Practicable Date, Shandong JS has not yet commenced operation and it is expected that its operation will not commence in this year. There may be a possibility that the business of Shandong JS will compete with that of the Group in the future when Shandong JS commences operation.

The Directors are satisfied that the Group functions independently of and on arm's lengths basis from Shandong JS on the basis that the majority of the executive Directors, the senior management and operations of the Group are independent of those of Shandong JS. Other than the common director, Mr. Lee, there is no overlap of management personnel for the operations within the Group and Shandong JS. In addition, Mr. Lee also confirmed that he will abstain from voting in the relevant board of directors' meeting if there is any potential conflict of interests.

- (ii) Mr. Wei Hongwen, an executive Director, is also a director of SAIC-GM-Wuling Automobile Co., Ltd (“SGMW”). SGMW is principally engaged in the manufacturing and trading businesses of motor vehicles and engines, which may have direct or indirect competition to the businesses of the Group. Although Mr. Wei is taken to have competing interests in SGMW by virtue of his common directorships, he will fulfil his fiduciary duty in order to ensure that he will act in the best interest of the Shareholders and the Company as a whole at all times. Besides, as SGMW is operated and managed under a publicly listed company with independent management and administration, the Directors are satisfied that the Group is capable of carrying its businesses independently of, and at arm’s lengths basis from, the businesses of SGMW.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Company.

## 7. EXPERT AND CONSENT

- (a) The following are the qualifications of the expert who has given its advice and recommendation which are included in this circular:

<b>Name</b>	<b>Qualification</b>
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 under the SFO

- (b) As at the Latest Practicable Date, Guangdong Securities did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter to the Independent Board Committee and the Independent Shareholders and references to its name in the form and context in which they are included in this circular.
- (d) As at the Latest Practicable Date, Guangdong Securities did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2010, being the date to which the latest published consolidated audited financial statements of the Group were made up.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the principal place of business of the Company in Hong Kong at Unit 2805-06, 28th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM of the Company to be held on 17 October 2011.

- (i) the New Revised GB Trading Agreement;
- (ii) all the agreements/contracts referred to in this circular;
- (iii) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (iv) the letter from Guangdong Securities, the text of which is set out on pages 12 to 18 of this circular; and
- (v) the written consent of Guangdong Securities referred to under the section headed “Expert and consent” in this appendix.

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NOTICE OF SGM

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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)*

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Wuling Motors Holdings Limited (the “Company”) will be held at Unit 2805-06, 28th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, at 11:00 a.m. on Monday, 17 October 2011, for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the New Revised GB Trading Agreement (copy of which has been produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder and the proposed revised annual caps of the GB Trading Transactions be and are hereby approved, confirmed and ratified; and
- (b) the Board be and is hereby authorized to take all such actions as it considers necessary or desirable to implement and give effect to the New Revised GB Trading Agreement and the transactions contemplated thereunder.

For the purposes of this resolution, the term “New Revised GB Trading Agreement” and “GB Trading Transactions” shall have the same definition as defined in the circular to the Shareholders of the Company dated 29 September 2011.”

By Order of the Board  
**Wuling Motors Holdings Limited**  
**Sun Shaoli**  
*Chairman*

Hong Kong, 29 September 2011

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## NOTICE OF SGM

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*As at the date of this notice, 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.*

*Notes:*

1. Any member entitled to attend and vote at the SGM (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and, in the event of poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM (or at any adjournment thereof). Completion and return of the forms of proxy will not preclude a member from attending the SGM and voting in person if he so wishes. In this event that a member attends the SGM after having lodged his form of proxy, his form of proxy will be deemed to have been revoked.
3. In the case of joint holders of Shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
4. Shareholders are advised to read the circular to the shareholders of the Company dated 29 September 2011 which contains information concerning the resolution to be proposed in this notice.
5. The ordinary resolution to be proposed at the SGM shall be decided by way of poll.