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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)

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
CAPITAL INCREASE IN WULING INDUSTRIAL
(2) CONNECTED TRANSACTION IN RELATION TO
ISSUE OF CONVERTIBLE NOTES UNDER SPECIAL MANDATE
AND
(3) PROPOSED PLACING OF CONVERTIBLE NOTES
UNDER SPECIAL MANDATE**

Arranger



Joint Placing Agents



CAPITAL INCREASE IN WULING INDUSTRIAL

The Board is pleased to announce that, on 13 October 2016 (after trading hours), the Company entered into the Capital Increase Agreement with Guangxi Automobile and Wuling Industrial pursuant to which the Company conditionally agreed to contribute an additional sum of RMB590,000,000 (equivalent to approximately HK\$686,170,000) in cash for the Capital Increase in two instalments, of which RMB279,601,173 (equivalent to approximately HK\$325,176,200) will be contributed to the registered capital of Wuling Industrial and RMB310,398,827 (equivalent to approximately HK\$360,993,800) will be contributed to the capital reserves of Wuling Industrial. Upon completion of the Capital Increase, the registered capital of Wuling Industrial will be increased by approximately 26.82% and the Company's equity interest in Wuling Industrial on an enlarged basis will be increased by approximately 9.55% to approximately 64.41% and the remaining 35.59% will be owned by Guangxi Automobile.

ISSUE OF CONVERTIBLE NOTES A UNDER SPECIAL MANDATE

For the purpose of funding the First Instalment, on 13 October 2016 (after trading hours), the Company and Wuling HK entered into the Subscription Agreement pursuant to which the Company conditionally agreed to issue, and Wuling HK conditionally agreed to subscribe for, the Convertible Notes A in the aggregate principal amount of HK\$400,000,000. Pursuant to the terms of the Subscription Agreement, the consideration in the amount of HK\$400,000,000 for the Subscription shall be satisfied in cash.

PLACING OF CONVERTIBLE NOTES B UNDER SPECIAL MANDATE

For the purpose of funding the Second Instalment, on 13 October 2016 (after trading hours), the Company entered into the Placing Agreement with the Arranger (namely, China Industrial Securities International Capital Limited) as the exclusive arranger and one of the joint placing agents, and Essence International Securities (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited and CCB International Capital Limited as the joint placing agents, for the purpose of procuring subscribers, on a best efforts basis, to subscribe for, and the Company has conditionally agreed to issue, the Convertible Notes B in the aggregate principal amount of up to HK\$300,000,000.

Based on the initial Conversion Price of HK\$0.70 per Share (subject to adjustment), a maximum of 571,428,571 Conversion Shares A and 428,571,429 Convertible Shares B will be allotted and issued upon exercise of the Conversion Rights in full, respectively, which in aggregate represent (i) approximately 54.47% of the total number of Shares in issue of the Company as at the date of this announcement; and (ii) approximately 35.26% of the total number of Shares in issue of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights in full.

Assuming and upon completion of the Subscription and the Placing and the Convertible Notes B are subscribed in full, the aggregate gross proceeds from the Subscription and the Placing shall be HK\$700,000,000 and the aggregate net proceeds from the Subscription and the Placing are estimated to be approximately HK\$690,000,000. The Company intends to utilise the net proceeds for the purposes as disclosed in the paragraph headed “Reasons for the Issue of Convertible Notes and the Placing and the Use of Proceeds” in this announcement.

SPECIAL MANDATE

The issue of the Conversion Shares will be made under the Special Mandate to be sought from the Shareholders at the SGM.

LISTING RULES IMPLICATIONS

As the aggregate applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Capital Increase are more than 25% but less than 100%, the Capital Increase constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules.

As at the date of this announcement, Guangxi Automobile is the ultimate holding company of Wuling HK which holds 1,028,846,806 Shares, representing approximately 56.04% of the total number of Shares in issue of the Company. Guangxi Automobile and Wuling HK are regarded as connected persons of the Company under the Listing Rules. In addition, Guangxi Automobile owns approximately 45.14% equity interests in Wuling Industrial, a direct non-wholly owned subsidiary of the Company. Therefore, Wuling Industrial is also regarded as a connected subsidiary of the Company under the Listing Rules. Accordingly, the Capital Increase and the Subscription constitute connected transactions for the Company.

The Capital Increase, as a major and connected transaction of the Company, is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14 and Chapter 14A of the Listing Rules. The Subscription, as a connected transaction of the Company, is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14A of the Listing Rules.

GENERAL

In view of their interests in the Capital Increase Agreement and the Subscription Agreement, Guangxi Automobile, Wuling Industrial, Wuling HK and their respective associates will abstain from voting on the resolutions in relation to the Capital Increase and the Subscription at the SGM.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the Capital Increase and the Subscription. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Capital Increase, the Subscription and the Placing; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the Capital Increase and the Subscription; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the Capital Increase and the Subscription; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 3 November 2016.

Shareholders and potential investors should note that completion of each of the Capital Increase, the Subscription and the Placing is subject to satisfaction of certain conditions precedent and the Capital Increase, the Subscription and the Placing may or may not complete. Shareholders and potential investors are therefore reminded to exercise caution when dealings in the Shares and any other securities of the Company.

1. CAPITAL INCREASE IN WULING INDUSTRIAL

1.1 The Capital Increase Agreement

The Board is pleased to announce that, on 13 October 2016 (after trading hours), the Company entered into the Capital Increase Agreement with Guangxi Automobile and Wuling Industrial, details of which are set out below.

Date:

13 October 2016 (after trading hours)

Parties to the Capital Increase Agreement:

- a. the Company;
- b. Guangxi Automobile; and
- c. Wuling Industrial.

As at the date of this announcement, Guangxi Automobile indirectly owns all issued shares of Wuling HK, the controlling Shareholder which is currently interested in approximately 56.04% of the total number of Shares in issue of the Company. Further, as at the date of this announcement, Guangxi Automobile owns approximately 45.14% equity interest in Wuling Industrial, a direct non-wholly owned subsidiary of the Company. Accordingly, Guangxi Automobile, Wuling HK and Wuling Industrial are connected persons of the Company under the Listing Rules.

The Capital Increase and payment terms:

The existing registered capital of Wuling Industrial, a limited company established in the PRC, is currently owned as to approximately 54.86% by the Company and as to approximately 45.14% by Guangxi Automobile. Pursuant to the Capital Increase Agreement, the Company conditionally agreed to contribute an additional sum of RMB590,000,000 (equivalent to approximately HK\$686,170,000) in cash for the Capital Increase, of which RMB279,601,173 (equivalent to approximately HK\$325,176,200) will be contributed to the registered capital of Wuling Industrial and the remaining balance of RMB310,398,827 (equivalent to approximately HK\$360,993,800) will be contributed to the capital reserves of Wuling Industrial. The Capital Increase will be contributed by the Company in two instalments, namely, the First Instalment and the Second Instalment.

Subject to fulfilment of the conditions precedent to the Capital Increase, the First Instalment in the sum of RMB340,000,000 (equivalent to approximately HK\$395,420,000) in cash will be paid by the Company to Wuling Industrial within 10 Business Days upon completion of the Subscription or such later date as the parties to the Capital Increase Agreement may otherwise agree and the Second Instalment in the sum of RMB250,000,000 (equivalent to approximately HK\$290,750,000) in cash will be paid by the Company to Wuling Industrial before 31 December 2017.

As Guangxi Automobile will not make additional contribution to Wuling Industrial, the capital injection by the Company is on a non pro-rata basis. As a result of the Capital Increase, the registered capital of Wuling Industrial will be increased by RMB279,601,173 (equivalent to approximately HK\$325,176,200) from RMB1,042,580,646 (equivalent to approximately HK\$1,212,521,300) to RMB1,322,181,819 (equivalent to approximately HK\$1,537,697,500). Upon completion of the Capital Increase, the registered capital of Wuling Industrial will be increased by approximately 26.82% and the Company's equity interest in Wuling Industrial on an enlarged basis will be increased by approximately 9.55% to approximately 64.41% and the remaining 35.59% will be owned by Guangxi Automobile.

The basis of the determination of the increase in the registered capital of Wuling Industrial from the Capital Increase was arrived at after arm's length negotiation between the Company and Guangxi Automobile with reference to an agreed valuation of RMB2,200,000,000 (equivalent to approximately HK\$2,558,600,000) of Wuling Industrial, which was determined in accordance with the indicative market value of Wuling Industrial as of 30 June 2016 based on a preliminary valuation report issued by BMI Appraisals Limited, an independent valuer on 13 October 2016.

The Company intends to utilize (i) RMB340,000,000 (equivalent to approximately HK\$395,420,000); and (ii) RMB250,000,000 (equivalent to approximately HK\$290,750,000) out of the net proceeds from the issue of the Convertible Notes for settlement of the First Instalment and the Second Instalment.

Conditions Precedent of the Capital Increase:

The Capital Increase Agreement is conditional upon the following conditions precedent:

- (a) all permissions and approvals in respect of the Capital Increase having been obtained from Guangxi SASAC and Guangxi Department of Commerce;
- (b) the Capital Increase Agreement, the amended and restated articles of association of Wuling Industrial and all the necessary documents having been signed;
- (c) the Capital Increase having been unanimously approved by the board of directors of Wuling Industrial;
- (d) the passing of a resolution to approve the Capital Increase Agreement and the transactions contemplated thereunder at the SGM by the Independent Shareholders;
- (e) the Subscription having been completed in accordance with the terms of the Subscription Agreement; and
- (f) the final valuation of Wuling Industrial as at 30 June 2016 as assessed by the valuer approved by the Company and Guangxi Automobile BMI Appraisals Limited would be no less than RMB2,200,000,000.

None of the conditions precedent can be waived. If the conditions precedent are not satisfied in full on or before 31 December 2016 or such later date as the parties to the Capital Increase Agreement may otherwise agree, the Capital Increase Agreement will lapse, and none of the parties thereto shall have any claim against the others in respect of the Capital Increase Agreement and the transactions contemplated thereunder.

Others:

Subject to applicable PRC laws and regulations, each of the Company and Guangxi Automobile may transfer all or part of its equity interest in, and contribution to the registered and paid up capital of, Wuling Industrial to the other or to any third party(ies). Each of the Company and Guangxi Automobile will have the first right of refusal to acquire the other's equity interest in, and contribution to the registered and paid up capital of, Wuling Industrial in the event of any proposed transfer by the other party.

1.2 Reasons For the Capital Increase

The Company, through Wuling Industrial and its subsidiaries, is principally engaged in manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles and the trading of raw materials, water and power supply services in the PRC.

Wuling Industrial and its subsidiaries are the only operating subsidiaries of the Company that are engaged in the principal activities of the Group. For the six months ended 30 June 2016 and the financial year ended 31 December 2015, Wuling Industrial's turnover accounted for the entire turnover of the Group, except for the property rental income of RMB125,000 (equivalent to approximately HK\$145,380) recorded for the financial year ended 31 December 2015. As disclosed in the chairman's statement of the annual report of the Company for the financial year ended 31 December 2015 (the "**2015 Annual Report**"), as the controlling shareholder of Wuling Industrial, the Group will implement appropriate financing strategies in a timely manner to provide funding for the development of Wuling Industrial, including utilizing the fund raising platform of the Company as a listed company. To keep pace with the customer demands and the shifting of the Group's focus to high value-added products, the Group, via Wuling Industrial, is proceeding with various projects in terms of the establishment of new production facilities, construction and installation of plant and machinery, as well as the research and development of new products. The Group will also commit to major technology enhancement projects and equity investment projects.

The Capital Increase will increase the Company's shareholding interest in Wuling Industrial, strengthen the financial position of the Wuling Industrial and provide funding for the Wuling Industrial Group's various expansion and enhancement projects including technical re-engineering projects, business expansion programs, capacity expansion programs, technical capacity strengthening programs and upgrading and integration programs. Details of the various programs undertaken by the Group, via Wuling Industrial, are set out in the 2015 Annual Report, the interim report of the Company for the six months ended 30 June 2016 (the "**2016 Interim Report**") and the announcement published by the Company dated 23 May 2016.

On 23 May 2016, the Company made an announcement on the progress of the establishment of the Group's first overseas production base located in Indonesia (the "**Indonesian Production Base**") as mentioned in the chairman's statement of the 2015 Annual Report ("**2015 Chairman's Statements**") and the "Messages from the Board of Directors" in the 2016 Interim Report.

As mentioned in the 2015 Chairman's Statement and the "Messages from the Board of Directors" in the 2016 Interim Report, over the past few years, the Group has taken strategic steps in the PRC to transform from a single production point operation in Liuzhou into an inter-provincial production group with facilities in Guangxi, Shandong and Chongqing, accomplishing a synchronized expansion and improvement in terms of corporate size and core competitiveness, meanwhile establishing a sound foundation for the Group's business growth and sustainable development in the future. These strategic steps, accompanied with the satisfactory growth in the business volume of the major customer and other customers of the Group over the past few years, have benefited the business performance of the Group. Total revenue of the Group was increased from approximately RMB7,112 million for the year ended 31 December 2008 to approximately RMB13,451 million for the year ended 31 December 2015, whereas, gross profit of the Group was also increased from approximately RMB772 million for the year ended 31 December 2008 to approximately RMB1,521 million for the year ended 31 December 2015. Meanwhile, total revenue of the Group for the six months ended 30 June 2016 was also increased by approximately 26.6% to RMB8,502 million as compared to the corresponding period in 2015.

Apart from the improvement in business performance, these strategic steps over the past few years have strengthened the commercial collaboration between the Group and the major customer in pursuing current businesses as well as other future business opportunities. As the major customer has been actively promoting its overseas business activities by establishing its production plant in Indonesia, as mentioned in the 2015 Chairman's Statement and the "Messages from the Board of Directors" in the 2016 Interim Report, the Group has kept pace with such development of the major customer and decided to develop its overseas businesses concurrently. As such, the project for the construction of the Indonesian Production Base to cope with the potential business activities of the main customer was therefore considered and formulated recently, which is expected to commence operation in the second half of 2017.

Being the fourth largest population country in the world and in consideration of its recent economic development, the Directors are of the view that there is great business potential for the automobile industry in Indonesia and consider that the geographical expansion of the Group's automotive components businesses in Indonesia is an appropriate expansion strategy for the Group for the time being. The Directors also consider the co-operation with the major customer in Indonesia will further strengthen the commercial collaboration between the Group and the major customer, which will be beneficial to the business performance of the Group.

Based on the current plan, construction and installation of the production lines and facilities in the Indonesian Production Base has been commenced in the second half of 2016 and will take about one year to complete. The production lines and facilities planned to be installed and constructed will comprise a number of welding, stamping

and assembly production lines for manufacturing of the automotive components for the rear suspension, front axle parts of vehicles, with a planned production volume of 150,000 sets/units per annum. Based on the Group's current estimation, the total capital expenditure of the machinery and equipment for the construction and installation of these production lines and facilities will amount to approximately RMB170 million.

Upon completion of the Capital Increase, out of the proposed capital contribution of RMB590,000,000 (equivalent to approximately HK\$686,170,000), an amount of RMB170,000,000 (equivalent to approximately HK\$197,710,000) will be used for financing the capital expenditure of the machinery and equipment for the construction and installation of the production lines and facilities of the Indonesian Production Base as mentioned above, and an additional sum of RMB50,000,000 (equivalent to approximately HK\$58,150,000) will be applied as the working capital for the operation of the Indonesian Production Base. The remaining balances of the proposed capital contribution amounting to RMB370,000,000 (equivalent to approximately HK\$430,310,000) will be applied as the general working capital for Wuling Industrial.

1.3 Information on Wuling Industrial

Wuling Industrial was established on 30 October 2006 as a state-owned company in the PRC. It has been converted into a sino-foreign joint venture since 17 August 2007. In February 2016, the Company completed the contribution, on a non pro-rata basis, a sum of RMB160,000,000 in cash to Wuling Industrial, of which RMB82,580,646 was contributed to the registered capital of Wuling Industrial and RMB77,419,354 was contributed to the capital reserves of Wuling Industrial pursuant to a capital increase agreement entered into between the Company, Guangxi Automobile and Wuling Industrial on 3 December 2015. For further details, please refer to the announcement of the Company dated 3 December 2015 and the circular of the Company dated 24 December 2015. Accordingly, Wuling Industrial is currently owned as to approximately 54.86% by the Company and as to approximately 45.14% by the Guangxi Automobile. Wuling Industrial and its subsidiaries are principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialised vehicles and the trading of raw materials, water and power supply services in the PRC.

Set out below is the net profit before and after taxation and extraordinary items of the Wuling Industrial Group for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2014	For the year ended 31 December 2015
Profit before tax	Approximately RMB162,239,000 (equivalent to approximately HK\$188,684,000)	Approximately RMB268,155,000 (equivalent to approximately HK\$311,864,000)
Profit after tax	Approximately RMB131,667,000 (equivalent to approximately HK\$153,129,000)	Approximately RMB200,123,000 (equivalent to approximately HK\$232,743,000)

The consolidated net assets of the Wuling Industrial Group attributable to the shareholders of Wuling Industrial as at 31 December 2015 was approximately RMB1,770,961,000 (equivalent to approximately HK\$2,059,628,000).

1.4 Information on Guangxi Automobile

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, namely Wuling Motors (Hong Kong) Company Limited and Wuling HK, is currently interested in 1,028,846,806 Shares, representing approximately 56.04% of the total number of Shares in issue of the Company, and is the ultimate controlling shareholder of the Company as at the date of this announcement. Guangxi Automobile is currently a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, molds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc, in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

2. ISSUE OF CONVERTIBLE NOTES A UNDER SPECIAL MANDATE

2.1. The Subscription Agreement

The Board is pleased to announce that after trading hours on 13 October 2016, the Company entered into the Subscription Agreement with Wuling HK, details of which are set out below.

Date:

13 October 2016 (after trading hours)

Parties to the Subscription Agreement:

- a. the Company (as the issuer); and
- b. Wuling HK (as the subscriber)

Issue of the Convertible Notes A:

Pursuant to the Subscription Agreement, the Company conditionally agreed to issue, and Wuling HK conditionally agreed to subscribe for, the Convertible Notes A in the aggregate principal amount of HK\$400,000,000, which will be issued on their face value.

Conditions Precedent of the Subscription:

Completion of the Subscription is conditional upon the fulfillment of the following:

- (a) the Independent Shareholders having passed an ordinary resolution at the SGM to approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Notes A and the allotment and issue of the Conversion Shares A, in compliance with the requirements of the Listing Rules;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares A;
- (c) the Guangxi SASAC having granted the relevant approval in relation to the Convertible Notes A;
- (d) the relevant registration and approval in relation to the Convertible Notes A having been made with, and obtained from, the NDRC; and
- (e) the conditions precedent to the Capital Increase as stated in the Capital Increase Agreement (other than the condition relating to completion of the Subscription) having been satisfied.

None of the above conditions precedent may be waived. If any of the conditions precedent has not been fulfilled on or before 31 December 2016 or such other date as may be agreed in writing by the Company and Wuling HK, the Subscription Agreement will lapse and the parties thereto will be released from all obligations thereunder, save for liabilities for any antecedent breaches of the Subscription Agreement.

Completion:

Subject to all the conditions precedent having been fulfilled, completion of the Subscription will take place at 4:00 p.m. on the fifth business day after satisfaction of the last of the conditions precedent (or such other date as may be agreed by the Company and Wuling HK in writing). Upon completion of the Subscription, Wuling HK shall pay in cash to satisfy the consideration for the Subscription in full.

2.2. Principal Terms of the Convertible Notes A

The principal terms of the Convertible Notes A are summarised below:

Total issue price and aggregate principal amount upon issue	HK\$400,000,000
Maturity Date	The date falling on the third anniversary of the Issue Date
Redemption price at maturity	100% of the outstanding principal amount of the Convertible Notes A on the Maturity Date, together with all unpaid and accrued interest due on the outstanding principal amount of the Convertible Notes A
No early redemption	Save for the occurrence of any event of default as set out in the terms and conditions of the Convertible Notes A, the Noteholder(s) will not be entitled to demand for early repayment of the Convertible Notes A
Interest	The Convertible Notes A will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 4.0% per annum. Interest will be payable yearly in arrears. In the event that the Company does not pay any sum payable under the Convertible Notes A when due, a default interest at the rate of 10% per annum for the relevant default payment period will be payable by the Company

The interest rate was determined by the parties after arm's length negotiations and with references to: (i) the prevailing market conditions; (ii) the indicative costs of mid-term/long-term debt finance (without any pledges and securities) preliminarily quoted to the Company by its banks upon general enquiries; and (iii) the interest rate of the Convertible Notes B proposed to be issued under the Placing

Conversion Rights

A Noteholder will have the rights to convert the whole or part of the outstanding principal amount of the Convertible Notes A (in amount of not less than a whole multiple of HK\$10,000,000 on each conversion, unless the outstanding principal amount of the Convertible Notes A to be converted is less than HK\$10,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares A at any time during the Conversion Period (as detailed below) at the Conversion Price (subject to adjustments) (as detailed below)

The Company will not be obliged to issue any Conversion Shares A if immediately following the conversion, the Company will be unable to meet the prescribed minimum public float requirement under the Listing Rules

Conversion Period

The period from the 183rd day after the Issue Date up to the fifth Business Day prior to the Maturity Date

Conversion Price

The initial Conversion Price is HK\$0.70 per Share, which will be subject to such usual adjustments as may be made in the event of (i) change in nominal value of the Shares upon, among others, share consolidation, share subdivision and share re-classification; (ii) issue (other than in lieu of a cash dividend) of any Shares credited as fully paid by way of capitalisation of profits or reserves; (iii) capital distribution to the Shareholders or grant to the Shareholders of rights to acquire for cash assets of the Group; (iv) offer, or grant, by the Company to the Shareholders of new Shares, or options or warrants to subscribe for new Shares by way of rights, at a price which is less than 90% of the relevant market price of the Shares; (v) issue of Shares or securities (the “**relevant convertible securities**”) convertible into or exchangeable for or carrying rights of subscription for Shares for cash, or for acquisition of assets by the Group where the total effective price for the relevant Shares issued (for the case of issue of the relevant convertible securities, including consideration receivable by the Company for the relevant convertible securities and any additional minimum consideration to be received by the Company for the Shares which may be issued upon exercise of the conversion rights or exchangeable rights or subscription rights attaching to the relevant convertible securities) is less than 90% of the relevant market price of those Shares. The initial Conversion Price was determined by the parties after arm’s length negotiations and with references to the historical prices during the last twelve months and the prevailing market prices of the Shares. The initial Conversion Price represents:

- (i) a premium of approximately 22.8% over the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on 12 October 2016, being the last trading day before the date of the Subscription Agreement;
- (ii) a premium of approximately 24.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 12 October 2016, being approximately HK\$0.564 per Share;

- (iii) a premium of approximately 24.6% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including 12 October 2016, being approximately HK\$0.562 per Share;
- (iv) a premium of approximately 21.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including 12 October 2016, being approximately HK\$0.578 per Share;
- (v) a premium of approximately 14.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for last six months up to and including 12 October 2016, being approximately HK\$0.613 per Share; and
- (vi) a premium of approximately 13.8% over the average of the closing prices of the Shares as quoted on the Stock Exchange for last twelve months up to and including 12 October 2016, being approximately HK\$0.615 per Share.

Ranking of the Conversion
Shares A

The Conversion Shares A, when allotted and issued upon exercise of the Conversion Rights, shall rank pari passu in all respects with all other then issued Shares as at the date of the relevant conversion notice and shall be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the date of the relevant conversion notice

Transferability	<p>No assignment or transfer (whether in whole or in part(s)) of the Convertible Notes A may be made unless:</p> <p>(a) it is made to (i) the holding company; (ii) the subsidiaries; or (iii) associates of the Noteholder(s); or</p> <p>(b) it is made to other person(s) who is (are) not connected person(s) of the Group.</p>
Voting	<p>A Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of being a Noteholder</p>
Others	<p>The Company shall not be obliged to issue any Shares upon exercise of the Conversion Right in the event that such conversion would result in the non-compliance of the prescribed minimum public float requirement under the Listing Rules applicable to the Company</p> <p>Wuling HK has undertaken not to exercise the Conversion Rights A if it would result in the non-compliance of the prescribed minimum public float requirement under the Listing Rules applicable to the Company</p>

Assuming that the Conversion Rights A in relation to the total principal amount of the Convertible Notes A of HK\$400,000,000 are exercised in full at the initial Conversion Price of HK\$0.70 per Conversion Share A, a total of 571,428,571 Conversion Shares A will be allotted and issued, representing approximately 31.13% of the total number of Shares in issue of the Company as at the date of this announcement and approximately 23.74% of the number of Shares in issue of the Company as enlarged by the allotment and issue of such Conversion Shares A (assuming that save for the issue of the 571,428,571 Conversion Shares A, there will be no change to the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares A resulting from exercise in full of the Conversion Rights A).

2.3. Information on Wuling HK

Wuling HK is a company incorporated in Hong Kong with limited liability and is a controlling Shareholder holding 1,028,846,806 Shares, representing approximately 56.04% of the total number of Shares in issue of the Company as at the date of this announcement. It is an indirect wholly-owned subsidiary of Guangxi Automobile, a wholly state-owned limited enterprise established in the PRC.

3. PLACING

3.1 The Placing Agreement

Date:

13 October 2016 (after trading hours)

Parties to the Placing Agreement:

- (a) the Company (as the issuer);
- (b) China Industrial Securities International Capital Limited (as the Arranger and one of the Joint Placing Agents);
- (c) Essence International Securities (Hong Kong) Limited (as one of the Joint Placing Agents);
- (d) GF Securities (Hong Kong) Brokerage Limited (as one of the Joint Placing Agents); and
- (e) CCB International Capital Limited (as one of the Joint Placing Agents).

To the best information, knowledge and belief of the Directors having made all reasonable enquiries, each of the Arranger and the Joint Placing Agents is independent of the Company and connected persons of the Company.

Placing

Pursuant to the Placing Agreement, each of the Arranger, as the exclusive arranger and one of the joint placing agents, and the Joint Placing Agents, as the joint placing agents, conditionally agreed to procure subscribers, on a best efforts basis, for and the Company conditionally agreed to issue, the Convertible Notes B in the aggregate principal amount of up to HK\$300,000,000, which entitle the Noteholder(s) thereof to subscribe for up to 428,571,429 Conversion Shares B based on the initial Conversion Price of HK\$0.70 per Conversion Share B (subject to adjustments).

The maximum number of 428,571,429 Conversion Shares B to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes B in full (based on the initial Conversion Price of HK\$0.70 per Share) represent (i) approximately 23.34% of the existing total number of Shares in issue of the Company as at the date of this announcement; (ii) approximately 18.93% of the total number of Shares in issue of the Company as enlarged by the issue of the Conversion Shares B upon exercise of the conversion rights attaching to the Convertible Notes B in full (based on the initial Conversion Price of HK\$0.70 per Conversion Share B); and (iii) approximately 15.11% of the total number of Shares in issue of the Company as enlarged by the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Notes in full (based on the initial Conversion Price of HK\$0.70 per Conversion Share).

Placing Commission

Under the Placing Agreement, subject to the fulfillment of the conditions precedent of the Placing, the Company has agreed to pay the Arranger a placing commission of 2.0% of the amount equal to the aggregate principal amount of the Convertible Notes B actually placed by the Arranger to the selected Placees in the Placing. The placing commission rate was determined after arm's length negotiation between the Company and the Arranger and the Directors considered that the terms of the Placing Agreement are fair and reasonable.

Placees

Each of the Arranger and the Joint Placing Agents shall use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners shall be independent of, and not connected with or acting in concert with, the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or their respective associates. The Arranger and the Joint Placing Agents will ensure that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company upon full conversion of the conversion rights attached to the Convertible Notes B as a result of the Placing.

Conditions Precedent of the Placing

Completion of the Placing Agreement is conditional upon the following conditions precedent being fulfilled (or, if applicable, waived):

- (a) the Shareholders having passed an ordinary resolution at the SGM approving the Placing Agreement and the transactions contemplated hereunder, including the issue of the Convertible Notes B and the allotment and issue of the Conversion Shares B, in compliance with the requirements of the Listing Rules;
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, all the Shares falling to be issued on the exercise of the conversion rights to be attached to the Convertible Notes B;
- (c) the Subscription and the Subscription Agreement having become unconditional; and
- (d) no event having occurred or occurring before the completion of the Placing Agreement which would constitute an event of default under the Convertible Notes B had the Convertible Notes B been issued.

If any of the foregoing conditions precedent is not fulfilled (or as to the condition precedent in paragraph (c), waived in writing by the Arranger and the Company jointly or as to the condition precedent in paragraph (d), waived in writing by the Arranger) on or prior to 15 January 2017 or such other date as may be agreed between the Company and the Arranger, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for certain liabilities under or any prior breaches of the Placing Agreement).

Completion

Subject to satisfaction of the conditions precedent of the Placing, completion of the Placing will occur on such day as may be notified by the Company to the Arranger which in any event shall not be later than 15 January 2017 or such other date as may be agreed between the Company and the Arranger.

Termination

Notwithstanding anything contained in the Placing Agreement, the Arranger and/or the Joint Placing Agents may by prior notice to the Company terminate the Placing Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Placing Completion Date:

- (a) in the reasonable opinion of the Arranger and/or the Joint Placing Agents there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic or market (including stock market) conditions or taxation or currency exchange or exchange controls as would be likely to be materially adverse to the success of the Placing;
- (b) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Arranger and/or the Joint Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect;
- (c) there is any material adverse change in the financial position of the Company which in the reasonable opinion of the Arranger and/or the Joint Placing Agents is material in the context of the Placing;
- (d) any new law or regulation or any change or development involving a prospective change in existing laws and regulations in any relevant jurisdiction which in the reasonable opinion of the Arranger and/or the Joint Placing Agents has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole;
- (e) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the PRC or the declaration by Hong Kong or the PRC of a national emergency or war; or
- (f) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Placing Completion Date.

In the event that the Arranger and/or the Joint Placing Agents terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach.

3.2 Principal Terms of the Convertible Notes B

The principal terms of the Convertible Notes B were arrived at after arm's length negotiations between the Company and the Arranger. Except for the principal amount of the Convertible Notes B, principal terms of the Convertible Notes B are substantially the same as the principal terms of the Convertible Notes A as set out in the paragraph headed "Principal terms of the Convertible Notes A" above, except that (i) all references therein as to "Convertible Notes A" and "Conversion Shares A" shall be replaced by "Convertible Notes B" and "Convertible Shares B", respectively; (ii) the maturity date of the Convertible Notes B shall be the third anniversary of the Issue Date being the same as the maturity date of the Convertible Notes A; and (iii) the conversion period of the Convertible Notes B shall commence from the later of the 183rd day after the Issue Date and the date of issue of the Convertible Notes B.

4. APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges.

5. RANKING OF THE CONVERSION SHARES

The Conversion Shares, when allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes, shall rank pari passu in all respects with all other then issued Shares as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the relevant conversion notice.

6. ISSUE OF CONVERTIBLE NOTES UNDER SPECIAL MANDATE

The allotment and issue of the Conversion Shares will be made under the Special Mandate to be sought from the Shareholders at the SGM.

7. INFORMATION ON THE GROUP

The Group, including Wuling Industrial and its subsidiaries, is principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles, as well as the trading of raw materials, water and power supply services in the PRC.

8. EFFECT ON SHAREHOLDING STRUCTURE

The effect of the Subscription and the Placing on the shareholding structure of the Company immediately upon full exercise of the Conversion Rights is set out below (assuming that there is no other change in the shareholding structure of the Company from the date of this announcement to immediately prior to completion of the Subscription and the Placing and the issue of the Conversion Shares upon full exercise of the Conversion Rights):

	As at the date of this announcement		Immediately after the issue and allotment of the Conversion Shares A upon the full conversion of the Convertible Notes A (Note 1)		Immediately after the issue and allotment of the Conversion Shares A and the Conversion Shares B upon the full conversion of the Convertible Notes A and the Convertible Notes B (Note 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
I. Substantial Shareholders and Directors						
Wuling HK (Note 3)	1,028,846,806	56.04	1,600,275,377	66.48	1,600,275,377	56.43
Dragon Hill (Note 4)	281,622,914	15.34	281,622,914	11.70	281,622,914	9.93
Mr. Lee Shing (“Mr. Lee”) and his associates (Note 5)	4,739,380	0.26	4,739,380	0.20	4,739,380	0.17
Ms. Liu Yaling (Note 6)	2,060,600	0.11	2,060,600	0.08	2,060,600	0.07
Mr. Ye Xiang (Note 6)	1,030,300	0.06	1,030,300	0.04	1,030,300	0.04
Sub-total	1,318,300,000	71.81	1,889,728,571	78.50	1,889,728,571	66.64
II. Public Shareholders	517,521,841	28.19	517,521,841	21.50	946,093,270	33.36
Total	1,835,821,841	100.00	2,407,250,412	100.00	2,835,821,841	100.00

Notes:

- The figures derived are based on the existing shareholding structure of the Company and the assumption that save for the allotment and issue of up to 571,428,571 Conversion Shares A to Wuling HK, there will be no change in the total number of Shares in issue of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares A resulting from exercise in full of the Conversion Rights.
- The figures derived are based on the existing shareholding structure of the Company and the assumption that save for the allotment and issue of up to 1,000,000,000 Conversion Shares to the subscribers, there will be no change in the total number of Shares in issue of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the conversion rights attaching to the Conversion Shares.

3. The entire issued share capital of Wuling HK is currently held by Wuling Motors (Hong Kong) Company Limited (“**Wuling Motors**”), whereas the entire issued share capital of Wuling Motors is currently held by Guangxi Automobile. Accordingly, Wuling Motors and Guangxi Automobile are deemed to be interested in the Shares in which Wuling HK is interested under the SFO.
4. Mr. Lee, an executive Director, the vice-chairman and the Chief Executive Officer of the Company, is beneficially interested in 281,622,914 Shares through Dragon Hill, a company wholly-owned by Mr. Lee.
5. These represent the Shares held by Mr. Lee and his spouse.
6. Ms. Liu Yaling is an executive Director, whereas Mr. Ye Xiang is an independent non-executive Director.

9. REASONS FOR THE ISSUE OF CONVERTIBLE NOTES AND THE PLACING AND THE USE OF PROCEEDS

Assuming and upon completion of the Subscription and the Placing and the Convertible Notes B are subscribed in full, the aggregate gross proceeds from the Subscription and the Placing shall be HK\$700,000,000 and the aggregate net proceeds from the Subscription and the Placing are estimated to be approximately HK\$690,000,000. Based on the estimated net proceeds from the issue of the Convertible Notes and a total of up to 1,000,000,000 Conversion Shares to be issued at the initial Conversion Price upon exercise of the Conversion Rights in full, the net issue price per Conversion Share would be approximately HK\$0.69. The Company intends to use the net proceeds from the issue of the Convertible Notes to the Capital Increase. The reasons behind the Capital Increase are fully described in the above section under the heading of “Reasons for the Capital Increase”.

In determining the fund raising alternatives of the Group for the Capital Increase, the Board has taken into consideration of the financial position of the Group as presented in the Group’s financial statements. As at 30 June 2016, the Group’s unaudited consolidated total assets amounted to approximately RMB14,237,377,000 (equivalent to approximately HK\$16,558,069,000) (comprising unaudited consolidated non-current assets of approximately RMB3,005,114,000 (equivalent to approximately HK\$3,494,947,000) and unaudited consolidated current assets of approximately RMB11,232,263,000 (equivalent to approximately HK\$13,063,122,000)), whereas its unaudited consolidated total liabilities amounted to approximately RMB12,224,802,000 (equivalent to approximately HK\$14,217,444,000) (comprising unaudited consolidated non-current liabilities of approximately RMB216,419,000 (equivalent to approximately HK\$251,695,000) and unaudited consolidated current liabilities of approximately RMB12,008,383,000 (equivalent to approximately HK\$13,965,749,000)). Hence, the unaudited consolidated net current liabilities of the Group as at 30 June 2016 amounted to approximately RMB776,120,000 (equivalent to approximately HK\$902,627,000), which represented a moderate decrease as compared to the audited consolidated net current liabilities of RMB835,503,000 (equivalent to approximately HK\$971,690,000) as at 31 December 2015. The Directors consider that financial position of the Group in having consolidated net current liabilities was mainly attributable to substantial amount of capital expenditures invested by the Group, via Wuling Industrial for various projects in terms of the establishment of new production facilities, construction and installation of plant and machinery, as well as the research and development of new products in

recent years in order to keep pace with the customer demands and enable the shifting of the Group's focus to high value-added products. In view of the unaudited consolidated financial position, in particular, the situation of having consolidated net current liabilities, of the Group as at 30 June 2016, the Board is of the opinion that it is appropriate for the Group to raise mid-term and/or long-term funds in the near future to finance the Capital Increase and to further strengthen the liquidity position of the Group and Wuling Industrial. In addition, after taking into account of (i) the prevailing market prices and trading volume of the Shares which are not favourable to a fund raising exercise for a substantial amount by way of issue of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis where considerable discount to the market prices of the Shares would be required, and (ii) the indicative preference of the banks of the Company to provide the Company with short-term instead of mid-term to long-term loans, as well as the higher indicative costs of mid-term/long-term finance (without any pledges and securities) preliminarily quoted to the Company by banks upon general enquiries (as compared to the 4.0% interest charged for the Convertible Notes), the Directors (other than the independent non-executive Directors who will express their views after receiving advice from Gram Capital) are of the view that the issue of the Convertible Notes, which will not lead to immediate dilution effect on the Shareholders' shareholding interest in the Company, is an appropriate means of raising substantial amount of mid-term funds to finance the Capital Increase and to further strengthen the liquidity position of the Group and Wuling Industrial. Based on the above, the Directors (other than the independent non-executive Directors who will express their views after receiving advice from Gram Capital) consider the terms and conditions of the Subscription Agreement as well as the terms of the Convertible Notes are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

10. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

The Company issued a total number of 14,230,270 new Shares to certain directors and employees of the Group upon exercises of the share options held by them on 29 February 2016, 25 May 2016 and 3 June 2016 respectively and raised an aggregate net proceeds of approximately HK\$6,774,000 (equivalent to approximately RMB5,825,000 for use as working capital by the Company. Save as disclosed in this paragraph, the Company had not conducted any other fund raising activities in the past twelve months immediately before the date of this announcement.

11. LISTING RULES IMPLICATIONS

As the aggregate applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Capital Increase are more than 25% but less than 100%, the Capital Increase constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules.

As at the date of this announcement, Guangxi Automobile is the ultimate holding company of Wuling HK which holds 1,028,846,806 Shares, representing approximately 56.04% of the total number of Shares in issue of the Company. Guangxi Automobile and Wuling HK are regarded as connected persons of the Company under the Listing Rules. In addition, Guangxi Automobile owns approximately 45.14% equity interests in Wuling Industrial, a direct non-wholly owned subsidiary of the Company. Therefore, Wuling Industrial is also regarded as a connected subsidiary of the Company under the Listing Rules. Accordingly, the Capital Increase and the Subscription constitute connected transactions for the Company.

The Capital Increase, as a major and connected transaction of the Company is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14 and Chapter 14A of the Listing Rules. The Subscription, as a connected transaction of the Company, is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14A of the Listing Rules.

12. GENERAL

In view of their interests in the Capital Increase Agreement and the Subscription Agreement, Guangxi Automobile, Wuling Industrial, Wuling HK and their respective associates will abstain from voting on the resolution in relation to the Capital Increase Agreement and the Subscription Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the Capital Increase Agreement and the Subscription Agreement and the transactions contemplated thereunder. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Capital Increase, the Subscription and the Placing; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the Capital Increase and the Subscription; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the Capital Increase and the Subscription; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 3 November 2016.

Shareholders and potential investors should note that completion of each of the Capital Increase, the Subscription and the Placing is subject to satisfaction of certain conditions precedent and the Capital Increase, the Subscription and the Placing may or may not complete. Shareholders and potential investors are therefore reminded to exercise caution when dealings in the Shares and any other securities of the Company.

DEFINITIONS

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

“Arranger”	China Industrial Securities International Capital Limited, a company incorporated in Hong Kong and a licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than Saturday and a day on which a tropical cyclone warning no. 8 or above is hoisted or a “black rainstorm warning signal” is given in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours
“Capital Increase”	the contribution of an additional sum of RMB590,000,000 (equivalent to approximately HK\$686,170,000) in cash by the Company to Wuling Industrial which will be settled by the First Instalment and the Second Instalment, of which RMB279,601,173 (equivalent to approximately HK\$325,176,200) will be contributed to the registered capital of Wuling Industrial and the remaining balance of RMB310,398,827 (equivalent to approximately HK\$360,993,800) will be contributed to the capital reserves of Wuling Industrial
“Capital Increase Agreement”	the conditional capital increase agreement dated 13 October 2016 entered into between the Company, Guangxi Automobile and Wuling Industrial in relation to the Capital Increase of Wuling Industrial
“Company”	Wuling Motors Holdings Limited (五菱汽車集團控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Conversion Period”	the period during which the Noteholder(s) may exercise the Conversion Rights to subscribe for the Conversion Shares A at the Conversion Price, details of which are set out in the paragraph headed “Principal terms of the Convertible Notes A” in this announcement
“Conversion Price”	the conversion price at which each Conversion Share shall be issued upon a conversion of all or any part of the Convertible Notes, which is initially fixed at HK\$0.70 per Share and subject to adjustments (if any)
“Conversion Rights”	Conversion Rights A and Conversion Rights B
“Conversion Rights A”	the rights attaching to the Convertible Notes A to convert the whole or part of the outstanding principal amount of the Convertible Notes A into Conversion Shares A subject to the terms and conditions of the Convertible Notes A
“Conversion Rights B”	the rights attaching to the Convertible Notes B to convert the whole or part of the outstanding principal amount of the Convertible Notes B into Conversion Shares B subject to the terms and conditions of the Convertible Notes B
“Conversion Share(s)”	Conversion Shares A and Conversion Shares B
“Conversion Shares A”	new Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes A
“Conversion Shares B”	new Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes B
“Convertible Notes”	the Convertible Notes A and the Convertible Notes B
“Convertible Notes A”	the 4.0% convertible notes due in 2019 in an aggregate principal amount of HK\$400,000,000 to be issued by the Company to Wuling HK pursuant to the Subscription Agreement
“Convertible Notes B”	the 4.0% convertible notes due in 2019 in an aggregate principal amount of up to HK\$300,000,000 to be issued by the Company pursuant to the Placing Agreement
“Directors”	directors of the Company

“Dragon Hill”	Dragon Hill Development Limited, a company incorporated in Samoa with limited liability and a substantial Shareholder beneficially interested in approximately 15.34% of the total number of Shares in issue of the Company as at the date of this announcement. It is solely and beneficially owned by Mr. Lee Shing, an executive Director, the vice-chairman and the Chief Executive Officer of the Company
“First Instalment”	the capital increase of a sum of RMB340,000,000 (equivalent to approximately HK\$395,420,000) in cash by the Company to Wuling Industrial of which RMB161,126,100 (equivalent to approximately HK\$187,389,600) will be contributed to the registered capital of Wuling Industrial and RMB178,873,900 (equivalent to approximately HK\$208,030,400) will be contributed to the capital reserves of Wuling Industrial
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Capital Increase and the Subscription
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	Guangxi Automobile Holdings Limited (廣西汽車集團有限公司), a state-controlled enterprise established in the PRC, being the ultimate beneficial controlling Shareholder
“Guangxi Department of Commerce”	廣西壯族自治區商務廳 (Department of Commerce of Guangxi Zhuang Autonomous Region)
“Guangxi Development and Reform Commission”	廣西壯族自治區發展和改革委員會 (Guangxi Zhuang Autonomous Region Development and Reform Commission)
“Guangxi SASAC”	廣西壯族自治區人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the People’s Government of Guangxi Zhuang Autonomous Region)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben, being all of the independent non-executive Directors, established for the purposes of advising the Independent Shareholders regarding the Capital Increase and the Subscription

“Independent Shareholders”	Shareholders other than (a) Wuling HK, parties acting in concert with it and their respective associates; and (b) any other persons who are interested or involved in the Capital Increase Agreement and the Subscription Agreement or who are prohibited to vote under the Listing Rules
“Issue Date”	the date of issue of the Convertible Notes A, which shall be on the date of completion of the Subscription
“Joint Placing Agents”	China Industrial Securities International Capital Limited, Essence International Securities (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited and CCB International Capital Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Convertible Notes, being the date falling on the third anniversary of the Issue Date
“NDRC”	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission)
“Noteholder(s)”	the holder(s) of the Convertible Notes
“Placee(s)”	any independent professional, institutional or other investor(s) procured by the Arranger and the Joint Placing Agents to subscribe for any principal amount of the Convertible Notes B under the Placing Agreement
“Placing”	the private placing of the Convertible Notes B in the principal amount of up to HK\$300,000,000 pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 13 October 2016 entered into between the Company, the Arranger and the Joint Placing Agents in relation to the Placing
“Placing Completion Date”	date of completion of the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Second Instalment”	the capital increase of a sum of RMB250,000,000 (equivalent to approximately HK\$290,750,000) in cash by the Company to Wuling Industrial of which RMB118,475,073 (equivalent to approximately HK\$137,786,600) will be contributed to the registered capital of Wuling Industrial and RMB131,524,927 (equivalent to approximately HK\$152,963,400) will be contributed to the capital reserves of Wuling Industrial
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Capital Increase Agreement, the Subscription Agreement and the Placing Agreement, together with the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Special Mandate”	a special mandate to allot and issue new Shares to be sought from the Shareholders at the SGM to satisfy the Conversion Shares pursuant to the Subscription and the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	conditional subscription of the Convertible Notes A by Wuling HK pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 13 October 2016 entered into between the Company and Wuling HK in relation to the Subscription and issue of the Convertible Notes A
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Wuling HK”	Wuling (Hong Kong) Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder beneficially interested in approximately 56.04% of the total number of Shares in issue of the Company as at the date of this announcement and an indirect wholly-owned subsidiary of Guangxi Automobile

“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 non-wholly owned subsidiary of the Company which is owned as to approximately 54.86% and approximately 45.14% by the Company and Guangxi Automobile respectively
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“%”	per cent

On behalf of the Board
Wuling Motors Holdings Limited
Wei Hongwen
Chairman

Hong Kong, 13 October 2016

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

In case of discrepancy, the English version of this announcement shall prevail over the Chinese version thereof.

In this announcement, unless otherwise specified, conversion of RMB into Hong Kong dollars is, based on the exchange rate of RMB1 to HK\$1.163, 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.

Certain English translation of Chinese names or words in this announcement are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.

* For identification purpose only