

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the 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 together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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五菱汽車集團控股有限公司
WULING MOTORS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) (股份代號 Stock Code : 305)

**DISCLOSEABLE TRANSACTIONS
AND
CONNECTED TRANSACTIONS**

Financial adviser to the Company



Celestial Capital Limited

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



A letter from the Board is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 20 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 21 to 33 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, 23 November 2017 at 12:00 noon is set out on pages 42 to 44 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.

1 November 2017

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“Board”	the board of Directors
“Company”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 305.HK)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equipment”	includes Equipment 1, Equipment 2 and Equipment 3, or any one of them as the case maybe
“Equipment 1”	an industrial robotic workstation designated and installed pursuant to the First Agreement for stud welding of front body spacer to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW
“Equipment 2”	two production-lines and an industrial robotic workstation designated and installed pursuant to the Second Agreement for welded assembly of front frame to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW
“Equipment 3”	an automatic production-line designated and installed pursuant to the Third Agreement for welded assembly of car front-floors components to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW
“Equipment Purchase Agreements”	include the First Agreement, the Second Agreement and the Third Agreement and “Equipment Purchase Agreement” refers to any of such agreements
“First Agreement”	the equipment purchase agreement entered into between Wuling Industrial and Shanghai Yipu on 22 September 2017, pursuant to which Wuling Industrial has conditionally agreed to purchase and Shanghai Yipu has conditionally agreed to sell Equipment 1

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 Equipment Purchase Agreements, together with the respective transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Group Co., Limited*), a state-controlled enterprise established in the PRC, being the ultimate beneficial controlling Shareholder which is indirectly interested in approximately 56.04% of the total number of Shares in issue as at the Latest Practicable Date
“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 consider the respective terms of the Equipment Purchase Agreements, together with the respective transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Guangxi Automobile and its associates
“Latest Practicable Date”	27 October 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notices”	three notices of successful bidding issued by the Tender Company to Shanghai Yipu on 24 August 2017 (for Equipment 1 and Equipment 2) and 18 September 2017 (for Equipment 3) in relation to the purchase of the Equipment by Wuling Industrial conducted under the Tenders
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Previous Equipment Purchase Agreements”	two sale and purchase agreements dated 25 January 2017 and 31 March 2017 respectively, both entered into between Wuling Industrial as the purchaser and Shanghai Yipu as the vendor in respect of the sale and purchase of certain equipment as detailed in the paragraph headed “Listing Rules Implications” set out in the letter from the Board contained in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held on 23 November 2017, and if thought fit, to approve the Equipment Purchase Agreements and the respective transactions contemplated thereunder
“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. To the best of the Directors’ knowledge, Shanghai Automobile Industry (Group) Company Limited and GM (China) Investment Co. Limited and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons
“Second Agreement”	the equipment purchase agreement entered into between Wuling Industrial and Shanghai Yipu on 22 September 2017, pursuant to which Wuling Industrial has conditionally agreed to purchase and Shanghai Yipu has conditionally agreed to sell Equipment 2
“Shanghai Yipu”	上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd*), a company established in the PRC and held as to approximately 40% by Guangxi Automobile
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Tender Company”	廣西機電設備招標有限公司 (Guangxi Machinery & Electric Equipment Tendering Company Limited*), which was entrusted by Wuling Industrial to conduct the Tenders for the purchase of the Equipment and, to the best of the Directors’ knowledge, the Tender Company and its ultimate beneficial owners are third parties independent of the Company and its connected persons
“Tenders”	three tender invitations made by Wuling Industrial through the Tender Company for the purchase of the Equipment
“Third Agreement”	the equipment purchase agreement entered into between Wuling Industrial and Shanghai Yipu on 13 October 2017, pursuant to which Wuling Industrial has conditionally agreed to purchase and Shanghai Yipu has conditionally agreed to sell Equipment 3
“VAT”	valued-added tax
“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
“%”	per cent

* *for identification purpose only*

LETTER FROM THE BOARD



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

Hong Kong, 1 November 2017

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS

INTRODUCTION

References are made to the announcements of the Company dated 22 September 2017, 13 October 2017 and 17 October 2017.

On 22 September 2017 (after trading hours), Wuling Industrial as purchaser and Shanghai Yipu as vendor entered into (i) the First Agreement (for the sale and purchase of Equipment 1 at the net consideration of RMB1,239,316 (exclusive of VAT) and the gross consideration of RMB1,450,000 (inclusive of VAT)); and (ii) the Second Agreement (for the sale and purchase of Equipment 2 at the net consideration of RMB23,589,744 (exclusive of VAT) and the gross consideration of RMB27,600,000 (inclusive of VAT)). Further, on 13 October 2017 (after trading hours), Wuling Industrial as purchaser and Shanghai Yipu as vendor entered into the Third Agreement (for the sale and purchase of Equipment 3 at the net consideration of RMB13,547,000 (exclusive of VAT) and the gross consideration of RMB15,849,990 (inclusive of VAT)).

LETTER FROM THE BOARD

As at the Latest Practicable Date, Shanghai Yipu was held as to approximately 40% by Guangxi Automobile, the ultimate beneficial controlling Shareholder. In this regard, Shanghai Yipu is a connected person of the Company under Rule 14A.07 of the Listing Rules, and any transaction entered into between the Group and Shanghai Yipu constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

References are also made to the Company's announcements dated 25 January 2017 and 31 March 2017 respectively. Wuling Industrial as purchaser and Shanghai Yipu as vendor entered into the Previous Equipment Purchase Agreements on 25 January 2017 and 31 March 2017 respectively in respect of sale and purchase of certain equipment at a total net consideration of RMB37,905,983 (exclusive of VAT) and a total gross consideration of RMB44,350,000 (inclusive of VAT). According to Rule 14.22 and Rule 14.23 of the Listing Rules, as the Previous Equipment Purchase Agreements and the Equipment Purchase Agreements were entered into by Wuling Industrial and Shanghai Yipu within a 12-month period, all transactions respectively contemplated under those agreements are considered and be aggregated as one transaction. Having taken into account the total net consideration of RMB76,282,043 (exclusive of VAT) payable by Wuling Industrial under the Previous Equipment Purchase Agreements and the Equipment Purchase Agreements, as one or more applicable percentage ratios (as defined under the Listing Rules) for the aggregate transactions under those agreements is/are more than 5% but below 25%, the transactions contemplated under the Equipment Purchase Agreements therefore constitute discloseable transactions and connected transactions of the Company pursuant to Chapter 14 and Chapter 14A of the Listing Rules respectively, and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

The purpose of this circular is to provide you with, among other things, (i) further details of the Equipment Purchase Agreements and the respective transactions contemplated thereunder; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders in respect of the Equipment Purchase Agreements and the respective transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Equipment Purchase Agreements and the respective transactions contemplated thereunder; and (iv) a notice convening the SGM.

LETTER FROM THE BOARD

THE EQUIPMENT PURCHASE AGREEMENTS

Set out below is the summary of the principal terms of the Equipment Purchase Agreements, which include the First Agreement, the Second Agreement and the Third Agreement:

Principal Terms of the Equipment Purchase Agreements (including the First Agreement, the Second Agreement and the Third Agreement)

Date: For the First Agreement and the Second Agreement: 22 September 2017.

For the Third Agreement: 13 October 2017.

Parties:

- (a) The vendor: Shanghai Yipu Automatic Equipment Co., Limited* (上海詣譜自動化裝備有限公司); and
- (b) the purchaser: Liuzhou Wuling Motors Industrial Company Limited* (柳州五菱汽車工業有限公司).

Assets to be purchased: Pursuant to the First Agreement:

Equipment 1, being an industrial robotic workstation designated and installed for stud welding of front body spacer to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW.

Pursuant to the Second Agreement:

Equipment 2, being two production-lines and an industrial robotic workstation designated and installed for welded assembly of front frame to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW.

Pursuant to the Third Agreement:

Equipment 3, being an automatic production-line designated and installed for welded assembly of car front-floors components to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW.

Period of completion and installation of the Equipment:

Equipment 1 under the First Agreement and Equipment 2 under the Second Agreement, should be delivered to and installed at the branch of Wuling Industrial at Qingdao, Shandong, the PRC and be ready for use by Wuling Industrial within 120 days upon the respective Equipment Purchase Agreements becoming effective.

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Equipment 3 under the Third Agreement should be delivered to and installed at the punching and welding plant of Wuling Industrial located at the Hexi Industrial Park, Liuzhou, the PRC and be ready for use by Wuling Industrial within 120 days upon the Third Agreement becoming effective.

Consideration and payment terms:

Pursuant to the First Agreement:

- (1) The gross and net consideration payable by Wuling Industrial to Shanghai Yipu for Equipment 1 amounted to RMB1,450,000.00 (inclusive of VAT) and RMB1,239,316.00 (exclusive of VAT) respectively.
- (2) The net consideration of RMB1,239,316.00 (exclusive of VAT) will be paid by Wuling Industrial to Shanghai Yipu in four phases as follows:
 - (a) RMB371,794.80, being 30% of the net consideration, was paid upon signing of the First Agreement;
 - (b) RMB371,794.80, being 30% of the net consideration, will be paid after Wuling Industrial having issued the preliminary notice of acceptance/satisfaction of relevant tests on Equipment 1 to be carried out in accordance with the technical specifications as set out in the relevant tender documents and the relevant national standards, and in the premises of Shanghai Yipu before delivery of Equipment 1 to Wuling Industrial;
 - (c) RMB371,794.80, being 30% of the net consideration, will be paid after Wuling Industrial having issued the final notice of acceptance/satisfaction of relevant tests on Equipment 1 to be carried out in accordance with the technical specifications as set out in the relevant tender documents and the relevant national standards, which tests will take place within 30 days after the delivery and installation of Equipment 1 in the premises of Wuling Industrial; and

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- (d) RMB 123,931.60 under the First Agreement, being the remaining 10% of the net consideration, will be retained by Wuling Industrial as quality guarantee amount and will be paid to Shanghai Yipu after expiration of the one year warranty period detailed in the part “Other conditions” below.
- (3) RMB210,684.00, being the VAT which is equivalent to approximately 17% of the net consideration of Equipment 1 payable pursuant to the First Agreement, will be paid by Wuling Industrial to Shanghai Yipu upon issuance of the final notice of acceptance/satisfaction of relevant tests on Equipment 1 mentioned above.
- (4) The amounts paid by Wuling Industrial pursuant to the First Agreement is refundable, details of which are set out in the part “Conditions precedent” below.

As at the Latest Practicable Date, only the refundable first payment of RMB371,794.80 was paid by Wuling Industrial to Shanghai Yipu pursuant to the First Agreement.

Pursuant to the Second Agreement:

- (1) The gross and net consideration payable by Wuling Industrial to Shanghai Yipu for Equipment 2 amounted to RMB27,600,000.00 (inclusive of VAT) and RMB23,589,744.00 (exclusive of VAT) respectively.
- (2) The net consideration of RMB23,589,744.00 (exclusive of VAT) will be paid by Wuling Industrial to Shanghai Yipu in three phases as follows:
 - (a) RMB9,435,897.60, being 40% of the net consideration, was paid upon signing of the Second Agreement;
 - (b) RMB9,435,897.60, being 40% of the net consideration, will be paid before delivery of Equipment 2 to Wuling Industrial; and

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- (c) RMB4,717,948.80, being 20% of the net consideration, will be paid after Wuling Industrial having issued the final notice of acceptance/satisfaction of relevant tests on Equipment 2 to be carried out in accordance with the technical specifications as set out in the relevant tender documents and the relevant national standards, which tests will take place within 30 days after the delivery and installation of Equipment 2 in the premises of Wuling Industrial.
- (3) RMB4,010,256, being the VAT which is equivalent to approximately 17% of the net consideration of the Equipment 2 payable pursuant to the Second Agreement, will be paid by Wuling Industrial to Shanghai Yipu upon issuance of the final notice of acceptance/satisfaction of relevant tests on Equipment 2 mentioned above.
- (4) The amounts paid by Wuling Industrial pursuant to the Second Agreement is refundable, details of which are set out in the part “Conditions precedent” below.

As at the Latest Practicable Date, only the refundable first payment of RMB9,435,897.60 was paid by Wuling Industrial to Shanghai Yipu pursuant to the Second Agreement.

Pursuant to the Third Agreement:

- (1) The gross and net consideration payable by Wuling Industrial to Shanghai Yipu for Equipment 3 amounted to RMB15,849,990 (inclusive of VAT) and RMB13,547,000 (exclusive of VAT) respectively.
- (2) The net consideration of RMB13,547,000 (exclusive of VAT) will be paid by Wuling Industrial to Shanghai Yipu in four phases as follows:
 - (a) RMB4,064,100, being 30% of the net consideration, would be paid upon signing of the Third Agreement;

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- (b) RMB4,064,100, being 30% of the net consideration, will be paid after Wuling Industrial having issued the preliminary notice of acceptance/satisfaction of relevant tests on Equipment 3 to be carried out in accordance with the technical specifications as set out in the relevant tender documents/technical agreement and the relevant national standards and in the premises of Shanghai Yipu before delivery of Equipment 3 to Wuling Industrial;
 - (c) RMB4,064,100, being 30% of the net consideration, will be paid after Wuling Industrial having issued the final notice of acceptance/satisfaction of relevant tests on Equipment 3 to be carried out in accordance with the technical specifications as set out in the relevant tender documents/technical agreement and the relevant national standards, which tests will take place within 30 days after the delivery and installation of Equipment 3 in the premises of Wuling Industrial; and
 - (d) RMB 1,354,700 under the Third Agreement, being the remaining 10% of the net consideration, will be retained by Wuling Industrial as quality guarantee amount and will be paid to Shanghai Yipu six months after issuance of the final notice of acceptance/satisfaction of relevant tests on Equipment 3 as mentioned above.
- (3) RMB2,302,990, being the VAT which is equivalent to approximately 17% of the net consideration of Equipment 3 payable pursuant to the Third Agreement, will be paid by Wuling Industrial to Shanghai Yipu upon issuance of the final notice of acceptance/satisfaction of relevant tests on the Equipment 3 mentioned above.
- (4) The amounts paid by Wuling Industrial pursuant to the Third Agreement are refundable, details of which are set out in the part “Conditions precedent” below.

As at the Latest Practicable Date, Wuling Industrial did not make any payments to Shanghai Yipu in relation to the Third Agreement.

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Basis of Consideration:

Each of the Equipment Purchase Agreements was entered into through Wuling Industrial's standard tender process with references to the market prices of equipment similar to Equipment 1, Equipment 2 and Equipment 3 respectively. Shanghai Yipu was ranked first according to the evaluation basis set out in the relevant tender document of each Equipment, which included the overall evaluation of the technical capability and the terms (including the tender price in respect of each of the Equipment) offered by the qualified bidders, and therefore was selected as the successful bidder and concluded as the vendor of each of the Equipment under the respective Equipment Purchase Agreements. The tender price finally offered by Shanghai Yipu in respect of each Equipment was the lowest price among the qualified bidders in the relevant tender process. The respective tender prices in respect of Equipment 1 and Equipment 3 offered by Shanghai Yipu are same as the respective consideration of Equipment 1 under the First Agreement and Equipment 3 under the Third Agreement respectively. The consideration of Equipment 2 under the Second Agreement is lower than the original tender price offered by Shanghai Yipu, which has agreed to lower the price after its discussion with Wuling Industrial.

Having considered the above, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) are of the view that the consideration for each Equipment Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

The completion of each Equipment Purchase Agreement is subject to the satisfaction of two conditions precedent, including:

- (a) Wuling Industrial having obtained all necessary authorizations, consents and approvals internally and from regulatory bodies (including but not limited to the Stock Exchange); and
- (b) the Company having obtained the approval from the Independent Shareholders in respect of the entering into of that Equipment Purchase Agreement (as the case maybe) and the transactions contemplated thereunder in accordance with the Listing Rules.

LETTER FROM THE BOARD

If any of the above conditions precedent of an Equipment Purchase Agreement is not satisfied on or before 30 November 2017, Wuling Industrial may, by notice in writing to Shanghai Yipu, terminate that Equipment Purchase Agreement. In such event, Shanghai Yipu should refund all amounts paid to it (without any deduction or reduction and without interest) under that Equipment Purchase Agreement to Wuling Industrial within 10 days upon receipt of such termination notice.

For the avoidance of doubt, if any Equipment Purchase Agreement does not become unconditional and is terminated by Wuling Industrial, the effectiveness of the other Equipment Purchase Agreement(s) which has/have become unconditional will not be affected by such termination.

Other conditions:

- (a) A technical agreement has been signed by Wuling Industrial and Shanghai Yipu pursuant to the terms of each Equipment Purchase Agreement. The technical agreement has set out the technical specifications as required by Wuling Industrial and to be followed by Shanghai Yipu in designing, manufacturing and installing the relevant Equipment such that the automotive parts and components to be manufactured by utilizing the Equipment could meet the required production and quality standard of the Group and its customers.
- (b) There will be a one-year warranty period commencing from the date of issuance of final notice of acceptance/satisfaction of relevant tests on the relevant Equipment by Wuling Industrial. During the one-year warranty period, the Vendor will be responsible for repairing and re-fixing defects on the Equipment at its own costs. In the event that serious defects are found on an Equipment, Wuling Industrial is entitled to request for replacement of that Equipment (where the replacement Equipment should be in good conditions acceptable by Wuling Industrial), or to request for refund all amounts paid for that Equipment.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP AND THE VENDOR

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. As at the Latest Practicable Date, the Company holding 60.90% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

The Vendor

The Vendor, 上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Limited*), is a company established in the PRC and is principally engaged in the design, construction and integration work of automatic production-lines and welding fixture devices, as well as the manufacturing of molds, tooling and components for machinery and motor vehicles. It was incorporated in March 2014 by Independent Third Parties and became an associated company of Guangxi Automobile following the completion of the acquisition of 40% interests by Guangxi Automobile in September 2016.

REASONS FOR AND BENEFITS OF THE EQUIPMENT PURCHASE AGREEMENTS

The nature of the industry (i.e. the manufacturing of motor vehicles and the automotive components) in which the Group and its customers engage requires a close and long term business co-operation and commercial bonding in business development and operation. It is the Group's business strategy to closely monitor and promptly respond to the product development progress of its customers, which would involve their launches of brand new models and/or other upgraded or modified existing models, for the purposes of capturing any business opportunity arising therefrom as well as ensuring the production targets required by the customers could be timely served.

As disclosed in the interim report of the Company for the six months ended 30 June 2017 and 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 core customer of the Group, from the existing vehicle models and the launches of new vehicle models. As such, the production facilities of Wuling Industrial will be required to undertake certain technology improvement and expand the production capacity to cope with the launches of the new passenger vehicles by SGMW. The acquisition of the Equipment under the Equipment Purchase Agreements involve the establishment of the requisite industrial robotic workstations and automatic productions-lines for the production by Wuling Industrial Group of various parts of vehicles, including front body spacer, front frame and car front-floors components, in the production plants respectively located in Qingdao and Liuzhou, the PRC (which facilities are required to be upgraded and/or further expanded), for supplying to new models of vehicles manufactured by SGMW, production of which is planned to commence in 2018.

LETTER FROM THE BOARD

As disclosed in the annual report of the Company for the year ended 31 December 2016, total revenue of automotive components and other industrial services division, which were mainly contributed by the production plants in Liuzhou, Qingdao and Chongqing, increased by approximately 37.1% as compared to prior year and amounted to approximately RMB10.54 billion, of which approximately 93.8% was attributable to the sales to SGMW. Furthermore, as disclosed in the interim report of the Company for the six months ended 30 June 2017, such increasing trend was maintained and an increase of approximately 14.4% in the total revenue was recorded in this business division as compared to the corresponding period in prior year, in which sales to SGMW continued to be the largest contributor. Barring unforeseen circumstances, it is expected that the launches of new passenger vehicles of SGMW, including the abovementioned new models, will continue to benefit the business performance of the Group. As a key supplier of SGMW, the Group has to keep abreast of the future plan of SGMW by undertaking appropriate upgrading and capacity expansion projects in its production facilities. Considering the technology improvement and production capacity expansion of Wuling Industrial Group's production facilities brought by the new equipment and facilities, including the Equipment, the Directors believe that the production facilities of Wuling Industrial Group, including those located in Qingdao and Liuzhou, are well equipped to serve the potential needs and requirements of SGMW.

References are made to the Company's announcements dated 25 January 2017, 26 May 2017 and 13 June 2017 in relation to the major capital expenditures entered into by Wuling Industrial Group in relation to the production facilities in Qingdao, which involved the purchase of certain automatic welding and assembly production-lines and industrial robots (which were supplied by Shanghai Yipu under one of the Previous Equipment Purchase Agreements), the construction of an automatic pressing production-line and the construction of a new factory premise. Taking into account the above major capital expenditures, the acquisition cost of the Equipment and other less material items, total capital expenditures contracted for by the Group for the production facilities in Qingdao amounted to approximately RMB210 million for the current year, which had basically covered the major capital expenditure projects for acquisition of equipment.

Meanwhile, the punching and welding plant of Wuling Industrial located at the Hexi Industrial Park, Liuzhou, which was originally designed and established by Wuling Industrial Group in late 2012 for the purpose of serving the commercial-type vehicles primarily, was also required to be upgraded and installed with new automatic production-lines due to the increasing portion of passenger vehicles manufactured by SGMW.

As mentioned above, the Group will continue to expand and upgrade its production capacity in the coming years as and when appropriate to meet the customer demands in view of the anticipated growth of business of SGMW and the business opportunities arisen from other customers.

LETTER FROM THE BOARD

Each Equipment Purchase Agreement was entered into through Wuling Industrial's standard tender process with reference to the market price of similar equipment. Wuling Industrial received the following tender offers relating to the supply of the Equipment:

Bidders	No. of tender offers received from bidders relating to supply of:		
	Equipment 1	Equipment 2	Equipment 3
The Vendor	1	1	1
Independent Third Parties	<u>6</u>	<u>5</u>	<u>5</u>
Total no. of tender offers received	<u><u>7</u></u>	<u><u>6</u></u>	<u><u>6</u></u>

Each of the Equipment Purchase Agreements was entered into through Wuling Industrial's standard tender process. Shanghai Yipu was ranked first according to the evaluation basis set out in the relevant tender document of each Equipment, which included the overall evaluation of the technical capability and the terms (including the tender price in respect of each of the Equipment) offered by the qualified bidders, and therefore was selected as the successful bidder and concluded as the vendor of each of the Equipment under the respective Equipment Purchase Agreements. All of the tender offers in respect of the supply of Equipment 1 and Equipment 2, and four out of six tender offers in respect of the supply of Equipment 3 submitted to the Tender Company were classified as qualified tender offers according to the evaluation basis set out in the relevant tender documents and the tender price finally offered by Shanghai Yipu relating to supply of each of Equipment 1, Equipment 2 and Equipment 3 was the lowest price among the respective qualified tender offers through the tender process. The respective tender prices in respect of Equipment 1 and Equipment 3 offered by Shanghai Yipu are same as the consideration of Equipment 1 under the First Agreement and Equipment 3 under the Third Agreement respectively. The consideration of Equipment 2 under the Second Agreement is lower than the original tender price offered by Shanghai Yipu, which has agreed to lower the price after its discussion with Wuling Industrial. Furthermore, Shanghai Yipu, as an associate of Guangxi Automobile and one of the vendors in building certain production-lines and workstations of Wuling Industrial, would be familiar with the standards and the specifications of Wuling Industrial's products. In this regard, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) believe that Shanghai Yipu would provide a quicker and more direct response to any problem or additional requirement on the Equipment to be acquired.

In view of the above, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) consider that the terms of each Equipment Purchase Agreement and the transactions contemplated thereunder, including the consideration of the Equipment and the payment terms thereof, are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

References are made to the Company's announcements dated 25 January 2017 and 31 March 2017 respectively. Wuling Industrial and Shanghai Yipu entered into the Previous Equipment Purchase Agreements respectively dated 25 January 2017 and 31 March 2017, pursuant to which Wuling Industrial agreed to purchase and Shanghai Yipu agreed to sell (i) certain automatic welding and assembly production-lines and industrial robots; and (ii) three new sets of industrial robotic workstation with the rendering of certain modification services for two existing workstations at the net consideration of RMB34,829,060 (exclusive of VAT) and RMB3,076,923 (exclusive of VAT) respectively, and the gross consideration of RMB40,750,000 (inclusive of VAT) and RMB3,600,000 (inclusive of VAT) respectively. Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Previous Equipment Purchase Agreements and the Equipment Purchase Agreements were entered into between Wuling Industrial and Shanghai Yipu within a 12-month period, all transactions respectively contemplated under those agreements are considered and be aggregated as one transaction at a total net consideration of RMB76,282,043 (exclusive of VAT) and a total gross consideration of RMB89,249,990 (inclusive of VAT).

As at the Latest Practicable Date, Shanghai Yipu was held as to approximately 40% by Guangxi Automobile, while Guangxi Automobile, being the ultimate controlling Shareholder, through its direct and indirect wholly owned subsidiaries, held approximately 56.04% of the total number of Shares in issue. In this regard, Shanghai Yipu is a connected person of the Company under Rule 14A.07 of the Listing Rules. The respective transactions contemplated under the Equipment Purchase Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the aggregate transactions under the Previous Equipment Purchase Agreements and the Equipment Purchase Agreements is/are more than 5% but below 25%, the transactions contemplated under the Equipment Purchase Agreements constitute discloseable transactions for the Company pursuant to Chapter 14 of the Listing Rules as well as connected transactions pursuant to Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

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 Equipment Purchase Agreements. Save as disclosed above, no other Director is regarded having a material interest in the respective transactions contemplated under the Equipment Purchase Agreements and required to abstain from voting on the board resolutions to approve the Equipment Purchase Agreements.

LETTER FROM THE BOARD

THE SGM

Set out on pages 42 to 44 is a notice convening the SGM to be held at Unit 2403, 24/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Thursday, 23 November 2017 at 12:00 noon, at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Equipment Purchase Agreements and the respective transactions contemplated thereunder.

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

A form of proxy is enclosed with this circular for use at the SGM. Whether or not you are able to attend the SGM (or any adjournment thereof) 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.

In view of their interests in the Equipment Purchase Agreements, Guangxi Automobile and its associates, collectively interested in approximately 56.04% of the total number of Shares in issue, will abstain from voting on the resolutions in relation to the Equipment Purchase Agreements at the SGM. 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 Equipment Purchase Agreements and the respective transactions contemplated thereunder.

RECOMMENDATION

The Independent Board Committee (which consists of all of the independent non-executive Directors, namely Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo) has been established to advise the Independent Shareholders in respect of the terms of the Equipment Purchase Agreements and the respective transactions contemplated thereunder after taking into account the advice and recommendations on the same given by the Independent Financial Adviser. Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders on page 20 of this circular.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Equipment Purchase Agreements. The relevant letter of the Independent Financial Adviser is set out on pages 21 to 33 of this circular.

LETTER FROM THE BOARD

The Independent Board Committee, after taking into account the advice and recommendations of Gram Capital, considers that the terms of each Equipment Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are fair and reasonable as far as the Independent Shareholders are concerned 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 resolutions to be proposed at the SGM to approve the Equipment Purchase Agreements and the respective transactions contemplated thereunder.

Based on the relevant information disclosed herein, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Equipment Purchase Agreements and the respective transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are 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, the Directors recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Equipment Purchase Agreements and the respective transactions contemplated thereunder to be proposed at the SGM.

ADDITIONAL INFORMATION

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

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

* *for identification purpose 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)

1 November 2017

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS
AND
CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 1 November 2017 (the “**Circular**”), of which this letter forms 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 terms of the Equipment Purchase Agreements and the respective transactions contemplated thereunder. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders 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 21 to 33 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 terms of the Equipment Purchase Agreements and the respective transactions contemplated thereunder, are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. We therefore recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the Equipment Purchase Agreements and the respective transactions contemplated thereafter.

Yours faithfully

For and on behalf of the

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 transactions contemplated under the Equipment Purchase Agreements for the purpose of inclusion in this circular.



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

1 November 2017

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

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

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 transactions contemplated under the Equipment Purchase Agreements, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 1 November 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 22 September 2017 (after trading hours), Wuling Industrial as purchaser and Shanghai Yipu as vendor entered into (i) the First Agreement (for the sale and purchase of Equipment 1 at the net consideration of RMB1,239,316 (exclusive of VAT)) and the gross consideration of RMB1,450,000 (inclusive of VAT) (the “**Transaction 1**”); and (ii) the Second Agreement (for the sale and purchase of the Equipment 2 at the net consideration of RMB23,589,744 (exclusive of VAT) and the gross consideration of RMB27,600,000 (inclusive of VAT)) (the “**Transaction 2**”).

On 13 October 2017 (after trading hours), Wuling Industrial as purchaser and Shanghai Yipu as vendor entered into the Third Agreement (for the sale and purchase of Equipment 3 at the net consideration of RMB13,547,000 (exclusive of VAT) and the gross consideration of RMB15,849,990 (inclusive of VAT) (the “**Transaction 3**”, together with Transaction 1 and Transaction 2, the “**Transactions**”).

With reference to the Board Letter, the Transactions constitute discloseable and connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively and are therefore subject to reporting, announcement, and Independent Shareholders’ approval requirements under the Listing Rules.

LETTER FROM GRAM CAPITAL

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 Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions 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.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off (i) the opinion letter from the independent financial adviser contained in the circular dated 24 December 2015 in respect of a discloseable and connected transaction of the Company; (ii) the opinion letter from the independent financial adviser dated 28 November 2016 in respect of a major and connected transaction and a connected transaction of the Company; and (iii) the opinion letter from the independent financial adviser contained in the circular dated 30 September 2017 in respect of a discloseable and connected transaction of the Company. 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 a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

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 Transactions. 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.

LETTER FROM GRAM CAPITAL

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 the 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, the Tender Company, Wuling Industrial, Shanghai Yipu or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background of and reasons for the Transactions

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. As at the Latest Practicable Date, the Company holds 60.90% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

LETTER FROM GRAM CAPITAL

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> (unaudited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	%
Revenue	8,628,678	16,677,695	13,451,243	23.99
— <i>Engines and related parts</i>	1,708,146	3,869,040	3,620,766	6.86
— <i>Automotive components and other industrial services</i>	5,573,857	10,542,987	7,689,088	37.12
— <i>Specialized vehicles</i>	1,346,675	2,265,526	2,141,264	5.80
— <i>Others</i>	<i>Nil</i>	142	125	13.60
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> (unaudited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (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**”). Revenue from automotive components and other industrial services amounted to approximately RMB10.54 billion for FY2016, representing an increase of approximately 37.12% as compared to that of FY2015 and contributing approximately 63.22% of the total revenue of the Group for FY2016. With reference to the 2016 Annual Report, the automotive components and other industrial services division continued to be the key supplier for supplying a majority portion of the key automotive components to SGMW. The satisfactory market performance of the passenger vehicles models such as Wuling Hongguang (五菱宏光) and the Baojun series (寶駿) of SGMW essentially contributed to the impressive business performance and provided business potential to the automotive components and other industrial services division.

LETTER FROM GRAM CAPITAL

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 the vendor

With reference to the Board Letter, the vendor, Shanghai Yipu, is a company established in the PRC and is principally engaged in the design, construction and integration work of automatic production-lines and welding fixture devices, as well as the manufacturing of molds, tooling and components for machinery and motor vehicles. It was incorporated in March 2014 by independent third parties and became an associated company of Guangxi Automobile following the completion of the acquisition of 40% interests by Guangxi Automobile in September 2016.

Reasons for and benefits of the Transactions

With reference to the Board Letter, the nature of the industry (i.e. the manufacturing of motor vehicles and the automotive components) in which the Group and its customers engage requires a close and long term business co-operation and commercial bonding in business development and operation. It is the Group's business strategy to closely monitor and promptly respond to the product development progress of its customers, which would involve their launches of brand new models and/or other upgraded or modified existing models, for the purpose of capturing any business opportunity arising therefrom as well as ensuring the production targets required by the customers could be timely served.

As disclosed in the 2017 Interim Report and 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 core customer of the Group, from the existing vehicle models and the launches of new vehicle models. As such, the production facilities of Wuling Industrial will be required to undertake certain technology improvement and expand the production capacity to cope with the launches of the new passenger vehicles by SGMW. The acquisition of the Equipment under the Equipment Purchase Agreements involve the establishment of the requisite industrial robotic workstations and automatic productions-lines for the production by Wuling Industrial Group of various parts of vehicles, including front body spacer, front frame and car front-floors components, in the production plants respectively located in Qingdao and Liuzhou, the PRC (which facilities are required to be upgraded and/ or further expanded), for supplying to new models of vehicles manufactured by SGMW.

With reference to the Board Letter, barring unforeseen circumstances, the Directors expected that the launches of new passenger vehicles of SGMW will continue to benefit the business performance of the Group. As a key supplier of SGMW, the Group has to keep abreast of the future plan of SGMW by undertaking appropriate upgrading and capacity expansion projects in its production facilities. Considering the technology improvement and production capacity expansion of Wuling Industrial Group's production facilities brought by the new equipment and facilities, including the Equipment, the

LETTER FROM GRAM CAPITAL

Directors believe that the production facilities of Wuling Industrial Group, including those located in Qingdao and Liuzhou, are well equipped to serve the potential needs and requirements of SGMW.

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, 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. With reference to the announcement of the Company dated 31 March 2017, Wuling Industrial acquired certain equipment which involved the establishment of the requisite industrial robotic workstations for the production of the vehicle's exhaust silencers by the Liuzhou factory for supplying to the new passenger vehicles manufactured by SGMW. With reference to the 2016 Annual Report, the revenue derived from SGMW amounted to approximately RMB13.08 billion for FY2016, representing an increase of approximately 38.89% as compared to that for FY2015. For FY2016, revenue from automotive components and other industrial services contributed approximately 75.59% of the total revenue derived from SGMW.

Each of the Equipment Purchase Agreements was entered into through Wuling Industrial's standard tender process. Shanghai Yipu was ranked first according to the evaluation basis set out in the relevant tender document of each Equipment, which included the overall evaluation of the technical capability and the terms (including the tender price in respect of each of the Equipment) offered by the qualified bidders, and therefore was selected as the successful bidder and concluded as the vendor of each of the Equipment under the respective Equipment Purchase Agreements. The tender price finally offered by Shanghai Yipu relating to supply of each Equipment was the lowest price through the respective tender process.

The respective tender prices in respect of Equipment 1 and Equipment 3 offered by Shanghai Yipu are same as the consideration of Equipment 1 under the First Agreement and Equipment 3 under the Third Agreement. The consideration of Equipment 2 under the Second Agreement is lower than the original tender price offered by Shanghai Yipu, which has agreed to lower the price after its discussion with Wuling Industrial. Furthermore, Shanghai Yipu, as an associate of Guangxi Automobile and one of the vendors in building certain production-lines and workstations of Wuling Industrial, would be familiar with the standards and the specifications of Wuling Industrial's products.

Having considered (i) the increase in revenue and revenue from automotive components and other industrial services from FY2015 to FY2016, (ii) the contribution of SGMW to the performance of the Group, (iii) that it is the Group's plan to expand and upgrade its production capacity; and (iv) the tender price for the Transactions were determined through tender process, we concur with the Directors that the Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

2. Principal terms of the Equipment Purchase Agreements

Date: 22 September 2017 (for the First Agreement and Second Agreement)

13 October 2017 (for the Third Agreement)

Parties: (a) The vendor: Shanghai Yipu; and
(b) the purchaser: Wuling Industrial

Assets to be purchased: Pursuant to the First Agreement:

Equipment 1, being an industrial robotic workstation designated and installed for stud welding of front body spacer to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW

Pursuant to the Second Agreement:

Equipment 2, being two production-lines and an industrial robotic workstation designated and installed for welded assembly of front frame to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW

Pursuant to the Third Agreement:

Equipment 3, being an automatic production-line designated and installed for welded assembly of car front-floors components to be produced by Wuling Industrial for supplying to the vehicles manufactured by SGMW.

Period of completion and installation of the Equipment:

Equipment 1 under the First Agreement and Equipment 2 under the Second Agreement, should be delivered to and installed at the branch of Wuling Industrial at Qingdao, Shandong, the PRC and be ready for use by Wuling Industrial within 120 days upon the respective Equipment Purchase Agreements becoming effective.

Equipment 3 under the Third Agreement should be delivered to and installed at the punching and welding plant of Wuling Industrial located at the Hexi Industrial Park, Liuzhou, the PRC and be ready for use by Wuling Industrial within 120 days upon the Third Agreement becoming effective.

LETTER FROM GRAM CAPITAL

Consideration and payment terms: Pursuant to the First Agreement:

- 1) The gross and net consideration payable by Wuling Industrial to Shanghai Yipu for Equipment 1 amounted to RMB1,450,000.00 (inclusive of VAT) and RMB1,239,316.00 (exclusive of VAT) respectively.
- 2) The net consideration of RMB1,239,316.00 (exclusive of VAT) will be paid by Wuling Industrial to Shanghai Yipu in four phases.
- 3) RMB210,684.00, being the VAT which is equivalent to approximately 17% of the net consideration of Equipment 1 payable pursuant to the First Agreement, will be paid by Wuling Industrial to Shanghai Yipu upon issuance of the final notice of acceptance/satisfaction of relevant tests on Equipment 1 mentioned above.
- 4) The amounts paid by Wuling Industrial pursuant to the First Agreement is refundable, details of which are set out in the part “Conditions precedent” under the section headed “Principal terms of the Equipment Purchase Agreements (including the First Agreement, the Second Agreement and the Third Agreement)” of the Board Letter.

As at the Latest Practicable Date, only the refundable first payment of RMB371,794.80 was paid by Wuling Industrial to Shanghai Yipu pursuant to the First Agreement.

Pursuant to the Second Agreement:

- 1) The gross and net consideration payable by Wuling Industrial to Shanghai Yipu for Equipment 2 amounted to RMB27,600,000.00 (inclusive of VAT) and RMB23,589,744.00 (exclusive of VAT) respectively.
- 2) The net consideration of RMB23,589,744.00 (exclusive of VAT) will be paid by Wuling Industrial to Shanghai Yipu in three phases.

LETTER FROM GRAM CAPITAL

- 3) RMB4,010,256, being the VAT which is equivalent to approximately 17% of the net consideration of the Equipment 2 payable pursuant to the Second Agreement, will be paid by Wuling Industrial to Shanghai Yipu upon issuance of the final notice of acceptance/satisfaction of relevant tests on Equipment 2 mentioned above.
- 4) The amounts paid by Wuling Industrial pursuant to the Second Agreement is refundable, details of which are set out in the part “Conditions precedent” under the section headed “Principal terms of the Equipment Purchase Agreements (including the First Agreement, the Second Agreement and the Third Agreement)” of the Board Letter.

As at the Latest Practicable Date, only the refundable first payment of RMB9,435,897.60 was paid by Wuling Industrial to Shanghai Yipu pursuant to the Second Agreement.

Pursuant to the Third Agreement:

- 1) The gross and net consideration payable by Wuling Industrial to Shanghai Yipu for Equipment 3 amounted to RMB15,849,990 (inclusive of VAT) and RMB13,547,000 (exclusive of VAT) respectively.
- 2) The net consideration of RMB13,547,000 (exclusive of VAT) will be paid by Wuling Industrial to Shanghai Yipu in four phases.
- 3) RMB2,302,990, being the VAT which is equivalent to approximately 17% of the net consideration of Equipment 3 payable pursuant to the Third Agreement, will be paid by Wuling Industrial to Shanghai Yipu upon issuance of the final notice of acceptance/satisfaction of relevant tests on the Equipment 3 mentioned above.

LETTER FROM GRAM CAPITAL

- 4) The amounts paid by Wuling Industrial pursuant to the Third Agreement are refundable, details of which are set out in the part “Conditions precedent” under the section headed “Principal terms of the Equipment Purchase Agreements (including the First Agreement, the Second Agreement and the Third Agreement)” of the Board Letter.

As at the Latest Practicable Date, Wuling Industrial did not make any payment to Shanghai Yipu in relation to the Third Agreement.

Basis of Consideration:

Each of the Equipment Purchase Agreements was entered into through the Wuling Industrial’s standard tender process with references to the market prices of equipment similar to Equipment 1, Equipment 2 and Equipment 3 respectively.

Shanghai Yipu was ranked first according to the evaluation basis set out in the relevant tender document of each Equipment, which included the overall evaluation of the technical capability and the terms (including the tender price in respect of each of the Equipment) offered by the qualified bidders, and therefore was selected as the successful bidder and concluded as the vendor of each of the Equipment under the respective Equipment Purchase Agreements. The tender price finally offered by Shanghai Yipu in respect of each Equipment was the lowest price among the qualified bidders in the relevant tender process. The respective tender prices in respect of the Equipment 1 and Equipment 3 offered by Shanghai Yipu are same as the respective consideration of Equipment 1 under the First Agreement and Equipment 3 under the Third Agreement. The consideration of Equipment 2 under the Second Agreement is lower than the original tender price offered by Shanghai Yipu, which has agreed to lower the price after its discussion with Wuling Industrial.

For detailed terms of the Equipment Purchase Agreements, please refer to the sectioned headed “Principal terms of the Equipment Purchase Agreements (including the First Agreement, the Second Agreement and the Third Agreement)” of the Board Letter.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, each Equipment Purchase Agreement was entered into through the Wuling Industrial's standard tender process with reference to the market price of similar equipment. For our due diligence purpose, we have obtained a copy of tender procedure of Wuling Industrial. Pursuant to the procedure, (i) the procedure cites certain regulations such as the Law of the PRC on Tenders and Bids* (《中華人民共和國招投標法》) and the Regulation on the Implementation of the Bidding Law of the PRC (《中華人民共和國招投標法實施條例》), (ii) for acquisition of materials and equipment with a contract value of over RMB 1 million, the acquisition has to adopt a tender process, (iii) the Group will invite no less than three entities to participate in the bidding, (iv) the Group will appoint a tender agent to manage the tender process; and (v) relevant business departments of the Group will cooperate with the tender agent regarding the open tender and tender evaluation process.

As advised by the Directors, the Company appointed an independent agent (i.e. the Tender Company) for tendering process of the Transactions.

We have also obtained and reviewed the documents including the tender documents, bid evaluation report and the Notices (the "**Document(s)**") in relation to the tenders for the Transactions. We noted from the Documents that:

- (i) in relation to Transactions 1, (a) the bid price offered by Shanghai Yipu is lower than those offered by the other six qualified independent third parties bidders, (b) Shanghai Yipu has the highest score among the seven qualified bidders as rated by the bid evaluation committee, and (c) Shanghai Yipu was chosen as the vendor of Equipment 1;
- (ii) in relation to Transactions 2, (a) the bid price offered by Shanghai Yipu is lower than those offered by the other five qualified independent third parties bidders, (b) Shanghai Yipu has the highest score among the six qualified bidders as rated by the bid evaluation committee, and (c) Shanghai Yipu was chosen as the vendor of Equipment 2; and
- (iii) in relation to Transaction 3, (a) six tender offers were submitted to the Tender Company and two of which were not qualified because of insufficient performance proof, (b) the bid price offered by Shanghai Yipu is lower than those offered by the other three qualified independent third parties bidders, (c) Shanghai Yipu has the highest score among the four qualified bidders as rated by the bid evaluation committee, and (d) Shanghai Yipu was chosen as the vendor of Equipment 3.

We understood that three separate bid evaluation committees with different composition of individuals, were established to evaluate the tender submission documents of Transaction 1, Transaction 2 and Transaction 3 respectively, based on price, technical and business perspective (the "**Criteria**") (i.e. 40% technical score, 10% business score and 50% price score). We noted that Criteria and the weighting were disclosed in the tender documents and were the same to all bidders.

LETTER FROM GRAM CAPITAL

We noted from the Documents that the bid evaluation committees are formed by Wuling Industrial according to law. With reference to the Laws of the PRC on Tenders and Bids*, the bid evaluation committee should consist of five or more members (in odd number). No less than two third of the committee should consist of technical/ economic experts, who have at least eight years of work experience in the field and possess senior position or equivalent professional qualification. Expert members of the said committee should be randomly selected from the expert list of relevant governmental departments or database of the relevant tender agent.

We also noted from the Documents that (i) each bid evaluation committee consists of one representative from Wuling Industrial and four experts with engineering and/or mechanical background which are selected randomly by the Tendor Company; and (ii) except for the representative from Wuling Industrial, other members of the committee are independent third parties to the Group and the bidders.

According to Law of the PRC on Tenders and Bids*, (i) the bid evaluation committees should evaluate tender submission documents in compliance with the selection criteria and their respective weights as set out in the tender documents; and (ii) members of the bid evaluation committees shall perform their duties objectively and fairly as well as in compliance with their professional code of conduct. Each of the members should take responsibility for their conclusions individually. In addition, we also obtained documents (the “**Score Documents**”) showing scores of each of the tender submission documents as graded by each member of the bid evaluation committees. According to the Score Documents, all the components of final score ((a) bid price; (b) technical aspect; and (c) business aspect) are the same as the Criteria and their respective weights. Accordingly, we consider the tender process of the Transactions to be fair and reasonable.

Having considered the above, in particular, (i) the tender process of the Transactions takes into account relevant laws and regulations of the PRC, (ii) the tenders were evaluated by the bid evaluation committees which mainly consist of independent professionals in accordance with the Law of the PRC on Tenders and Bids*, (iii) the vendor and consideration for the Transactions were selected based on the Criteria as stated in the tender documents and in accordance with Group’s tender process and the relevant laws and regulations; and (iv) the bid prices of Shanghai Yipu were the lowest among all bidders for Transaction 1, Transaction 2 and Transaction 3 respectively, we are of the opinion that the selection of Shanghai Yipu as the vendor and the consideration of the Transactions to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

With reference to the Board Letter, (a) a technical agreement has been signed by Wuling Industrial and Shanghai Yipu pursuant to the terms of each Equipment Purchase Agreement. The technical agreement has set out the technical specifications as required by Wuling Industrial and to be followed by Shanghai Yipu in designing, manufacturing and installing the relevant Equipment such that the automotive parts and components to be manufactured by utilizing the Equipment could meet the required production and quality standard of the Group and its customers; and (b) there will be a one-year warranty period commencing from the date of issuance of final notice of acceptance/satisfaction of relevant tests on the relevant Equipment by Wuling Industrial. During the one-year warranty period, the Vendor will be

LETTER FROM GRAM CAPITAL

responsible for repairing and re-fixing defects on the Equipment at Vendor's own costs. In the event that serious defects are found on an Equipment, Wuling Industrial is entitled to request for replacement of that Equipment (where the replacement Equipment should be in good conditions acceptable by Wuling Industrial), or to request for refund all amounts paid for that Equipment (collectively, the "**Other Conditions**"). As advised by the Directors, the Other Conditions are standard terms for acquisition of equipment of similar type. We noted from the tender documents that the Other Conditions are standard terms required by Wuling Industrial applicable to all bidders.

Taking into account the above, we consider that the terms of the Transactions are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned

3. Possible financial effects of the Transactions

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 Transactions would have no material effect 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 of the Transactions.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transactions are in the ordinary and usual course of business of the Group 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 Equipment Purchase Agreements 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*

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 positions

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 a total of 1,835,821,841 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 Shareholder	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>

Long positions (continued)

Name of Shareholder	Capacity	Nature of interest	Number of Shares held	Approximate % of the total number of Shares in issue*
Wuling Motors (Hong Kong) Company Limited ("Wuling Motors") (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 a total of 1,835,821,841 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

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 described 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 would be contributed to the registered capital of Wuling Industrial and RMB310,398,827 would be contributed to the capital reserves of Wuling Industrial, and upon completion, the registered capital of Wuling Industrial would be increased by approximately 26.82% and the Company's equity interest in Wuling Industrial on an enlarged basis would be increased by approximately 9.55% to approximately 64.41% and the remaining 35.59% would be owned by Guangxi Automobile (the "**Capital Increase Agreement**"). Details of Capital Increase Agreement were fully described 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 has increased by approximately 6.04% to approximately 60.90% and the remaining 39.10% is owned by Guangxi Automobile.

On 25 January 2017 and 31 March 2017, Wuling Industrial entered into the Previous Equipment Purchase Agreements with Shanghai Yipu, pursuant to which Wuling Industrial agrees to purchase and Shanghai Yipu agrees to sell certain equipment at the total net consideration of RMB37,905,983 (exclusive of VAT) and the total gross consideration of RMB44,350,000 (inclusive 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 18 August 2017, Wuling Industrial entered into an 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 青島五菱汽車科技有限公司 (Qingdao Wuling Automobile Technology Limited*) from Guangxi Automobile and Wuling Motors at a consideration of RMB71,857,500 and RMB69,873,200, respectively. 青島五菱汽車科技有限公司 (Qingdao Wuling Automobile Technology Limited*) is the registered owner of 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), with 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, and are currently leased to Wuling Industrial as offices and production plants. Details of the equity transfer agreement and the transactions contemplated thereunder are fully described in the Company's announcement dated 18 August 2017 and the Company's circular dated 30 September 2017.

On 13 September 2017, Wuling Industrial 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 and Shanghai Yipu entered into two equipment purchase agreements (i.e. the First Agreement and the Second Agreement), pursuant to which Wuling Industrial has conditionally agreed to purchase and Shanghai Yipu has conditional agreed to sell the Equipment (being Equipment 1 under the First Agreement and Equipment 2 under the Second Agreement) at a total net consideration of RMB24,829,060 (exclusive of VAT) and a total gross consideration of RMB29,050,000 (inclusive of VAT). The First Agreement and the Second Agreement are conditional upon, among other things, the same being approved by the Independent Shareholders at the SGM to be held on 23 November 2017. Details of the First Agreement and the Second Agreement and the respective transactions contemplated thereunder are set out in the "Letter from the Board" in this circular.

On 13 October 2017, Wuling Industrial and Shanghai Yipu entered into an equipment purchase agreement, being the Third Agreement, pursuant to which Wuling Industrial has conditionally agreed to purchase and Shanghai Yipu has conditionally agreed to sell Equipment 3 at a net consideration of RMB13,547,000 (exclusive of VAT) and a gross consideration of RMB15,849,990 (inclusive of VAT). The Third Agreement is conditional upon, among other things, the approval thereof being obtained from the Independent Shareholders at the SGM to be held on 23 November 2017. Details of the Third Agreement and the transactions contemplated thereunder are set out in the “Letter from the Board” in this circular.

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 consolidated audited financial statements of the Group 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 Latest Practicable Date, 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 EXPERT

The following is the qualification of the expert which has given advice contained in this circular:

Name	Qualification
Gram Capital	A corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO

As at the Latest Practicable Date, Gram Capital 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, Gram Capital 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.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter to the Independent Board Committee and the Independent Shareholders and references to its name in the form and context in which they are included in this circular.

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 consolidated audited financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any business day at the principal place of business of the Company in Hong Kong at Unit 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 23 November 2017:

- (a) the letter from the Board, the text of which is set out in the section headed “Letter from the board” on pages 5 to 19 of this circular
- (b) the letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Equipment Purchase Agreements and the respective transactions contemplated thereunder, the text of which is set out in the section headed “Letter from the Independent Board Committee” on page 20 of this circular;
- (c) the letter from Gram Capital containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders regarding the terms of the Equipment Purchase Agreements and the respective transactions contemplated thereunder, the text of which is set out in the section headed “Letter from Gram Capital” on pages 21 to 33 of this circular;
- (d) the written consent of Gram Capital referred to in the paragraph headed “CONSENT AND QUALIFICATION OF EXPERT” in this appendix;
- (e) the Equipment Purchase Agreements; and
- (f) this circular.

NOTICE OF THE SGM



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, 23 November 2017 at 12:00 noon, for the purpose of considering and, if thought fit, passing, with or without modification, the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the First Agreement (as defined in the circular of the Company dated 1 November 2017 (the “Circular”)) entered into between 柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*) and 上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd*) dated 22 September 2017 (a copy of which has been produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the respective transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”
2. “**THAT** the Second Agreement (as defined in the Circular) entered into between 柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*) and 上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd*) dated 22 September 2017 (a copy of which has been produced to this meeting marked “B” and signed by the Chairman of the meeting for the purpose of identification) and the respective transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”

NOTICE OF THE SGM

3. “**THAT** the Third Agreement (as defined in the Circular) entered into between 柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*) and 上海詣譜自動化裝備有限公司 (Shanghai Yipu Automatic Equipment Co., Ltd*) dated 13 October 2017 (a copy of which has been produced to this meeting marked “C” and signed by the Chairman of the meeting for the purpose of identification) and the respective transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”

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

Hong Kong, 1 November 2017

* *for identification purpose only*

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

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.

Notes:

1. Unless otherwise defined in this notice or context requires otherwise, terms defined in the Circular shall have the same meanings when used in this notice.
2. 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.
3. 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.

NOTICE OF THE SGM

4. In the case of joint holders of Share(s), any one of such holders may vote at the SGM, either personally or by proxy, in respect of such Share(s) 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 Share(s) shall alone be entitled to vote in respect thereof.
5. Shareholders are advised to read the Circular which contains information concerning the resolutions to be proposed in this notice.
6. The ordinary resolutions to be proposed at the SGM shall be decided by way of poll.