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If you are in any doubt as to any aspect about this circular or as to what action to be taken, you should consult your licensed securities dealer, 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 to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE EQUITY TRANSFER AGREEMENT,
RE-ELECTION OF THE RETIRING DIRECTOR
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



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



A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on page 16 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 28 of this circular.

A notice convening the SGM to be held at Unit 2403, 24/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Thursday, 26 October 2017 at 12:00 noon is set out on pages 60 and 61 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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.

30 September 2017

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

“2016–2018 Master Tenancy Agreement”	the tenancy agreement dated 28 December 2015 entered into between Wuling Industrial and Guangxi Automobile in relation to, among others, the leasing of the Qingdao Leased Properties
“Acquisition”	the acquisition of the entire equity interest in the Target Company by Wuling Industrial from Guangxi Automobile and Wuling Motors pursuant to the Equity Transfer Agreement
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“BMI Appraisals”	BMI Appraisals Limited, an independent valuer who performed an independent valuation of the Qingdao Leased Properties held by the Target Company
“China Tong Cheng Assets Appraisal”	China Tong Cheng Assets Appraisal Co., Ltd* (中通城資產評估有限公司), an independent third-party valuer who performed an independent valuation of the shareholders’ equity value of the Target Company as of 31 December 2016 and issued the PRC Valuation Report
“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
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB141,730,700 payable by Wuling Industrial in relation to the Acquisition under the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 18 August 2017 entered into among Wuling Industrial, Guangxi Automobile and Wuling Motors in relation to the Acquisition

DEFINITIONS

“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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the Acquisition
“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 immediate holding company of Wuling Motors and the ultimate holding company of Wuling HK, a controlling Shareholder which is beneficially interested in approximately 56.04% of the total number of Shares in issue as at the Latest Practicable Date
“HK\$”	Hong Kong dollar, 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 comprises all independent non-executive Directors) formed to advise the Independent Shareholders on the terms of the Equity Transfer Agreement and the Acquisition
“Independent Shareholder(s)”	Shareholder(s) other than (i) Guangxi Automobile, Wuling Motors and their associates and (ii) any other persons who are interested and involved in the Equity Transfer Agreement and the Acquisition or who are prohibited to vote under the Listing Rules
“Latest Practicable Date”	27 September 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contain herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China

DEFINITIONS

“PRC Valuation Report”	the valuation report issued by China Tong Cheng Assets Appraisal dated 7 July 2017 in relation to the a valuation of the shareholders’ equity value of the Target Company as of 31 December 2016, a summary of which is included in Appendix I of this circular
“Qingdao Leased Properties”	a parcel of land and the buildings constructed thereon, located in south of Songhuajiang Road, west of Jiangshan Road, Huangdao District, Qingdao, the PRC* (青島市黃島區江山路西、松花江路南側). The total site area of the land and the total floor area of the buildings are approximately 48,919 sq.m. and 21,722 sq.m. respectively. The Qingdao Leased Properties are currently leased by Qingdao Wuling to Wuling Industrial and used by Wuling Industrial Group as offices and production plants
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held on 26 October 2017 to approve the Equity Transfer Agreement and the Acquisition and the re-election of the retiring Director
“SGMW”	上汽通用五菱汽車股份有限公司 (SAIC-GM-Wuling Automobile Co., Limited*), a company established in the PRC and a joint venture formed among Shanghai Automobile Industry (Group) Company Limited, GM (China) Investment Co., Limited and Guangxi Automobile and is currently a major customer of Wuling Industrial Group’s businesses in engines and automotive components
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital the Company
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Qingdao Wuling”	青島五菱汽車科技有限公司 (Qingdao Wuling Automobile Technology Limited*), a company established in the PRC on 2 April 2010

DEFINITIONS

“Wuling HK”	Wuling (Hong Kong) Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder which is beneficially interested in approximately 56.04% of the total number of Shares in issue as at the Latest Practicable Date and an indirect wholly-owned subsidiary of Guangxi Automobile and a wholly-owned subsidiary of Wuling Motors
“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
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“Wuling Motors”	Wuling Motors (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of Guangxi Automobile and the immediate holding company of Wuling HK, a controlling Shareholder which is beneficially interested in approximately 56.04% of the total number of Shares in issue as at the Latest Practicable Date
“%”	per cent

* *For identification purposes only*



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. Yuan Zhijun (*Chairman*)
Mr. Lee Shing (*Vice-chairman and Chief Executive Officer*)
Mr. Zhong Xianhua
Ms. Liu Yaling
Mr. Yang Jianyong

Independent non-executive directors:

Mr. Ye Xiang
Mr. Wang Yuben
Mr. Mi Jianguo

*Principal place of business
in Hong Kong:*

Units 2403
24/F, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

30 September 2017

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE EQUITY TRANSFER AGREEMENT
AND RE-ELECTION OF THE RETIRING DIRECTOR**

INTRODUCTION

The SGM is proposed to be held on Thursday, 26 October 2017 at 12:00 noon at Unit 2403, 24/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The purposes of this circular are to provide the Shareholders with further information in respect of the resolutions regarding the following matters to be proposed at the SGM to enable the Shareholders to make their informed decisions:

- (i) the Equity Transfer Agreement dated 18 August 2017 entered into among Wuling Industrial, Guangxi Automobile and Wuling Motors and the Acquisition contemplated thereunder; and
- (ii) the re-election of the retiring Director.

LETTER FROM THE BOARD

THE EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 18 August 2017 in relation to the Equity Transfer Agreement and the Acquisition.

On 18 August 2017, Wuling Industrial, a direct non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Guangxi Automobile and Wuling Motors, pursuant to which Wuling Industrial conditionally agreed to acquire 50.7% and 49.3% of equity interest in the Target Company from Guangxi Automobile and Wuling Motors at a consideration of RMB71,857,500 and RMB69,873,200, respectively.

The purpose of this circular is to provide you with, among other things, (i) details of the Equity Transfer Agreement and the Acquisition; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the Equity Transfer Agreement and the Acquisition; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the Equity Transfer Agreement and the Acquisition; (iv) a summary report of the PRC Valuation Report issued by China Tong Cheng Assets Appraisal, an independent valuer, in connection with the shareholders's equity value of the Target Company as at 31 December 2016; (v) a valuation report and valuation certificate issued by BMI Appraisals, an independent valuer, in connection with its opinion of the market values of the properties held by the Target Company (i.e. Qingdao Leased Properties) as at 30 June 2017; and (vi) a notice of the SGM.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarized as follows:

Date: 18 August 2017

Parties: (a) Wuling Industrial as the purchaser; and
(b) Guangxi Automobile and Wuling Motors as the vendors.

Wuling Industrial, Guangxi Automobile and Wuling Motors are connected persons of the Company under the Listing Rules.

Subject matter

Pursuant to the Equity Transfer Agreement, Wuling Industrial conditionally agreed to acquire 50.7% and 49.3% of equity interest in the Target Company from Guangxi Automobile and Wuling Motors, respectively.

The principal assets of the Target Company include a parcel of land and the buildings constructed thereon, located in south of Songhuajiang Road, west of Jiangshan Road, Huangdao District, Qingdao, the PRC* (青島市黃島區江山路西、松花江路南側). The total site area of the land and the total floor area of the buildings are approximately

LETTER FROM THE BOARD

48,919 sq.m. and 21,722 sq.m., respectively (i.e., Qingdao Leased Properties). The Qingdao Leased Properties had been leased by the Shandong branch of Wuling Industrial for its operation since 1 January 2015.

Reference is made to the announcement of the Company dated 28 December 2015 in relation to the 2016–2018 Master Tenancy Agreement entered into between Wuling Industrial and Guangxi Automobile, pursuant to which Wuling Industrial continued to lease the Qingdao Leased Properties from Guangxi Automobile for a period of three years commencing from 1 January 2016 to 31 December 2018 (the “**2015 Announcement**”). In accordance with the 2015 Announcement, the total monthly rental payable for the Qingdao Leased Properties is RMB483,194.5 which was calculated based on the gross floor area (“**GFA**”) of the building of 22,821.91 sq.m. as stipulated in the construction permits completion certificate. However, as the final measurement of the GFA adopted in the property certificate is 21,722.26 sq.m., such total monthly rental of the Qingdao Leased Properties has been adjusted to RMB463,401 (or RMB5,560,812 per annum) as agreed by the both parties.

Consideration

The Consideration for (i) the 50.7% of equity interest in the Target Company shall be RMB71,857,500 to be paid by Wuling Industrial to the Guangxi Automobile; and (ii) the 49.3% of equity interest in the Target Company shall be RMB69,873,200 to be paid by Wuling Industrial to Wuling Motors.

The consideration shall be funded by the internal resources of the Group and payable to Guangxi Automobile and Wuling Motors by cash in full upon the date of Completion, subject to:

- (a) Guangxi Automobile and Wuling Motors shall settle all of the outstanding amounts payable to the Target Company, respectively on or before the date of Completion;
- (b) the Target Company shall terminate the lease agreements for both land and buildings of the Qingdao Leased Properties with the Shandong branch of Wuling Industrial on or before the date of Completion; and
- (c) all conditions precedent as stated below shall be fulfilled.

The Consideration was determined after arm’s length negotiations among Wuling Industrial, Guangxi Automobile and Wuling Motors on normal commercial terms with reference to the PRC Valuation Report issued by China Tong Cheng Assets Appraisal, a summary of which is included in Appendix I of this circular, and based on the property valuation report issued by BMI Appraisals, as included in Appendix II of this circular.

The PRC Valuation Report has been conducted as a necessary legal procedure for transferring equity interest in state-owned assets, as required by the government in the PRC.

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As disclosed in the section headed “INFORMATION ON THE TARGET COMPANY (QINGDAO WULING)”, as at 31 December 2016, the major assets of the Target Company include bank and cash balances, amount due from Guangxi Automobile and properties, namely the Qingdao Leased Properties. As such, the Company has engaged BMI Appraisals as an independent valuer to perform an independent valuation on the Qingdao Leased Properties.

Based on the property valuation report issued by BMI Appraisals, the valuation result of the Qingdao Leased Properties of RMB55,700,000 as at 30 June 2017 has been used by the Company as the reference of the consideration in relation to the Qingdao Leased Properties.

Conditions precedent

The Equity Transfer Agreement is conditional upon the satisfaction of following conditions precedent:

- (a) the passing of a resolution to approve the Equity Transfer Agreement and the Acquisition at the SGM by the Independent Shareholders;
- (b) the fulfilment of other requirements under the Listing Rules, including but not limited to obtaining the valuation report and legal opinion in respect of the properties and land use right; and
- (c) all permissions and approvals in respect of the Acquisition having been obtained from 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) (“**Guangxi SASAC**”).

If the above conditions precedent are not satisfied on or before 31 October 2017 or any other date as agreed among the parties to the Equity Transfer Agreement, the Equity Transfer Agreement shall automatically lapse. None of the conditions precedent above could be waived by any of the parties to the Equity Transfer Agreement.

In the event that the respective equity interests in the Target Company held by Guangxi Automobile and Wuling Motors could not be transferred to Wuling Industrial, the Equity Transfer Agreement shall automatically lapse, and Wuling Industrial will continue to lease the Qingdao Leased Properties from the Target Company under the 2016–2018 Master Tenancy Agreement.

LETTER FROM THE BOARD

Other Conditions

Pursuant to the Equity Transfer Agreement, the purchaser and the vendors further agreed that any profits or losses incurred by the Target Company during the period between 31 December 2016 (i.e. the valuation date of the Target Company for purpose of the Acquisition) and the date of Completion shall entirely be undertaken by the vendors.

In addition, unless having the written consent from Wuling Industrial or being required under the law or by the government, Guangxi Automobile and Wuling Motors guarantee that, during the period between 31 December 2016 and the date of Completion, the Target Company will:

- (i) carry out the business activities on normal and commercial terms; and
- (ii) inform the purchaser in a timely manner for any major issues of the Target Company;

and will not:

- (i) dispose any assets of the Target Company and its subsidiaries except under the ordinary course of business;
- (ii) engage in any investments;
- (iii) declare any undistributed profits;
- (iv) enter into any unreasonable or abnormal contracts or agreements;
- (v) waive any obligations or rights; nor
- (vi) engage in any activities intentionally which results in a third party having the right to demand early repayment of debts.

In the event that any of above guarantees is breached by Guangxi Automobile and Wuling Motors, the Equity Transfer Agreement shall automatically lapse and the Acquisition shall not be proceeded.

In the event that (i) conditions precedent cannot be fulfilled; (ii) the vendors' guarantee is breached; and (iii) the vendors fail to properly conduct the Completion procedures as stated in the Equity Transfer Agreement, the equity interest in the Target Company could not be transferred from Guangxi Automobile and Wuling Motors to Wuling Industrial, and the cash consideration will be refunded by the vendors if it is settled by Wuling Industrial.

Save for the above, the Company is not aware of any other events in which the equity interest in the Target Company could not be transferred to Wuling Industrial.

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Completion

Completion shall take place on the tenth business day (or any other date as agreed among the parties to the Equity Transfer Agreement) after all the conditions precedent have been fulfilled. Upon Completion, Wuling Industrial will hold the entire equity interest of the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company.

INFORMATION ON THE PARTIES

The Group

The Group, including Wuling Industrial Group, 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.

Guangxi Automobile

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, namely Wuling Motors and Wuling HK, is 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 Latest Practicable Date. Furthermore, Guangxi Automobile directly holds 39.10% equity interest in Wuling Industrial. Guangxi Automobile is currently a state-controlled company established in the PRC with the Guangxi SASAC, 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, moulds 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.

Wuling Motors

Wuling Motors (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of Guangxi Automobile and directly holding the entire issued share capital of Wuling HK, a controlling Shareholder which was beneficially interested in approximately 56.04% of the total number of Shares in issue of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET COMPANY (QINGDAO WULING)

Qingdao Wuling is a limited liability company established in the PRC with a registered capital of RMB138 million. Qingdao Wuling is principally engaged in the property rental business. As at the Latest Practicable Date, Qingdao Wuling is owned as to 50.7% by Guangxi Automobile and as to 49.3% by Wuling Motors.

Set out below is the extracted financial information of Qingdao Wuling from (i) the unaudited financial statements for the six months ended 30 June 2017; and (ii) the audited financial statements for the two years ended 31 December 2016 and 2015:

	For the six months ended 30 June 2017	For the year ended 31 December	
	(Unaudited)	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,126	5,388	4,871
Profit before Taxation	1,660	3,053	45
Net Profit after Taxation	1,660	3,000	45
		As at 30 June 2017	As at 31 December 2016
		(Unaudited)	(Audited)
		<i>RMB'000</i>	<i>RMB'000</i>
Net Assets		139,824	138,338
Primarily comprising:			
— Properties		51,184	52,285
— Bank and cash balances		26,068	23,984
— Amount due from Guangxi Automobile		59,962	59,962
— Amount due from Wuling Industrial		3,188	3,866

As the vendors did not acquire Qingdao Wuling from a third party, so there is no original acquisition cost of the equity interest of the Qingdao Wuling.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

The Group's core business primarily includes the manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles. As disclosed in the annual report of the Company for the year ended 31 December 2016, the Group has planned to expand and upgrade its production capacity to meet the customer demands in view of the anticipated growth of business of SGMW, the major customer of Wuling Industrial. In this connection and as disclosed in the paragraph headed "Reasons for the Capital Increase" in the circular of the Company dated 28 November 2016, due to the launch of the new passenger vehicles by SGMW manufactured in their production base in Shandong, the production facilities of Wuling Industrial located in Qingdao, the PRC are required to undertake certain technology enhancement and capacity expansion programs, some of which have been conducted by the Group as disclosed in the announcements of the Company dated 25 January 2017, 26 May 2017 and 13 June 2017, respectively.

Currently, the Shandong branch of Wuling Industrial has been leasing the Qingdao Leased Properties from the Target Company under the 2016-2018 Master Tenancy Agreement. As the 2016-2018 Master Tenancy Agreement will be expired on 31 December 2018, it would be risky for the Group in planning further investments in these premises. Having considered that the location of the Qingdao Leased Properties is in close proximity to SGMW, the acquisition of the Qingdao Leased Properties (through the acquisition of the entire interest in the Target Company pursuant to the Equity Transfer Agreement) will enable the Group to own the Qingdao Leased Properties, which in turn will facilitate a more effective investment planning for the Group in enhancing the technology and expanding capacity for the production facilities.

Besides, the owing of the Qingdao Leased Properties through the acquisition of the Target Company would also reduce the rental costs of Wuling Industrial by approximately RMB5,560,812 per annum.

Having also considered that (i) the transfer of the equity interest in the Target Company would be less time-consuming as compared to the direct transfer of the Qingdao Leased Properties; and (ii) the efficiency in transferring the equity interest in the Target Company would be higher than in transferring the Qingdao Leased Properties directly as less government's requirements might be involved during the equity transfer in the PRC, the Directors believe that the acquisition of the entire equity interest in the Target Company by entering into the Equity Transfer Agreement is more beneficial to the Group.

In view of the above, the Directors (including the independent non-executive Directors after considering the advice of Gram Capital) consider that the terms of the Equity Transfer Agreement and the Acquisition are on normal commercial terms and in the ordinary and usual course of business of the Company. Therefore, it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Guangxi Automobile owns the entire issued share capital of Wuling Motors, which, through Wuling HK, is the controlling Shareholder of the Company and is interested in 56.04% of the total number of Shares in issue of the Company. Furthermore, as at the Latest Practicable Date, Guangxi Automobile directly holds 39.10% of equity interest in Wuling Industrial. Accordingly, Guangxi Automobile, Wuling Motors and Wuling Industrial are connected persons of the Company under the Listing Rules. The Acquisition under the Equity Transfer Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the Acquisition under the Equity Transfer Agreement are more than 5% and all of the applicable percentage ratios are less than 25%, the entering of the Equity Transfer Agreement and the Acquisition constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In view of their interests in the Equity Transfer Agreement and the Acquisition, Mr. Yuan Zhijun, Mr. Zhong Xianhua and Mr. Yang Jianyong, being the Directors and the directors and/or senior executives of Guangxi Automobile, have abstained from voting on the board resolutions passed to approve the Equity Transfer Agreement and the Acquisition.

RE-ELECTION OF THE RETIRING DIRECTOR

In accordance with Bye-law 91 of the Company, Mr. Mi Jianguo who was appointed as independent non-executive Director of the Company on 1 September 2017, will retire at the SGM, and being eligible, offer himself for re-election at the SGM.

Details of the retiring Director proposed to be re-elected at the SGM are set out in Appendix IV hereto.

THE SGM

The SGM will be held at Unit 2403, 24/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Thursday, 26 October 2017 at 12:00 noon, at which respective ordinary resolutions will be proposed to the Independent Shareholders and Shareholders, as appropriate, to consider and, if thought fit, approve the Equity Transfer Agreement and the Acquisition contemplated thereunder and the re-election of the retiring Director.

As at the latest Practicable Date, Guangxi Automobile through its direct or indirect wholly owned subsidiaries, is interested in approximately 56.04% of the total number of Shares in issue of the Company. Furthermore, Guangxi Automobile directly hold 39.10% of equity interest in Wuling Industrial. In view of their interests in the Equity Transfer Agreement and the Acquisition, Guangxi Automobile and its associates, collectively interested in approximately 56.04% of the total number of Shares in issue of the Company, will abstain from voting on the resolution in relation to the Equity Transfer Agreement and the Acquisition at the SGM.

LETTER FROM THE BOARD

Saved as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the SGM in respect of the Equity Transfer Agreement and the Acquisition.

The ordinary resolutions as set out in the notice of the SGM will be put to the vote of the Independent Shareholders or the Shareholders, as appropriate by poll. An announcement will be made by the Company following the conclusion of the SGM to inform you of its results.

A form of proxy is enclosed with this circular for use at the SGM. Whether or not you intend to be present at the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time required for 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 adjournment thereof should you so wish.

RECOMMENDATION

The Independent Board Committee, comprising Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo being all independent non-executive Directors, has been established to advise the Independent Shareholders the terms of the Equity Transfer Agreement and the Acquisition. Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders on page 16 of this circular.

The Independent Board Committee, after taking into account the advice and recommendations of Gram Capital, considers that the terms of the Equity Transfer Agreement including the Acquisition thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Equity Transfer Agreement and the Acquisition.

The Directors consider that the terms of the Equity Transfer Agreement including the Acquisition thereunder are (i) on normal commercial terms or better and in the ordinary and usual of course of business of the Group; (ii) fair and reasonable and in the interest of the Company and the Shareholders as a whole; and the re-election of the retiring Director is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution, in relation to the Equity Transfer Agreement and the Acquisition; and the Shareholders to vote in favour of the re-election of the retiring Director to be proposed at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the summary report of the valuation report of the Target Company as at 31 December 2016, the valuation report and valuation certificate in connection with the properties held by the Target Company as at 30 June 2017, details of the retiring Director proposed to be re-elected at the SGM and the general information on the Group as set out in the appendice to this circular.

Yours faithfully,
On behalf of the Board
Wuling Motors Holdings Limited
Yuan Zhijun
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)

30 September 2017

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE EQUITY TRANSFER AGREEMENT**

We refer to the circular dated 30 September 2017 (the “**Circular**”), of which this letter forms a part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We, being the independent non-executive Directors, have been appointed by the Company as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Equity Transfer Agreement and the Acquisition. Gram Capital has been appointed to advise the Independent Shareholders and us in this regard. Details of the advice and recommendations from Gram Capital, together with the principal factors and reasons taken into consideration by it in arriving at such advice and recommendations, are set out in the “Letter from Gram Capital” on pages 17 to 28 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the advice and recommendations of Gram Capital, we are of the opinion that the Equity Transfer Agreement and the Acquisition are on normal commercial terms or better and in the ordinary and usual course of business of the Group, which is fair and reasonable as 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 Equity Transfer Agreement and the Acquisition.

Yours faithfully,

On behalf of the Board

Independent Board Committee

Mr. Ye Xiang Mr. Wang Yuben Mr. Mi Jianguo

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in the Circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

30 September 2017

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

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY TRANSFER AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 September 2017 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.

On 18 August 2017, Wuling Industrial, a direct non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Guangxi Automobile and Wuling Motors, pursuant to which Wuling Industrial conditionally agreed to acquire 50.7% and 49.3% of equity interest in the Target Company from Guangxi Automobile and Wuling Motors at a consideration of RMB71,857,500 and RMB69,873,200, respectively.

With reference to the Board Letter, the Acquisition constitutes a discloseable and connected transaction of the Company and is therefore subject to reporting, announcement, circular, independent financial advice and shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated

LETTER FROM GRAM CAPITAL

thereunder at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letters from the independent financial adviser contained in (i) the Company's circular dated 24 December 2015 in respect of discloseable and connected transaction in relation to the capital increase in a non-wholly owned subsidiary of the Company; and (ii) the Company's circular dated 28 November 2016 in respect of (a) major and connected transaction in relation to the capital increase in Wuling Industrial; and (b) connected transaction in relation to the issue of convertible notes under specific mandate. Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

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 enquiry and careful consideration. 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 the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Acquisition. 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.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group, the Target Company or its subsidiaries, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the Target Company (i.e. the PRC Valuation Report, the summary of the PRC Valuation Report is contained in Appendix I to the Circular) and the valuation report on the Qingdao Leased

LETTER FROM GRAM CAPITAL

Properties (the “**Property Valuation Report**”, together with the PRC Valuation Report, the “**Valuation Reports**”) as contained in Appendix II to the Circular. The PRC Valuation Report was prepared by China Tong Cheng Asset Appraisal, an independent PRC valuer (the “**PRC Valuer**”). The Property Valuation Report was prepared by BMI Appraisals, an independent valuer (the “**Property Valuer**”). Since we are not experts in the valuation of land, properties and/or business, we have relied solely upon the PRC Valuation Report for the shareholders’ equity value of the Target Company as at 31 December 2016 (the “**Equity Valuation**”) and the Property Valuation Report for the market value of the Qingdao Leased Properties as at 30 June 2017 (the “**Property Valuation**”).

The 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 the 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 in this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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, Guangxi Automobile, Wuling Motors, the Target Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. 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 this 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, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Acquisition

Business overview of the Group

With reference to the Board Letter, the Group, including Wuling Industrial Group, 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.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2017 and the two years ended 31 December 2016 as extracted from the interim report of the Company for the six months ended 30 June 2017 (the “**2017 Interim Report**”) and the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”):

	For the six months ended 30 June 2017	For the year ended 31 December 2016	For the year ended 31 December 2015	Change from 2015 to 2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)	(audited)	(audited)	
Revenue	8,628,678	16,677,695	13,451,243	23.99
Profit for the period/year	138,553	280,273	170,052	64.82
	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015	Change from 2015 to 2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)	(audited)	(audited)	
Bank balances and cash	905,518	1,559,741	1,175,393	32.70
Net assets	2,228,302	2,135,171	1,889,660	12.99

As illustrated by the above table, the revenue and profit of the Group amounted to approximately RMB16.68 billion and RMB280.27 million respectively for the year ended 31 December 2016 (“**FY2016**”), representing increase of approximately 23.99% and 64.82% respectively as compared to the year ended 31 December 2015 (“**FY2015**”). With reference to the 2016 Annual Report, impressive growth of businesses in the passenger vehicles’ businesses from the new products of the automotive components and other industrial services divisions benefited the business performance of the Group for FY2016.

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As at 30 June 2017, the Group had bank balances and cash; and net assets of approximately RMB905.52 million and RMB2.23 billion respectively.

Information on Guangxi Automobile

With reference to the Board Letter, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, namely Wuling Motors and Wuling HK, is 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 Latest Practicable Date. Furthermore, Guangxi Automobile directly holds 39.10% equity interest in Wuling Industrial as at the Latest Practicable Date.

Guangxi Automobile is a state-controlled company established in the PRC with the Guangxi SASAC, 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, moulds 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.

Information on Wuling Motors

With reference to the Board Letter, Wuling Motors is a company incorporated in Hong Kong with limited liability. Wuling Motors is a wholly-owned subsidiary of Guangxi Automobile and directly holding the entire issued share capital of Wuling HK, a controlling Shareholder which was beneficially interested in approximately 56.04% of the total number of Shares in issue of the Company as at the Latest Practicable Date.

Information on the Target Company

With reference to the Board Letter, the Target Company is a limited liability company established in the PRC with a registered capital of RMB138 million. The Target Company is principally engaged in property rental business. As at the Latest Practicable Date, the Target Company is owned as to 50.7% by Guangxi Automobile and as to 49.3% by Wuling Motors. As Guangxi Automobile and Wuling Motors did not acquire the Target Company from a third party, there is no original acquisition cost of the equity interest of the Target Company.

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Set out below is the extracted financial information of the Target Company for the six months ended 30 June 2017 and the two years ended 31 December 2016:

	For the six months ended 30 June 2017	For the year ended 31 December 2016	For the year ended 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Revenue	3,126	5,388	4,871
Profit before taxation	1,660	3,053	45
Net profit after taxation	1,660	3,000	45
		As at 30 June 2017	As at 31 December 2016
		<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Net assets		139,824	138,338
— Properties		51,184	52,285
— Bank and cash balance		26,068	23,984
— Amount due from Guangxi Automobile		59,962	59,962
— Amount due from Wuling Industrial		3,188	3,866

Reasons for and benefits of the Acquisition

With reference to the Board Letter, the Group's core business primarily includes the manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles. With reference to the 2016 Annual Report, the Group has planned to expand and upgrade its production capacity to meet the customer demands in view of the anticipated growth of business of SGMW, the major customer of Wuling Industrial. With reference to the circular of the Company dated 28 November 2016 regarding capital contribution in Wuling Industrial by Company, due to the launch of the new passenger vehicles by SGMW manufactured in their production base in Shandong, the production facilities of Wuling Industrial located in Qingdao, the PRC are required to undertake certain technology enhancement and capacity expansion programs, some of which have been conducted by the Group as disclosed in the announcements of the Company dated 25 January 2017, 26 May 2017 and 13 June 2017 respectively.

The Shandong branch of Wuling Industrial has been leasing the Qingdao Leased Properties from the Target Company under the 2016–2018 Master Tenancy Agreement. As the 2016–2018 Master Tenancy Agreement will be expired on 31 December 2018, it would be risky for the Group in planning further investments in these premises. Having considered that the location of the Qingdao Leased Properties is in close proximity to

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SGMW, the acquisition of the Qingdao Leased Properties (through the acquisition of the entire interest in the Target Company pursuant to the Equity Transfer Agreement) will enable the Group to own the Qingdao Leased Properties, which in turn will facilitate a more effective investment planning for the Group in enhancing the technology and expanding capacity for the production facilities. Besides, the acquisition of the Qingdao Leased Properties would also reduce the rental costs of Wuling Industrial by approximately RMB5,560,812 per annum (the “**QLP Rental Costs**”).

With reference to the 2016 Annual Report and the annual report of the Company for the year ended 31 December 2015, the minimum lease payments made under operating leases of the Group during FY2016 were RMB47,239,000 (“**FY2016 Lease Costs**”), representing an increase of approximately 14.43% as compared to that for FY2015. The QLP Rental Costs of approximately RMB5,560,812 per annum amounted to approximately 11.77% of the FY2016 Lease Costs.

With reference to the Board Letter, having considered that (i) the transfer of the equity interest in the Target Company would be less time-consuming as compared to the direct transfer of the Qingdao Leased Properties; and (ii) the efficiency in transferring the equity interest in the Target Company would be higher than in transferring the Qingdao Leased Properties directly as less government’s requirements might be involved during the equity transfer in the PRC, the Directors believe that the acquisition of the entire equity interest in the Target Company by entering into the Equity Transfer Agreement is more beneficial to the Group.

Having considered (i) positive business performance of the Group for FY2016; (ii) that the Group has been planning to expand and upgrade its production capacity and has been undertaking technology enhancement and capacity expansion programs; and (iii) the increased operating leases payments of the Group for FY2016 and that the Acquisition would reduce the rental cost of Wuling Industrial, we concur with the Directors that the Acquisition is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Equity Transfer Agreement

Date

18 August 2017 (after trading hours)

Parties

Wuling Industrial as the purchaser; and

Guangxi Automobile and Wuling Motors as the vendors

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Subject matter

Pursuant to the Equity Transfer Agreement, Wuling Industrial conditionally agreed to acquire 50.7% and 49.3% of equity interest in the Target Company from Guangxi Automobile and Wuling Motors, respectively.

The principal assets of the Target Company include a parcel of land and the buildings constructed thereon, located in south of Songhuajiang Road, west of Jiangshan Road, Huangdao District, Qingdao, the PRC* (青島市黃島區江山路西、松花江路南側) (i.e. the Qingdao Leased Properties). The total site area of the land and the total floor area of the buildings are approximately 48,919 sq.m. and 21,722 sq.m., respectively. The Qingdao Leased Properties had been leased by the Shandong branch of Wuling Industrial for its operation since 1 January 2015. In accordance with the 2016–2018 Master Tenancy Agreement, the monthly rental of the Qingdao Leased Properties is RMB463,401 (or RMB5,560,812 per annum).

Consideration

The Consideration for (i) the 50.7% of equity interest in the Target Company shall be RMB71,857,500 to be paid by Wuling Industrial to the Guangxi Automobile; and (ii) the 49.3% of equity interest in the Target Company shall be RMB69,873,200 to be paid by Wuling Industrial to Wuling Motors. The Consideration was determined after arm's length negotiations among Wuling Industrial, Guangxi Automobile and Wuling Motors on normal commercial terms with reference to the PRC Valuation Report of the Target Company.

The Consideration shall be funded by the internal resources of the Group and payable to Guangxi Automobile and Wuling Motors by cash in full upon the date of Completion, subject to (a) Guangxi Automobile and Wuling Motors shall settle all of the outstanding amounts payable to the Target Company, respectively on or before the date of Completion; (b) the Target Company shall terminate the lease agreements for both land and buildings of the Qingdao Leased Properties with the Shandong branch of Wuling Industrial on or before the date of Completion; and (c) all conditions precedent of the Equity Transfer Agreement shall be fulfilled.

According to the PRC Valuation Report, the Equity Valuation as at 31 December 2016 was RMB141,730,700, in which the valuation of the Target Company's major assets, Qingdao Leased Properties was valued at RMB55,677,100 (the "**PRC Property Valuation**"). In preparing the PRC Valuation Report, the PRC Valuer selected the assets-based approach to arrive at the Equity Valuation. The Consideration of RMB141,730,700 equals to the Equity Valuation.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the PRC Valuer with the Company; (ii) the PRC Valuer's qualification and experience in relation to the preparation of the PRC Valuation Report; and (iii) the steps and due diligence measures taken by the PRC Valuer for conducting the Equity Valuation. From the mandate letter and other relevant information provided by the PRC Valuer and based on our interview with them, we are satisfied with the terms of

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engagement of the PRC Valuer as well as their qualification and experience for preparation of the PRC Valuation Report. The PRC Valuer has also confirmed that they are independent to the Group, Wuling Industrial and Guangxi Automobile.

We have further reviewed and enquired into the PRC Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the Equity Valuation in order for us to understand the PRC Valuation Report. Details of the assumptions are set out in the section headed “III. Valuation Assumptions” of the summary of the PRC Valuation Report as contained in Appendix I to the Circular. During our discussion with the PRC Valuer, we have not identified any major factor which caused us to doubt the reasonableness of the assumption used in the Equity Valuation. The PRC Valuer also advised us that sensitivity analysis is not applicable to the valuation method of the Equity Valuation. As confirmed by the PRC Valuer, the assets-based approach (including the adoption of income method for the valuation of investment real estates-housing and market method for the valuation of investment real estates-land use right) is one of the commonly adopted approaches for valuation of companies and is also consistent with normal market practice.

With reference to the PRC Valuation Report,

- (i) considering that the main assets of valuation units are the investment real estates, the selection of economic and technological parameters of the assets valuation will have sufficient data as the basis and references, and the companies have no intangible assets such as patent technology, therefore the Equity Valuation meets the requirements of adopting asset-based approach;
- (ii) after investigation, the PRC Valuer knows that all major assets of the valuation units are used for rental purpose, so there is certain correlation between assets and operating earnings. Also, as the correlation can be quantified, and the future returns can be predicted, its future earnings and risk can therefore be quantified. As such, the Equity Valuation meets suitable conditions of income approach; and
- (iii) there are few transaction cases of similar scale enterprises and related industries of the valuation units and case information are not publicly available. Also, as management information, financial information and other data of related referential enterprises and trading cases are difficult to obtain. Therefore, the Equity Valuation does not meet suitable conditions of market approach. As such, market approach was not used in the Equity Valuation.

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Having considered the aforementioned reasons for selection of appropriate approaches for the Equity Valuation, we have not considered other approaches to assess the fairness and reasonableness of the Consideration.

During our discussion with the PRC Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Equity Valuation.

With reference to the Board Letter, in assessing the valuation of the Qingdao Leased Properties, the Company has also engaged BMI Appraisals as an independent valuer to perform an independent valuation of the Qingdao Leased Properties. According to the Property Valuation Report, the valuation of the Qingdao Leased Properties was valued at RMB55,700,000 as at 30 June 2017 (i.e. the Property Valuation). There is no material difference between the Property Valuation and the PRC Property Valuation.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Property Valuer with the Company; (ii) the Property Valuer's qualification and experience in relation to the preparation of the Property Valuation Report; and (iii) the steps and due diligence measures taken by the Property Valuer for conducting the Property Valuation. From the mandate letter and other relevant information provided by the Property Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Property Valuer as well as their qualification and experience for preparation of the Property Valuation Report. The Property Valuer has also confirmed that they are independent to the Group, Wuling Industrial and Guangxi Automobile.

With reference to the Property Valuation Report, there is a lack of an established market upon which to base comparable transactions, which generally furnishes the most reliable indication of values for assets without a known used market, the Property Valuer has adopted the depreciated replacement cost approach for the assessment of the Property Valuation Report. The Property Valuer has also adopted the investment approach where appropriate by taking into account the current rent passing of the property being held under existing tenancy and the reversionary potential of the tenancy if it has been or would be let to tenant.

We have further reviewed and enquired into the Property Valuer on the methodologies adopted and the basis and assumptions adopted in arriving at the Property Valuation in order for us to understand the Property Valuation. Details of the assumptions are set out in the section headed "Valuation Assumptions" of the Property Valuation Report as contained in Appendix II to the Circular. During our communication with the Property Valuer, we have not identified any major factor which caused us to doubt the reasonableness of the assumption used in the Property Valuation. The Property Valuer also advised us that sensitivity analysis is not applicable to the Property Valuation. As confirmed by the Property Valuer, the depreciated replacement cost approach and investment approach are commonly adopted approaches for valuation of properties and is also consistent with normal market practice.

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The Property Valuation Report is set out in Appendix II to the Circular. During our discussion with the Property Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Property Valuation.

Having considered that:

- (i) the Consideration of RMB141,730,700 equals to the Equity Valuation; and
- (ii) there is no material difference between the Property Valuation and the PRC Property Valuation (both of the Property Valuation and the PRC Property Valuation are on the Qingdao Leased Properties, being the Target Company's major assets),

we are of the opinion that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Other terms of the Sale and Purchase Agreement are set out under the section headed "Principal Terms of the Equity Transfer Agreement" of the Board Letter.

Taking into account the principal terms of the Equity Transfer Agreement, we consider that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

3. Possible financial effects of the Acquisition

With reference to the Board Letter, upon Completion, Wuling Industrial will hold the entire equity interest of the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company. As confirmed by the Directors, the financial results of the Target Company will be consolidated into the financial statements of the Group.

With reference to the 2017 Interim Report, the unaudited consolidated net asset value ("NAV") of the Group was approximately RMB2.23 billion as at 30 June 2017. As confirmed by the Directors, the Acquisition would have no material impact on the NAV of the Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the ordinary and usual course of business of the Company and 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 resolution(s) to be proposed at the SGM to approve the Equity Transfer Agreement 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
Gram Capital Limited
Graham Lam
Managing Director

* *For identification purpose only*

The followings are the text of the letters, valuation abstract, valuation conclusion and detailed information of the valuation which is made based on the entire shareholding of 青島五菱汽車科技有限公司 (Qingdao Wuling Automobile Technology Limited) (“Qingdao Wuling”) with the base date of assets valuation on 31 December 2016 performed by 中通誠資產評估有限公司 (China Tong Cheng Assets Appraisal Co., Ltd), the valuer in relation to the proposed share transfer by 廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*) for the purpose of inclusion in this circular. The original text of the PRC Valuation Report was prepared in Chinese. If there is any inconsistency between the summary report below and the Chinese version of this summary report, the Chinese version shall prevail.*

30 September 2017

The Directors
Wuling Motors Holdings Limited
Unit 2403, 24th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

I. VALUATION BASIS

(A) Basis of Laws and Regulations

1. 《中華人民共和國資產評估法》 *Assets Valuation Law of the People’s Republic of China** (No.46 of Presidential Decree of the People’s Republic of China)
2. 《國有資產評估管理辦法施行細則》 *The Administration of National Assets Valuation** (Decree No.91 of State Council);
3. 《國有資產評估管理辦法施行細則》 *Rules for Implementation of the Administration of National Assets Valuation** (Asset Management Office [1992] No.36);
4. 《企業國有資產監督管理暫行條例》 *The Interim Regulations on Supervision and Management of State-owned Assets of Enterprises** (No.378 of Decree of the State Council);
5. 《關於改革國有資產評估行政管理方式加強資產評估監督管理工作的意見》 *Suggestions on Administrative Approach Reform and Reinforcement of Supervision and Management work of National Assets Valuation** (Country Office [2001] No.102);
6. 《企業國有資產評估管理暫行辦法》 *The Interim Measures on Valuation and Management of State-owned Assets of Enterprises** (Decree No. 12 of State-owned Assets Supervision and Administration Commission, August 25, 2005);

7. 《國有資產評估管理若干問題的規定》 *Regulations on Issues of Administration of National Assets Valuation** (No.14 of Ministry of Finance Decree);
8. 《企業國有產權轉讓管理暫行辦法》 *The Interim Measures on Management of State-owned Property Rights of Enterprises** (Decree No.3 of State-owned Assets Supervision and Administration Commission and Ministry of Finance of the State Council);
9. 《關於加強企業國有資產評估管理工作有關問題的通知》 *Notice of Issues on Reinforcement of State-owned Assets Appraisal and Management of Enterprises** (Property Right of State-owned Assets Supervision and Administration Commission [2006] No.274);
10. 《企業國有資產評估項目備案工作指引的通知》 *Notice of Guidelines on the Filing Work of State-owned Assets Appraisal Projects** (State-owned Asset Rights [2013] No.64)
11. 《中華人民共和國土地管理法》 *PRC Law on Land Management**; and
12. Other laws and regulations related to assets valuation.

(B) Basis for Valuation Standards

1. 《資產評估職業道德準則 — 基本準則》 *Professional Ethics Criterion of Assets Valuation — Basic Norms** (Financial Enterprises [2004] No.20);
2. 《資產評估職業道德準則 — 獨立性》 *Professional Ethics Criterion of Assets Valuation — Independence** (China Appraisal Society [2012] No.248);
3. 《資產評估準則 — 基本準則》 *Asset Valuation Standards — Basic Standards** (Financial Enterprises [2004] No. 20);
4. 《資產評估準則 — 評估報告》 *Asset Valuation Standards — Valuation Report** (China Appraisal Society [2007] No.189);
5. 《資產評估準則 — 評估程式》 *Asset Valuation Standards — Valuation Processes** (China Appraisal Society [2007] No.189);
6. 《資產評估準則 — 業務約定書》 *Asset Valuation Standards — Engagement Letter** (China Appraisal Society [2007] No.189);
7. 《資產評估準則 — 工作底稿》 *Asset Valuation Standards — Working Paper** (China Appraisal Society [2007] No.189);
8. 《資產評估準則 — 不動產》 *Asset Valuation Standards — Real Estate** (China Appraisal Society [2007] No.189);

9. 《資產評估準則 — 企業價值》 *Asset Valuation Standards — Corporate Value** (China Appraisal Society [2011] No.227);
10. 《資產評估價數值型別指導意見》 *Value Type Guidance of Assets Valuation** (China Appraisal Society [2007] No.189);
11. 《評估機構業務品質控制指南》 (*Guidance of Service Quality Control of Valuation Institutions** (China Appraisal Society [2010] No.214);
12. 《中評協關於修改評估報告等準則中有關簽章條款的通知》 *Notice on Amendment of Elated Signature Clauses in the Standards including the Valuation Report of China Appraisal Society** (China Appraisal Society [2011] No.230);
13. 《註冊資產評估師關注評估物件法律權屬指導意見》 *Instructions on Legal Ownership of Valuation Subjects Focused by Certified Public Valuer** (Accounting association [2003] No.18); and
14. Other criteria and basis related to assets valuation.

(C) Basis for Ownership

1. Credit information from the publicity systems of national enterprises; and
2. Real estate ownership certificates.

(D) Basis of Price Determination

1. Related industry and stock market information collected by the valuers through open channels;
2. Wind database of information;
3. Database of State Statistic Bureau;
4. Financial deposit-loan interest rates of People's Bank of China on base date of assets valuation ;
5. 《資產評估常用資料與參數手冊》 *The Common Data and Parameter Handbooks of Assets Valuation**;
6. Related original certificates including bank statements, budget and settlement materials provided by the entities being evaluated;
7. Financial statements of the past years provided by the entities being evaluated;
8. Chinese land market website;

9. 58 city website;
10. Website of Chinese statistics bureau;
11. Website of Chinese cities land price dynamic monitoring;
12. Standard land price of Huangdao District, Qingdao City; and
13. Other documents related to this assets valuation.

(E) Other Reference Materials

1. No. 2017-112 Audited report issued by 廣西天華會計師事務所有限公司 (Guangxi Tian Hua Accounting Co., Ltd*) provided by Qingdao Wuling;
2. Annual audited reports of Qingdao Wuling from year 2014 to 2016;
3. Lease contracts and agreements provided by the entities being evaluated;
4. Forecast information of future benefits provided by the entities being evaluated ;
5. The State Standard 《城鎮土地估價規程》 *Regulations for Valuation on Urban Land** of the People's Republic of China GB/T18508-2014;
6. 《房地產估價規範》 *Chinese Real Estate Regulations** (GB/T50291-2015); and
7. Correlative data and material of database of 中通誠資產評估有限公司 (China Tong Cheng Assets Appraisal Co., Ltd*).

II. VALUATION APPROACH

(A) Choices of Valuation Approach

According to 《資產評估準則 — 企業價值》 *Asset Valuation Standards — Corporate Value** (China Appraisal Society [2011] No. 227), asset appraisers shall perform the appraisal of the enterprise value based on relevant conditions including valuation subjects, value types, condition of data collection and so on. In addition, they shall analyze the applicability of the three basic approaches of assets appraisal including the income approach, market approach and asset-based approach, and then choose one or more basic approaches for assets appraisal as appropriate.

According to 《關於加強企業國有資產評估管理工作有關問題的通知》 *Notice of Issues on Reinforcement of State-owned Assets Appraisal and Management of Enterprises** (Property Right of State-owned Assets Supervision and Administration Commission [2006] No.274), For assets valuation projects related to the enterprise value, when they are evaluated on the premise of continuing operations, the use of two or more valuation approaches are required, and the valuation approaches are needed to be listed in the valuation report. After making a comprehensive analysis on the basis of actual condition, one of the valuation results should be identified as the valuation results. In this regard, the selection of the valuation approach is as follows:

1. Analysis of the application of asset-based approach

Considering that the main assets of valuation units are the investment real estates, the selection of economic and technological parameters of the assets valuation will have sufficient data as the basis and references, and the companies have no intangible assets such as patent technology, therefore the valuation meets the requirements of adopting asset-based approach.

2. Analysis of the application of income approach

After investigating, we know that all major assets of the valuation units are used for rental purpose, so there is certain correlation between assets and operating earnings. Also, as the correlation can be quantified, and the future returns can be predicted, its future earnings and risk can therefore be quantified. As such, the valuation meets suitable conditions of income approach.

3. Analysis of the application of market approach

There are few trading cases of similar scale enterprises and related industries of the valuation units and case information are not publicly available. Also, as management information, financial information and other data of related referential enterprises and trading cases are difficult to obtain. Therefore, the valuation does not meet suitable conditions of market approach. As such, market approach will not be used in this valuation.

To sum up, the asset-based approach and the income approach are used in this valuation. After analyzing, we choose the evaluated results by asset-based approach as the final valuation conclusion.

(B) Asset-based Approach

Asset-based approach of the enterprise valuation means the valuation approach performed based on the balance sheet of the enterprise at the base date of assets valuation from which the on-balance sheet and off-balance sheet assets and debt value of the enterprises are evaluated for arriving at the valuation of the subject enterprise. When using the asset-based approach to conduct the enterprise valuation, the value of each asset is obtained through the application of appropriate and specific valuation approaches based on its specific situation.

According to the formula of asset-based approach:

$$\text{Valuation of Total Shareholders' Equity} = \text{Total Values of All Assets} - \text{Total Values of All Liabilities}$$

Since the attributes that constitute the individual assets of the enterprise are different, the value of each individual asset is determined through selecting suitable valuation approaches according to its specific situation. The respective valuation approaches of each asset are as follows:

1. *Currency fund*

Currency fund represents bank deposit. Confirmation letters were issued to the bank. Bank statements and the bank reconciliation statements were inspected for checking the bank deposit. After verification, the verified book values of RMB deposits were used as the valuation. For bank deposits in foreign currency, the verified book values were converted into RMB according to middle price of foreign exchange rate on the base date of assets valuation as the valuation.

2. *Other receivables*

Main contents for other receivables are rental receivables of the associated real estates and the interest-free loan owed by the parent company. Based on the analysis, there is no conclusive evidence that other receivables cannot be collected, and the recovery risk is lower. Valuation is determined according to the verified book values.

3. *Investment real estates*

The valuation approaches of investment real estates include market method, income method, hypothesis development method and cost method. The selection process of the valuation methods according to the specific situation of the investment real estates is detailed below.

As of the base date of assets valuation, the investment real estates subject to evaluation still has two years' lease outstanding, and the profit generating property can be divided into three categories including leasing, business operation and

production operation. As the real estates subject to the valuation is a rental property, it can be regarded as rental profitable real estates and can be assessed by adopting the principle of opportunity income and by using the model of calculating annual net income according to rental information in arriving at its value.

(1) *Investment real estates-housing*

Due to lack of second-hand trading cases of similar property in the area of the investment real estates-housing (including the occupied land of the housing) subject to evaluation, it is difficult to obtain a sufficient number of comparable trading cases. Therefore, it is not suitable to choose market method to conduct the valuation. According to site investigation, there are many rental cases in the area of investment real estates-housing, which makes it possible to obtain a sufficient number of comparable rental cases. Therefore, it is suitable to choose income method to conduct the valuation.

The specific valuation approach is as follows:

Based on the expecting future normal net income of the valuation subjects, income method estimates the objective and reasonable price or value of the valuation subjects by applying the proper capitalization rate and through working out an accumulation balances after the related discounting process. The formula is as follows:

$$V = A/(r-s) \times \{1 - [(1+s)/(1+r)]^n\}$$

Here, V : real estate price
 A : net income of the first year
 r : capitalization rate
 s : annual growth rate of net income
 n : net income generating years

(2) *Investment real estates-land use right*

There are many trading cases in the area of investment real estates-land use right (occupied land of the housing is not included) subject to evaluation, which makes it possible to obtain a sufficient number of comparable trading cases. Therefore, it is suitable to choose market method to conduct the valuation.

The specific valuation method is as follows:

Market approach is to select certain number of comparable examples and compared them with the valuation subjects. The assessed value or price of the valuation subjects are obtained by referring to the actual transaction prices of comparable examples according to the differentiations. The formula is as follows:

Unit Price = Unit Price of Referential Examples × Correction Factor of Trading Factors × Correction Factor of Date Factor × Correction Factor of Regional Factors × Correction Factor of Individual Factors.

Here,

“Unit Price of Referential Examples” means the unit transaction price of the comparable samples.

“Correction Factor of Trading Factors” means the correction factor for adjusting the transaction price of the comparable sample into a normal market price by excluding the exceptional factors which could give rise to certain price deviations;

“Correction Factor of Date Factors” means the correction factor for adjusting the price of the comparable sample at the respective transaction date into a price calculated based on the base date of valuation;

“Correction Factor of Regional Factors” means the correction factor for adjusting the price of the comparable sample where the respective external, regional and environment conditions are in force into a price at which the particular external, regional and environment conditions of the valuation subject located are in force; and

“Correction Factor of Individual Factors” means the correction factor for adjusting the price of the comparable sample being treated an individual unit into a price being treated an individual unit of the valuation subject.

Given that the assessed value of investment real estates-housing includes value of the land use right of occupied land of the housing, the valuation of the investment real estates-land use right represents the value of remaining land use right after deduction of the base area covered by the housing.

4. Liabilities

On the basis of checking and verification of all kinds of liabilities, the valuation of the liabilities is confirmed according to the liability items and amount that the enterprises need to actually undertake with implementation of the valuation purpose. For liabilities items that are not required to be actually undertaken will be calculated with zero.

III. VALUATION ASSUMPTIONS

The following are the valuation assumptions on which the establishment of this valuation report and conclusions relied upon.

(A) Basic Assumptions

1. Trading assumption: Trading assumption is an assumption that all the assets needed to be assessed would be subject to trading, and the appraiser appraises the assets according to the trading conditions under simulated market.
2. Open market assumption: Open market assumption supposes the market value of the assets needed to be evaluated are obtained under trading of an open market. The market values of the assets are under the constraints by the market mechanism and the market condition, and not by one single trading. An open market here means perfect market conditions that are fully developed and a competitive market where there are willing buyers and sellers. In the open market, the buyers have the equal status with the sellers. They all have the chance and time to get enough market information. The trading between them is voluntary, reasonable, not carried out under the condition that is mandatory or without constraints.
3. Going-concern assumption: This assumption assumes that the in-service-assets to be assessed shall continue to be available for leasing operation according to the service life of buildings after the change of property right or completion of the transaction.

(B) Specific Assumptions

1. It is assumed that the existing laws, regulations and policies of the state and the macro economic situation of the state have not undergone major changes, and the political, economic and social environment in which the parties to the transaction are located does not change significantly.
2. It is assumed that the enterprise continues to operate in view of the actual situation of assets on the base date of valuation.
3. It is assumed that the company's managers are responsible and capable.

4. Unless otherwise noted, it is assumed that the company fully complies with all relevant laws and regulations.
5. It is assumed that the accounting policies adopted by company in the future will be consistent in the important respects with the accounting policies adopted in the preparation of this report.
6. It is assumed that the company's scope and approaches of business based on the existing management approaches and management levels are in line with the current direction.
7. It is assumed that interest rates, exchange rates, tax base and tax rates, policy fees and so on would not change significantly.
8. It is assumed that there are no force majeure and unforeseen factors which can cause serious adverse effects on the enterprise.

(C) Assumptions relating to the Valuation Subjects and the Scope

1. It is assumed that the property rights of the valuation subjects are legitimate, and there is no legal obstacle to the assignment of assets, and that the evaluated entity owned and have complete title of the assets. The relevant liabilities and the effects of possible additional price to the valuation arising from possible mortgage, guarantees and exceptional modes of transaction, either present or future, to assets are not considered.
2. For the legal description or legal matters (including ownership, or encumbrance) of the assets to be assessed in this valuation report, we conduct general investigations in accordance with the requirements of the valuation criteria. Except for those as revealed in this report, it is assumed that the ownership of the assets subject to the scope of valuation can be traded in the market; and at the same time, there is not any lien, regional rights and no other burdening restrictions are involved.

(D) Assumptions relating to the Authenticity of Data

Information provided by the entities subject to the valuation forms the basis for the preparation of this report, and the valuation itself assumes that the information is true and legitimate.

According to the requirements of assets valuation, the assumed conditions are established on the base date of valuation. When the assumed conditions changed significantly, it will have a significant impact on the conclusions of the valuation, and that the report will become invalid. The asset appraiser and the valuation institution do not bear the responsibility for the differences in valuation conclusions as derived due to the change of the assumed conditions.

IV. VALUATION CONCLUSION

The valuation result based on the assets-based approach of RMB141,73,700 has been adopted as the final valuation due to the following reasons:

- (i) the bank and cash balances and other account receivables are the major assets of the enterprise representing approximately 63% of the total assets of the enterprise;
- (ii) the valuation methods such as income approach and market approach have been properly applied for the valuation of the housing and land use right of the enterprise respectively in order to better reflect the value of the real estates of the enterprise; and
- (iii) the idle cash and outstanding account receivables of the enterprise have not been utilised to generate additional income for the enterprise.

On 31 December 2016, the total book values of all assets of Qingdao Wuling is RMB140,147,600, the total book values of all liabilities is RMB1,809,200, and the total book values of the shareholders' equity is RMB138,338,400. After valuation, the valuation of the total assets is RMB143,539,900, the valuation of the total liabilities is RMB1,809,200, and the valuation of the total shareholders' equity is RMB141,730,700. The valuation of the total assets increases by RMB3,392,300 from the book values, and the appreciation rate is 2.42%; the valuation of the total shareholders' equity increases by RMB3,392,300 from the book values, and the appreciation rate is 2.45%.

Details of valuation conclusion are shown in the following table and breakdown.

Summary of assets valuation results (asset-based approach)

青島五菱汽車科技有限公司(Qingdao Wuling Automobile Technology Co., Ltd.*)

Valuation date: 31 December 2016

Item	Book	Valuation	Increment	Appreciation
	values		or	rate
	RMB'000	RMB'000	impairment	%
	A	B	RMB'000	
			C=B-A	D=C/A×100%
1 Current assets	87,862.8	87,862.8	0.0	0.00
2 Non-current assets	52,284.8	55,677.1	3,392.3	6.49
3 Investment property	52,284.8	55,677.1	3,392.3	6.49
4 Total assets	140,147.6	143,539.9	3,392.3	2.42
5 Current liabilities	1,809.2	1,809.2	0.0	0.00
6 Total liabilities	1,809.2	1,809.2	0.0	0.00
7 Net assets (owner's equity)	138,338.4	141,730.7	3,392.3	2.45

The valuation concluded by the valuation report shall be valid for one year, beginning on 31 December 2016 and ending on 30 December 2017.

In the event that the income approach has been adopted as the final valuation of the enterprise, the valuation result will be RMB129,938,500.

V. VALUATION OF THE INVESTMENT REAL ESTATES

(A) Scope of Valuation

The investment real estates included in this valuation are investment real estates-housing, and the investment real estates-land use right. The book values of which on the base date of this valuation is shown in the following table:

No.	Subject	Book values <i>RMB'000</i>
1	Investment real estates-housing	33,466.9
2	Investment real estates-land use right	<u>18,817.9</u>
	Total	<u><u>52,284.8</u></u>

(B) Overview of the Assets

1. The reported investment real estates-housing comprises a total of 4 items, including the surrounding road and its ancillary works, waste sheds of Qingdao Wuling, gate (guard room) of Qingdao Wuling, and the joint plant, with the total area of 21,881.26 sq.m.. Among them, the waste sheds and joint plant are the steel structure, and the gate (guard room) are the brick masonry structure, which were all built in 2012 and were in normal use, with general maintenance and repair. The specific conditions are as follows:
 - (1) The surrounding roads and ancillary works of the factory were built in June 2012, mainly including the factory roads, the factory walls, retaining walls and other works. The factory roads are concrete surface, with the thickness of about 0.2 meters, the length of about 756 meters, and the width of about 10 meters; The factory walls are concrete foundation cushion, with cement mortar masonry of about 0.4 meters high, and cast-iron fence of about 1.8 meters high, and the length of about 420 meters; The retaining walls are solid brick walls with a stone foundation, the thickness of which is about 0.37 m, with the volume of about 90 cubic meters.

- (2) Waste shed of Qingdao Wuling was built in September 2012, steel structure, in one single floor, which is about 4 meters high, with construction area of about 130 sq.m.. The ground of the waste shed is the cement mortar leveling, with brick walls of 1.2 meters high above the ground, and the walls above 1.2 meters and the roofing are the pressure-type steel plate.
- (3) Gate (guard room) of Qingdao Wuling was built in September 2012, mainly the construction of the guard room, the retractable doors and the surrounding parking lot. Guard room is the brick mix structure, in one single floor, with the height of about 4 meters, and the construction area of about 29 sq.m.. The ground surface is the floor tiles, with the exterior walls of the decorative wall, and the interior wall surface of the latex paint. The windows and doors are aluminum alloy and glasses, with complete water and electricity facilities, which are in normal use currently, with general maintenance situation.
- (4) The joint plant was built in March 2012, steel structure, in one single floor, with the eaves height of about 8 meters, and the northeast corner and southwest corner of the plant have a 2-storey plant auxiliary room with the storey height of about 3.5 meters. Factory surface is a rectangular layout about 162 meters long and about 128 meters wide, with the column distance of about 8 meters, construction area of 21,722.26 sq.m.. Joint plant has the wear-resistant flooring, and the plant auxiliary room is of the non-slip floor tiles flooring, with the color plate roofing and aluminized zinc purlins. There are brick walls above the ground 1.2 meters high, and the external walls are brushed with paint, with the internal walls brushed the white pulp; the color steel wall is 1.2 meters above. There are aluminum alloy composite windows, steel doors, industrial hood lamps, roof centralized drainage, with complete water and electricity facilities, which are in normal use currently, with general maintenance situation.

As of the base date of valuation, Qingdao Wuling has obtained the Qingdao No. 201575571 “The Title Certificate of the Land Property”. The real estate owner stated in the certificate is 青島五菱汽車科技有限公 司 (Qingdao Wuling Automobile Technology Co., Ltd.*), with the identity card name of the organization code certificate, and the identity card number of 55395077-8. The premises are located in the joint plant buildings, Jiangshan Middle Road 6-3, Development Zone. The sharing situation is single ownership, and the registration time is on 6 September 2015, with the construction area of 21,722.26 sq.m., and the use of the housing planning is for industry.

2. There is one declaration of the investment real estates-land and the area stated in the certificate is 48,919.44 sq.m., located in Jiangshan Middle Road 6-3, Development Zone, Huangdao District, Qingdao, and the ownership and obligation number is the No. 201575571, which is for industrial use, and the nature of which is transferable. The ground number is 1100200130090000 and the service life is from 21 April 2011 to 20 April 2061.

The investment real estates-housing, and the investment real estates-land use right subject to the evaluation was began to lease to 柳州五菱汽車工業有限公司山東分公司 (Shandong Branch of Liuzhou Wuling Motors Industrial Company Limited*) in 2015. Under the new lease contract, the current lease period is from 1 January 2016 to 31 December 2018.

(C) The Approaches and Results of Assets Verification

1. The approach of the assets verification

For this valuation, our company has assigned staff members namely, Mr. Li Yexin (Real Estate Appraiser and Land Appraiser, 23 years relevant experiences), Ms. Peng Guihe (Land Appraiser, 7 years relevant experiences), Mr. Luo Yangyong (Appraisal Assistant, 6 years relevant experiences) to go to Qingdao, Shandong to conduct on-site survey and market research on 13 April 2017, who have completed the assets verification work of the valuation site on 15 April 2017. The approach for assets verification is on a one by one basis, and the specific practices are:

- (1) the checking of the accounts table according to the contents of the assets valuation detail list provided by the evaluated enterprise.
- (2) the verification of the property right status, structure type, date of completion, building area and other basic parameters of each asset.
- (3) the carrying out of on-site survey according to the verification of the asset valuation detail list to the location as recorded, the surrounding environment, the supporting facilities and other regional factors of various assets, at the same time, investigate the structure of the valuation subject.
- (4) the collection of the information of the leasing price of each asset market and transaction market and other relevant market price data.

2. Results of asset verification

- (1) The assets ownership information is not defective.
- (2) Based on the on-site investigation by the valuation personnel, the maintenance and the use state of assessed assets are found to be normal, and the assets have been leased.

(D) Valuation Results of Investment Real Estates

After valuation, the estimated value of the investment real estates on the base date of valuation as of 31 December 2016 is RMB55,677,100, and the evaluated appreciated amount is RMB3,392,300, with the appreciation rate of 6.49%. The results of the valuation are shown in the table below.

Summary table of the valuation results of investment real estates

Subject	Book values <i>RMB'000</i>	Estimated values <i>RMB'000</i>	Variation <i>RMB'000</i>	Variation rate %
Investment real estates-housing	33,466.9	46,910.4	13,443.5	40.17
Investment real estates-land use right	<u>18,817.9</u>	<u>8,766.7</u>	<u>(10,051.2)</u>	<u>(53.41)</u>
Total	<u><u>52,284.8</u></u>	<u><u>55,677.1</u></u>	<u><u>3,392.3</u></u>	<u><u>6.49</u></u>

The significant variations between the abovementioned estimated values and book values in terms of investment real estates are due to the reasons as follows:

1. Investment real estates-housing

As the income approach has been adopted in evaluating the housing and land use right of the land occupied thereunder with an area of 21,532.86 sq.m., the estimated value of RMB46,910,400 includes the total values of the housing and the land use right thereunder; whereas the book value of the investment real estates-housing of RMB33,466,900 only represents the value of the housing of the enterprise. As such, the estimated value was significantly higher than the book value by approximately 40.17% for the investment real estate-housing.

2. Investment real estates-land use right

The estimated value of the investment real estates-land use right of RMB8,766,700 was evaluated merely based on the land use right of the land with an area of 27,386.58 sq.m., excluding the proportion occupied by the housing of the enterprise of 21,532.86 sq.m.. However, the book value refers to the value of the entire land parcel with an area of 48,919.44 sq.m. in total. Therefore, the estimated value was significantly lower than the book value by approximately 53.41% for the investment real estates-land use right.

VI. SIGNERS OF THE PRC VALUATION REPORT

The signers of the PRC Valuation Report is Ms. Huang Chaoming (Asset Appraiser, 24 years relevant experiences) and Mr. Lan Ziji (Asset Appraiser, 7 years relevant experiences).

Yours sincerely,

中通誠資產評估有限公司
(China Tong Cheng Assets Appraisal Co., Ltd.)

Profile of China Tong Cheng Assets Appraisal Co. Ltd

China Tong Cheng Assets Appraisal Co. Ltd was established in 1994, which is a certified institute by the Ministry of Finance for asset appraisal and a jointly certified institute by the Ministry of Finance and China Securities Regulatory Commission for appraisal relating to securities industry. Headquartered in Beijing, China Tong Cheng Assets Appraisal Co. Ltd maintains operating arms in Jiangsu, Gaungxi and Tianjin and currently have 238 staff members. Among them, 118 are registered asset appraisers, 27 are real estate appraisers and 22 are land appraisers, with over 60% of the staff members having doctorate and master degree or being senior executives. Since its establishment, China Tong Cheng Assets Appraisal Co. Ltd has provided professional valuation services to the large corporations covering the industry of infrastructure, finance, transport and resources, etc.

* *For identification purpose only*

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 30 June 2017 of the property contracted to be acquired by the Group located in the People's Republic of China.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong

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30 September 2017

The Directors

Wuling Motors Holdings Limited

Unit 2403, 24th Floor

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Wuling Motors Holdings Limited (the “Company”) for us to value the property contracted to be acquired by the Company and/or its subsidiaries (together referred to as the “Group”) located in the People’s Republic of China (the “PRC”). We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 June 2017 (the “valuation date”).

BASIS OF VALUATION

Our valuation of the concerned property has been based on the Market Value, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

In valuing the property, we have adopted the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as “the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental

factors, etc.; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement". This basis has been used due to the lack of an established market upon which to base comparable transactions, which generally furnishes the most reliable indication of values for assets without a known used market. This opinion of value is subject to adequate profitability of the business compared to the value of the total assets employed.

We have also adopted the Investment Approach where appropriate by taking into account the current rent passing of the property being held under existing tenancy and the reversionary potential of the tenancy if it has been or would be let to tenant.

TITLE INVESTIGATION

We have been provided with copies of title and legal documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Group's PRC legal advisor — Shangdong Heng Xin Tong Law Office (山東恒信通律師事務所) regarding the title of the property located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

The property was inspected by Ms. Joannau Chan (MHKIS) in June 2017. We have inspected the property externally and where possible, the interior of the property. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made. We are, therefore, unable to report whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfers.

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Joannau W. F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Note: Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 24 years' experience in valuations of properties in Hong Kong and over 18 years' experience in valuations of properties in the People's Republic of China.

SUMMARY OF VALUE

Property contracted to be acquired by the Group in the PRC

Property	Market Value in existing state as at 30 June 2017 RMB
<p>A land parcel, various buildings and structures located at the southern side of Songhuajiang Road, western side of Jiangshan Road, Huangdao District, Qingdao City, Shandong Province, The PRC</p> <p>位於中國 山東省 青島市黃島區 江山路西、松花江路南側之 一塊土地，多座樓宇及構築物</p>	55,700,000
Total:	<u>55,700,000</u>

VALUATION CERTIFICATE

Property contracted to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2017 RMB
A land parcel, various buildings and structures located at the southern side of Songhuajiang Road, western side of Jiangshan Road, Huangdao District, Qingdao City, Shandong Province, The PRC	The property comprises a land parcel with a site area of approximately 48,919 sq.m. together with various buildings and ancillary structures completed in 2012 erected thereon.	The property is occupied by the Group for industrial purpose.	55,700,000
位於中國 山東省 青島市 黃島區 江山路西、 松花江路南側之 一塊土地，多座樓宇 及構築物	The total gross floor area (“GFA”) of the buildings of the property is approximately 21,722.26 sq.m.	The buildings mainly include workshops, warehouses, ancillary offices and a canteen.	
	The land use rights of the property have been granted for a term expiring on 20 April 2061 for industrial use.		

Notes:

- The property is located in Huangdao District of Qingdao City, which is about one hour’s driving distance to the Qingdao International Airport. The immediate locality is an industrial area.
- Pursuant to a Real Estate Title Certificate (房地產權證), Qing Fang De Quan Shi Zi Di No. 201344088 (青房地權市字第201344088號), dated 16 April 2013, the land use rights of the property with a site area of 48,919 sq.m. have been granted to Qingdao Wuling Automobile Technology Limited (青島五菱汽車科技有限公司) (“Qingdao Wuling”) for a term expiring on 20 April 2061 for industrial use.
- Pursuant to a Real Estate Title Certificate (房地產權證), Qing Fang De Quan Shi Zi Di No. 201575571 (青房地權市字第201575571號), dated 6 September 2015, the property with a total GFA of 21,722.26 sq.m. is legally owned by Qingdao Wuling.
- Pursuant to a Leasing Contract (廠房租賃合同) and a Supplementary Leasing Agreement (廠房租賃合同之補充協議), entered into between Qingdao Wuling and Liuzhou Wuling Motors Industrial Company Limited (柳州五菱汽車工業有限公司) (“Wuling Industrial”) dated 25 December 2015, the former agreed to lease the property with a GFA of 21,722.26 sq.m. to the latter for a term commencing on 1 May 2016 and expiring on 31 December 2018 at a monthly rent of RMB463,400.80 exclusive of management fees, water, electricity and other relevant outgoings.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
 - a. The land use rights and building ownership rights of the property are legally vested in Qingdao Wuling and Qingdao Wuling has the rights to legally occupy, use, transfer, lease and mortgage the land use rights of the property at no extra land premium or other onerous payment payable to the government;
 - b. The land premium of the property has been settled in full;
 - c. Except the leasing documents in Note 4, the property is not subject to mortgage or any other material encumbrances;
 - d. The property can be freely disposed of in the market; and
 - e. The Leasing Contract and Supplementary Leasing Agreement are legally valid and binding on the contracting parties.

6. Wuling Industrial is a non-wholly owned subsidiary of the Company.

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 in 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 Securities Future Ordinance (the “SFO”) which 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 were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or 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 position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate % of the total number of Shares in issue*
Mr. Lee Shing (“Mr. Lee”)	Interest in controlled corporation (<i>Note</i>)	281,622,914	15.34%
	Beneficial owner	3,090,900	0.17%
	Interest held by spouse	<u>1,648,480</u>	<u>0.09%</u>
	Sub-total	<u>286,362,294</u>	<u>15.60%</u>
Ms. Liu Yaling	Beneficial owner	<u>2,060,600</u>	<u>0.11%</u>
Mr. Ye Xiang	Beneficial owner	<u>1,030,300</u>	<u>0.06%</u>

Note: This represents the Shares held by Dragon Hill Development Limited (“Dragon Hill”), a company wholly-owned by Mr. Lee.

* The percentage has been adjusted (if any) based on the total number of Shares in issue as at the Latest Practicable Date.

(ii) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as it was known to the Directors and chief executive of the Company, no other persons had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO, or who (other than a member of the Group was) was, directly or indirectly, 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:

Long positions

Name of Shareholders	Capacity	Nature of Interest	Number of Shares held	Approximate % of the total number of Shares in issue*
Dragon Hill (<i>Note 1</i>)	Beneficial owner	Corporate	<u>281,622,914</u>	<u>15.34%</u>
Mr. Lee Shing	Interest in controlled corporation (<i>Note 1</i>)	Corporate	281,622,914	15.34%
	Beneficial owner (<i>Note 2</i>)	Personal	3,090,900	0.17%
	Interest held by spouse (<i>Note 2</i>)	Family	1,648,480	0.09%
		Sub-total	<u>286,362,294</u>	<u>15.60%</u>
Wuling (Hong Kong) Holdings Limited (“ Wuling HK ”) (<i>Notes 3 and 4</i>)	Beneficial owner	Corporate	1,028,846,806	56.04%
		Unlisted derivatives	571,428,571	31.13%
		Sub-total	<u>1,600,275,377</u>	<u>87.17%</u>

Name of Shareholders	Capacity	Nature of Interest	Number of Shares held	Approximate % of the total number of Shares in issue*
Wuling Motors (Hong Kong) Company Limited (Notes 3 and 4)	Interest in controlled corporation	Corporate	1,028,846,806	56.04%
		Unlisted derivatives	571,428,571	31.13%
		Sub-total	<u>1,600,275,377</u>	<u>87.17%</u>
Guangxi Automobile	Interest in controlled corporation	Corporate	1,028,846,806	56.04%
		Unlisted derivatives	571,428,571	31.13%
		Sub-total	<u>1,600,275,377</u>	<u>87.17%</u>

Notes:

- (1) Mr. Lee is beneficially interested in 281,622,914 Shares, which interests are held by Dragon Hill, a company wholly-owned by Mr. Lee. This parcel of Shares has also been disclosed as long position of Mr. Lee under the above section.
- (2) These represent the Shares held by Mr. Lee and his spouse as beneficial owners, respectively.
- (3) The entire issued share capital of Wuling HK is currently held by 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) The unlisted derivatives referred to the 571,428,571 Shares (conversion shares) issuable to Wuling HK upon exercise in full of the conversion rights attaching to the convertible notes issued to Wuling HK on 23 May 2017 pursuant to the Subscription Agreement dated 13 October 2016 (as defined below).

* The percentage has been adjusted (if any) based on the total number of Shares in issue as at the Latest Practicable Date.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Company 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, an executive Director, the Vice-chairman and Chief Executive Officer of the Company for the leasing of a warehouse for keeping the old records of the Group for two years commencing from 1 August 2015 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 2016 (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.

On 13 October 2016, the Company and Wuling HK entered into a conditional subscription agreement, pursuant to which the Company has conditionally agreed to issue and Wuling HK has conditionally agreed to subscribe for the convertible notes in an aggregate principal amount of HK\$400,000,000 at an initial conversion price of HK\$0.70 per Share (subject to adjustments) (the “**Subscription Agreement**”). Details of Subscription Agreement was fully disclosed in the Company’s announcement dated 13 October 2016 and the Company’s circular dated 28 November 2016. Completion of the Subscription Agreement was taken place on 23 May 2017 upon which the convertible notes in an aggregate principal amount of HK\$400,000,000 was issued to Wuling HK on the same date.

Besides, in relation to the Subscription Agreement, on 13 October 2016, the Company entered into the a conditional 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 in cash into Wuling Industrial in two instalments, in which RMB279,601,173 will be contributed to the registered capital of Wuling Industrial and RMB310,398,827 will be contributed to the capital reserves of Wuling Industrial, and upon completion, 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 “**Capital Increase Agreement**”). Details of Capital Increase Agreement was fully disclosed in the Company’s announcement dated 13 October 2016 and the Company’s circular dated 28 November 2016. Completion of the first instalment of the capital increase in Wuling Industrial was taken place following the completion of the Subscription Agreement as described above upon which the Company had contributed an additional sum of RMB340,000,000 in cash to Wuling Industrial of which RMB161,126,100 was contributed to the registered capital of Wuling Industrial and RMB178,873,900 was contributed to the capital reserves of Wuling Industrial. Upon completion of the first instalment, the registered capital of Wuling Industrial was increased from RMB1,042,580,646 to RMB1,203,706,746 and the Company’s equity interest in Wuling Industrial on an enlarged basis was increased by approximately 6.04% to approximately 60.90% and the remaining 39.10% was owned by Guangxi Automobile.

On 25 January 2017 and 31 March 2017, Wuling Industrial, a non-wholly owned subsidiary of the Company, entered into the equipment purchase agreements with Shanghai Yipu, an associated company of Guangxi Automobile, respectively, pursuant to which Wuling Industrial agrees to purchase and Shanghai Yipu agrees to sell the equipment at the net total consideration of RMB37,905,983 (exclusive of VAT) in accordance with the terms and conditions of the equipment purchase agreements. Details of the equipment purchase agreements were fully described in the Company's announcements dated 25 January 2017 and 31 March 2017.

On 13 September 2017, Wuling Industrial, a non-wholly owned subsidiary of the Company, and Guangxi Automobile entered into two compensation agreements, pursuant to which, among other things, Wuling Industrial agreed to demolish and vacate the properties and equipment of the welding parts plant and plastic parts plant situated on two pieces of land owned by Guangxi Automobile and located in Liuzhou to facilitate the surrender of such pieces of land to the Liuzhou Municipal Government by Guangxi Automobile, whereas, Guangxi Automobile agreed to compensate Wuling Industrial for (i) the related costs and losses incurred in the relocation in the total amount of RMB41,014,608; and (ii) the reconstruction costs for the punching workshop situated thereon and invested by in the amount of RMB7,820,000. Details of the compensation agreements and the transactions contemplated thereunder are fully described in the Company's announcement dated 13 September 2017.

On 22 September 2017, Wuling Industrial, a non-wholly owned subsidiary of the Company and Shanghai Yipu, and an associated company of Guangxi Automobile entered into two conditional equipment purchase agreements, pursuant to which Wuling Industrial agreed to purchase and Shanghai Yipu agreed to sell two different sets of equipment at the net consideration of RMB1,239,316 (exclusive of VAT) and RMB23,589,744 (exclusive of VAT) respectively in accordance with the terms and conditions of the respective equipment purchase agreements. Details of these two conditional equipment purchase agreements were fully described in the Company's announcements dated 22 September 2017.

Mr. Yuan Zhijun, chairman of the Board and an executive Director, is currently a director of Guangxi Automobile and Wuling HK. Mr. Zhong Xianhua and Mr. Yang Jianyong, both of them executive Directors, are currently senior executives of Guangxi Automobile.

Save as disclosed herein, as at the Latest Practicable Date, (i) none of the Directors had any interest in any assets which had been since 31 December 2016 (being the date to which the latest published audited 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; and (ii) 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. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Yuan Zhijun, the chairman of the Board and an executive Director, is also a director of 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. Yuan is taken to have competing interests in SGMW by virtue of his common directorships, he will fulfill his fiduciary duty in order to ensure that he acts 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 length basis from, the businesses of SGMW.

Save as disclosed above, as at the date of this report, none of the Directors or their respective close associates has interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

6. CONSENT AND QUALIFICATION OF EXPERTS

The following is the qualification of the experts which have given advice contained in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
BMI Appraisals	independent valuer
China Tong Cheng Assets Appraisal	independent valuer

As at the Latest Practicable Date, each of Gram Capital, BMI Appraisals and China Tong Cheng Assets Appraisal 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.

As at the Latest Practicable Date, each of Gram Capital, BMI Appraisals and China Tong Cheng Assets Appraisal 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 2016, being the date to which the latest published consolidated audited financial statements of the Group were made up.

Each of Gram Capital, BMI Appraisals and China Tong Cheng Assets Appraisal has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter as set out in this circular and references to its name in the form and context in which they respectively appear in this circular.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published 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 2403, 24/F., Great Eagle Centre, 23 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 26 October 2017.

- (i) the letter from the Independent Board Committee to the Independent Shareholders giving its recommendations on the Equity Transfer Agreement and the Acquisition, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;
- (ii) the letter from Gram Capital containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreement and the Acquisition, the text of which is set out in the section headed “Letter from Gram Capital” in this circular;
- (iii) the final valuation report of the Qingdao Leased Properties issued by BMI Appraisals, a summary of which is set out in Appendix II to this circular;
- (iv) the summary report of the PRC Valuation Report issued by China Tong Cheng Assets Appraisal which is set out in Appendix I to this circular;
- (v) the written consent of Gram Capital, BMI Appraisals and China Tong Cheng Assets Appraisal referred to in the paragraph headed “CONSENT AND QUALIFICATION OF EXPERTS” in this appendix;
- (vi) the Equity Transfer Agreement; and
- (vii) this circular.

**MR. MI JIANGUO, AGED 66, AN INDEPENDENT NON-EXECUTIVE DIRECTOR
("MR. MI")****(a) Positions held with the Company and other members of the Group**

Mr. Mi was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee on 1 September 2017.

(b) Previous experience including other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong, or overseas and other major appointments and qualifications

Mr. Mi Jianguo is a Ph.D. in Economics and engaged in the fields of education and research in the PRC for more than 20 years. Mr. Mi served as a teacher at the Hebei University (河北大學) from August 1982 to December 1990. From December 1990 to February 2012, he served as a researcher, vice minister and minister of the marco research department, and the manager of the information center at the Development Research Center of the State Council in the PRC (國務院發展研究中心). He was also the chairman of the board of the State Research Information Technology Co., Ltd (國研資訊科技有限公司) and the president of magazine "Economic Participation" (經濟要參雜誌社). Mr. Mi was also rewarded a qualified certificate of Senior Management of Insurance Institutions from The China Insurance Regulatory Commission.

(c) Length or proposed length of service with the Company

Mr. Mi is an independent non-executive director since 1 September 2017. The Company has entered into a service contract with Mr. Mi for a term of three years. Mr. Mi will retire and will be eligible for re-election in the SGM in accordance with the provision of the bye-laws of the Company and the Listing Rules. The re-election of Mr. Mi as independent non-executive Director has been approved by the Nomination Committee and the Board.

(d) Relationships with any directors, senior management or substantial or controlling shareholders of the Company

Mr. Mi does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

(e) Interest in shares of the Company within the meaning of Part XV of the SFO

Mr. Mi does not have any interest in the securities of the Company within the meaning of Part XV of the SFO.

- (f) Amount of the Director's emoluments and the basis of determining the Director's emoluments (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether the Director has or does not have a service contract) and how much of these emoluments are covered by a service contract**

Mr. Mi, as an independent non-executive Director, the chairman of the Remuneration and a member of each of the Nomination Committee and the Audit Committee, receives HK\$12,000 per month as fee and is eligible for participating into the share option scheme of the Company. The compensation package of Mr. Mi was determined with reference to his duties and responsibilities in the Group and has been approved by the Board and the Remuneration Committee.

- (g) Disclosure requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules**

There is no information which is discloseable nor is/was Mr. Mi involved in any of the matters required to be disclosed pursuant to any of the requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

- (h) Other matters that need to be brought to the attention of the shareholders**

Save as disclosed above, there are no other matters in relation to the re-election of Mr. Mi as Director that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to any of the requirements of rule 13.51(2) of the Listing Rules.

NOTICE OF SPECIAL GENERAL MEETING



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 2403, 24/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Thursday, 26 October 2017 at 12:00 noon, for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the Equity Transfer Agreement dated 18 August 2017 and the Acquisition contemplated thereunder be and are hereby approved, confirmed and ratified.”

For the purpose of this resolution, the term “Equity Transfer Agreement” and “Acquisition” shall have the same definitions as defined in the circular to the shareholders of the Company dated 30 September 2017.

2. **“THAT** to re-elect Mr. Mi Jianguo as Director and to authorise the Board of Directors to fix his remuneration.”

Yours faithfully,
On behalf of the Board
Wuling Motors Holdings Limited
Yuan Zhijun
Chairman

Registered office:
Canon’s Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of
business in Hong Kong:
Unit 2403, 24/F
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

Hong Kong, 30 September 2017

As at the date of this notice, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Zhong Xianhua, Ms. Liu Yaling and Mr. Yang Jianyong as executive Directors, and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive Directors.

NOTICE OF SPECIAL GENERAL MEETING

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 Level 22, Hopewell Centre, 183 Queen's Road East, 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 30 September 2017 which contains information concerning the resolutions to be proposed in this notice.
- (5) The ordinary resolutions to be proposed at the SGM shall be decided by way of poll.