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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 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)

**CONTINUING CONNECTED TRANSACTIONS
MASTER TENANCY AGREEMENT**

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

A notice convening the SGM to be held at Unit 1901, 19/F., Beautiful Group Tower, 77 Connaught Road Central, Hong Kong on Thursday, 31 January 2019 at 10:15 a.m. or immediately after the special general meeting of the Company to be held at 10:00 a.m. on the same day is set out on pages 36 and 37 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.

15 January 2019

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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
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which banks generally in Hong Kong are open for business
“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Existing Annual Caps”	the annual caps of the continuing connected transactions contemplated under the Existing Master Tenancy Agreement for each of the three years ended 31 December 2018
“Existing Master Tenancy Agreement”	the master tenancy agreement dated 28 December 2015 entered into between Wuling Industrial and Guangxi Automobile in relation to the leasing of the Liuzhou Leased Properties and certain properties in Qingdao, Shandong, the PRC for a term of three years from 1 January 2016 to 31 December 2018
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed 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 appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Tenancy Agreement, the transactions contemplated thereunder and the Proposed Annual Caps
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*), a state-controlled enterprise established in the PRC, being the ultimate beneficial controlling shareholder of the Company which is indirectly interested in approximately 60.64% of the total number of Shares in issue of the Company
“Guangxi Automobile Group”	Guangxi Automobile, its subsidiaries and associates (excluding the Group)

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposal Annual Caps
“Independent Shareholder(s)”	Shareholder(s) other than Guangxi Automobile and its associates
“Independent Valuer”	Guangxi Tianhua Asset Land And Real Estate Appraisal Company Limited (廣西天華資產土地房地產評估有限責任公司), an independent qualified PRC valuer engaged by the Company for the purpose of assessing the market rental for the buildings of the Liuzhou Leased Properties
“Latest Practicable Date”	10 January 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contain herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Leased Properties”	nine parcels of land and 43 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC and with a total site area and floor area of approximately 617,742.20 square meters and 138,332.35 square meters respectively
“Master Tenancy Agreement”	the conditional master tenancy agreement dated 7 December 2018 entered into between Wuling Industrial and Guangxi Automobile (i) in respect of the lease of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021
“Parties”	Parties to the Master Tenancy Agreement, namely, Guangxi Automobile and Wuling Industrial
“PRC”	the People’s Republic of China

DEFINITIONS

“Proposed Annual Caps”	the annual caps of the continuing connected transactions contemplated under the Master Tenancy Agreement for each of the three years ending 31 December 2021, details of which are set out in the section headed “Proposed Annual Caps under the Master Tenancy Agreement” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be held to approve the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps
“SGMW”	上汽通用五菱汽車股份有限公司 (SAIC-GM-Wuling Automobile Co., Limited*), a company established in the PRC and a joint venture formed among Shanghai Automobile Industry (Group) Company Limited, GM (China) Investment Co., Limited and Guangxi Automobile, and is currently a major customer of Wuling Industrial Group’s businesses in engines and automotive components
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the report dated 22 November 2018 issued by the Independent Valuer with regard to the market rental of the buildings of the Liuzhou Leased Properties
“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

In this circular, unless otherwise specified, conversion of RMB into HK\$, is based on the exchange rate of RMB1 to HK\$1.14, for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

* For identification purposes only



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

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

Executive Directors:

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

Independent Non-executive Directors:

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

***Principal place of business
in Hong Kong:***

Unit 1901, 19/F
Beautiful Group Tower
77 Connaught Road Central
Hong Kong

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12 Bermuda

15 January 2019

To the Shareholders,

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
MASTER TENANCY AGREEMENT**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 December 2015, whereby it was disclosed that Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Existing Master Tenancy Agreement in respect of the lease of, among others, the Liuzhou Leased Properties for a period of three years from 1 January 2016 to 31 December 2018. As the Existing Master Tenancy Agreement was due to expire on 31 December 2018, Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Master Tenancy Agreement (i) in respect of the lease of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021.

The purpose of this circular is to provide you with, among other things, (i) further details of the Master Tenancy Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in respect of the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps; (iii) a letter from Gram Capital to the Independent Board Committee and the

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Independent Shareholders containing its advice on the terms of the Master Tenancy Agreement, the transactions contemplated thereunder and the Proposed Annual Caps; and (iv) a notice of the SGM.

II. MASTER TENANCY AGREEMENT

The principal terms of the Master Tenancy Agreement are summarised as follows:

Date:	7 December 2018
Landlord:	Guangxi Automobile
Tenant:	Wuling Industrial
Term:	Three years from 1 January 2019 to 31 December 2021
Properties to be leased:	The Liuzhou Leased Properties and the Additional Properties.

Liuzhou Leased Properties, being nine parcels of land and 43 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC. All the Liuzhou Leased Properties are currently leased by Guangxi Automobile to Wuling Industrial under the Existing Master Tenancy Agreement and used by Wuling Industrial Group as offices and production plants. Wuling Industrial Group will continue to use the Liuzhou Leased Properties for the same purposes under the Master Tenancy Agreement.

During the term of the Master Tenancy Agreement, Wuling Industrial may enter into additional tenancy agreements (the “**Additional Tenancy Agreements**”) with Guangxi Automobile for the leasing of other properties including but not limited to those adjacent to the Liuzhou Leased Properties owned by Guangxi Automobile (the “**Additional Properties**”) to cater for possible further business development of the Wuling Industry Group, to the extent that the aggregated annual rentals for the Liuzhou Leased Properties and the Additional Properties will not exceed the Proposed Annual Cap for the corresponding year, provided that:

- (1) the then market rentals for the Additional Properties will be assessed by an independent valuer and the rentals payable for them will be at a 10% discount to the then market rentals of similar properties as assessed;

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- (2) the transactions contemplated under the Additional Tenancy Agreements shall be conducted in the usual and ordinary course of business of the Group;
- (3) the terms of the Additional Tenancy Agreements shall be subject to arm's length negotiation among the Parties, on normal commercial terms or on terms which are no less favourable than those offered by independent third parties to Wuling Industrial and in the interests of the Group and the Shareholders as a whole; and
- (4) the transactions contemplated under the Additional Tenancy Agreements shall be in compliance with all applicable laws and regulations (including the Listing Rules) and the Master Tenancy Agreement.

Rental and payment terms:

The rental for the Liuzhou Leased Properties for the three years commencing from 1 January 2019 shall be RMB2,766,255.08 (equivalent to approximately HK\$3,153,530.79) per month in aggregate as set out below:

	Total site area/floor area <i>(in square meter)</i>	Monthly rental payable per square meter <i>(RMB)</i>	Total monthly rental payable <i>(RMB)</i>
Land of the Liuzhou Leased Properties	617,742.20	0.81	500,371.18
Buildings of the Liuzhou Leased Properties	138,332.35	16.38	<u>2,265,883.90</u>
Total			<u><u>2,766,255.08</u></u>

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As disclosed in the announcement of the Company dated 28 December 2015, the monthly rentals payable (per square meter) for the land and buildings of the Liuzhou Leased Properties were RMB0.94 and RMB13.50, respectively. Given the rental payable for the buildings of the Liuzhou Leased Properties under the Master Tenancy Agreement (i) was determined with reference to their prevailing market rentals as assessed by the Independent Valuer and (ii) was not above the prevailing market rentals of other similar properties within the proximity as observed by the management of the Company, the Directors (including the independent non-executive Directors after considering the advice from Gram Capital) consider the increase in the rental payable for the buildings of the Liuzhou Leased Properties under the Master Tenancy Agreement as compared with the rental payable under the Existing Master Tenancy Agreement is fair and reasonable.

The rental of the Liuzhou Leased Properties and the Additional Properties shall be payable in arrears semi-annually in the next month following the receipt of the relevant invoice by Wuling Industrial.

If the leasing of any of the Liuzhou Leased Properties and/or the Additional Properties is terminated, the rental payable by Wuling Industrial as tenant shall be calculated on a pro-rata basis with reference to the actual number of days for which the occupation of such land and/or buildings under such leasing is subsisting.

The rental payable for the Liuzhou Leased Properties pursuant to the Master Tenancy Agreement was determined by the Parties upon arm's length negotiation according to the following bases: (i) with respect to the buildings of the Liuzhou Leased Properties, a discount of 10% to the respective prevailing market rentals of similar properties as assessed by the Independent Valuer; and (ii) with respect to the land of the Liuzhou Leased Properties, the estimated costs incurred by Guangxi Automobile in the holding of the land which comprise its original acquisition costs, taxes and insurance premiums. As mentioned in the paragraph headed "Properties to be leased" above, an independent valuer will be engaged to assess the then prevailing market rentals of the Additional Properties and the rental payable for the Additional Properties shall be determined with reference to similar bases above.

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Based on the Valuation Report, the derived monthly market rental (per square meter) of the buildings of the Liuzhou Leased Properties (including relevant supporting facilities) as at 31 October 2018 as assessed by the Independent Valuer was RMB18.20. In preparing the Valuation Report, the Independent Valuer adopted the market approach by making reference to comparable transactions in the market. The derived market rentals per square meter of the respective buildings were derived based on the rental of the comparable transactions, as adjusted by the Independent Valuer with reference to the specific conditions of the market, transaction and the buildings (if applicable). According to the Valuation Report, the rentals (per square meter and after adjustments) of the comparable transactions ranged from RMB31.27 to RMB31.90 for office buildings and RMB17.88 to RMB19.32 for workshops. The monthly rental (per square meter) of RMB16.38 represents a discount of 10%, which was determined by the Parties upon arm's length negotiation and with reference to the discount (of approximately 10%) on the monthly rental payable (per square meter) given under the Existing Master Tenancy Agreement, to such derived market rental based on the Valuation Report. The monthly rentals payable (per square meter) has been fixed for the three years ending 31 December 2021, given that (i) the monthly rental (per square meter) of the buildings of the Liuzhou Leased Properties represents a discount of 10% to the derived market rental (per square meter) under the Valuation Report and the monthly rental will not be increased for the three years ending 31 December 2021; and (ii) it is not uncommon for leases with three years term not to contain rental adjustment provision; the Directors (including the independent non-executive Directors after considering the advice from Gram Capital) consider such fixed monthly rental payable for the buildings of the Liuzhou Leased Properties under the Master Tenancy Agreement is fair and reasonable.

Based on the above, the Directors (including the independent non-executive Directors after considering the advice from Gram Capital) consider the rental and payment terms for the Liuzhou Leased Properties under the Master Tenancy Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

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Warranties:

Guangxi Automobile warrants that, among other things, should there be any dispute arising from the ownership of titles or any dispute arising from claim or debt in relation to Guangxi Automobile or for any reason which result in the Wuling Industrial Group unable to reasonably use (whether part of or the whole) the Liuzhou Leased Properties and/or the Additional Properties, Guangxi Automobile shall be responsible and compensate Wuling Industrial for all resulting economic losses.

Wuling Industrial warrants that, among other things, it shall obtain written approval from Guangxi Automobile before making any alternation to the Liuzhou Leased Properties and/or the Additional Properties and the costs for such alteration shall be borne by the Wuling Industrial.

Conditions Precedent:

The Master Tenancy Agreement shall be effective upon the satisfaction of the following conditions precedent:

- (1) the Master Tenancy Agreement having been signed and/or stamped by Guangxi Automobile and Wuling Industrial; and
- (2) the Company having obtained all necessary authorisations, consents and approvals internally and from regulatory bodies (including but not limited to the Stock Exchange) for the Master Tenancy Agreement and the transactions contemplated thereunder, and the Master Tenancy Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in accordance with the Listing Rules (if Master Tenancy Agreement and the transactions contemplated thereunder require approval from the Independent Shareholders pursuant to the Listing Rules).

As at the Latest Practicable Date, condition (1) had been satisfied and the Company has no intention to waive condition (2) mentioned above.

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III. MAJOR ASSUMPTIONS ADOPTED BY THE INDEPENDENT VALUER

Details of the major assumptions adopted by the Independent Valuer in relation to the market rental of the buildings of the Liuzhou Leased Properties as contained in Valuation Report are as follows:

1. It is assumed that all of the assets proposed to be leased are already being leased and the Independent Valuer performs the valuation with reference to a hypothetical market simulated by the leasing conditions of the assets proposed to be leased.
2. It is assumed that the assets proposed to be leased are traded in the open market in order to obtain its market value. Open market refers to the market that is with well-developed and comprehensive market conditions and in a competitive market with voluntary buyers and sellers. Both of the buyer and the seller in such market are in equal position and have opportunities and time to obtain sufficient market information. Transactions between the buyer and the seller are conducted under voluntary, rational, non-forced and non-restricted circumstances.
3. It is assumed that the assets proposed to be leased will continue to be used in accordance with their current application and usage after the date of valuation.
4. It is assumed that the lessor of the assets proposed to be leased is responsible for the corresponding insurance fees, related tax payables, as well as maintenance and the respective fees during the course of leasing.
5. It is assumed that the lessee of the assets proposed to be leased is responsible for the corresponding property management, water, electricity and gas bills during the course of leasing.
6. It is assumed that there will not be any significant changes in the socio-economic environment in which the assets proposed to be leased is situated. Relevant laws, rules and regulations, policies and the status quo of the PRC will not have any material changes.
7. It is assumed that there will not be any force majeure or unforeseeable factors that will have material adverse effects on the value of the appraised object.
8. It is assumed that the proof of ownership and other information provided by the property owner are lawful, authentic and complete.
9. It is assumed that the assets proposed to be leased are not in any disputes regarding its ownership or financial status.
10. It is assumed that the relevant economic behaviors of the assets proposed to be leased comply with the corresponding regulations of the PRC.

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The above assumptions are the prerequisite to the validity of the conclusion of the valuation. Should there be any changes to the aforementioned assumptions, the result of the valuation will become invalid.

IV. HISTORICAL TRANSACTION AMOUNTS AND EXISTING ANNUAL CAPS UNDER THE EXISTING MASTER TENANCY AGREEMENT

For the two years ended 31 December 2017 and the ten months ended 31 October 2018, the actual transaction amounts paid by the Group pursuant to the Existing Master Tenancy Agreement and the Existing Annual Caps for the corresponding years are set out as follows:

Period	Actual transaction amount (RMB'000)	Existing Annual Cap (RMB'000)
For the year ended 31 December 2016	35,889	37,000
For the year ended 31 December 2017	33,557	37,000
For the ten months ended 31 October 2018	25,688	37,000

Note: The actual transaction amounts for the years ended 31 December 2016 and 2017 comprised, among others, the rentals paid in respect of the land and buildings located in Qingdao, Shandong, the PRC leased under the Existing Master Tenancy Agreement (amounting to RMB5,639,984 and RMB3,530,673 respectively). The leasing of such land and buildings was terminated on completion of the acquisition of such land and buildings by Wuling Industrial. Details of the acquisition of such land and buildings by Wuling Industrial were fully described in the Company's circular dated 30 September 2017.

The Company expects the actual transaction amount of the Group for the year ended 31 December 2018 would not exceed the Existing Annual Cap for the corresponding year.

V. PROPOSED ANNUAL CAPS UNDER THE MASTER TENANCY AGREEMENT

The total rental payable for the Liuzhou Leased Properties under the Master Tenancy Agreement, on an annual basis, shall be RMB33,195,060.90 (equivalent to approximately HK\$37,842,369.43). The Company proposed to adopt the Proposed Annual Caps for the three years ending 31 December 2021 as set out below:

Period	Proposed Annual Cap (RMB'000)
For the year ending 31 December 2019	36,520
For the year ending 31 December 2020	36,520
For the year ending 31 December 2021	36,520

The Proposed Annual Caps are determined according to the (i) annual rental payable for the Liuzhou Leased Properties under the Master Tenancy Agreement which has been determined by the Parties after making references to factors as detailed above; and (ii) a

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buffer of approximately 10% on top of the annual rental payable for the Liuzhou Leased Properties, representing the expected rentals payable for the leasing of the Additional Properties to cater for the possible further business development of Wuling Industrial Group according to the current development plan of the Group.

Such 10% buffer for the Proposed Annual Caps was determined by the Company with reference to (i) the buildings, such as workshops, warehouses and offices, expected to be leased by Wuling Industrial from Guangxi Automobile according to the current development plan of the Group; and (ii) the monthly rental payable (per square meter) of RMB16.38 for the buildings of the Liuzhou Leased Properties under the Master Tenancy Agreement. As at the Latest Practicable Date, the Company expects the rentals payable for the leasing of the Additional Properties will not exceed the said 10% buffer.

VI. REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER TENANCY AGREEMENT AND THE RELATED INTERNAL CONTROL PROCEDURES

Wuling Industrial Group has been occupying the Liuzhou Leased Properties for its business and operation pursuant to the Existing Master Tenancy Agreement. The Liuzhou Leased Properties are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines and parts, automotive components and accessories, specialized vehicles, and other related business. In order to ensure that the business and operation of the Wuling Industrial Group will not be affected upon the expiration of the Existing Master Tenancy Agreement on 31 December 2018, Wuling Industrial and Guangxi Automobile entered into the Master Tenancy Agreement on 7 December 2018 for a term of three years from 1 January 2019 to 31 December 2021.

To ensure the transactions conducted under the Master Tenancy Agreement will be entered into based on normal commercial terms or on terms which are no less favourable than those offered by independent third parties to Wuling Industrial and in the interests of the Group and the Shareholders as a whole, Wuling Industrial had engaged an independent valuer to perform a professional valuation with respect to the buildings under the Liuzhou Leased Properties and adopted the results of such valuation as the basis for determining the respective rental payable under the Master Tenancy Agreement.

With respect to the land under the Liuzhou Leased Properties where appropriate and sufficient market comparable was not available in performing a professional valuation, Wuling Industrial had adopted the cost basis, i.e. the estimated costs incurred by Guangxi Automobile in the holding of the land which comprise its original acquisition costs, taxes and insurance premiums, for determining the respective rental payable under the Master Tenancy Agreement. In this regard, Guangxi Automobile had provided the relevant documents and computations to Wuling Industrial in confirming the appropriateness and accuracy of the cost items which would be accepted as the estimated costs.

In addition, the external auditors of the Company and the independent non-executive Directors will perform annual reviews pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal control systems, to ensure that the transactions between the Group and its connected persons are conducted in accordance with the terms of the Master Tenancy Agreement.

VII. INFORMATION ON THE GROUP AND GUANGXI AUTOMOBILE

The Group

The Group, including Wuling Industrial and its subsidiaries, is principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialised vehicles (which covers the new energy vehicles, represented primarily by the electric vehicles), as well as the trading of raw materials, water and power supply services.

Guangxi Automobile

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in 1,243,132,520 Shares, representing approximately 60.64% of the total number of Shares in issue of the Company, and is the ultimate controlling shareholder of the Company as at the Latest Practicable Date. Guangxi Automobile is currently a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會), being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, moulds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc, in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

VIII. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in approximately 60.64% of the total number of shares in issue of the Company, and is the ultimate controlling shareholder of the Company and thus is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Master Tenancy Agreement and the transactions to be contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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 Master Tenancy Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director is regarded having a material interest in the Master Tenancy Agreement and the transactions contemplated thereunder and required to abstain from voting on the board resolutions to approve the same.

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As the highest applicable percentage ratio in respect of the Proposed Annual Caps, on an annual basis, is more than 5% and exceeds HK\$10,000,000, the Master Tenancy Agreement and the Proposed Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the Company expects the rentals payable under the Master Tenancy Agreement before the convening of the SGM will not exceed the thresholds that require independent shareholders' approval under the Listing Rules and the Company will through its internal control system to ensure that such thresholds will not be exceeded.

IX. THE SGM

Set out on pages 36 and 37 is a notice convening the SGM to be held at Unit 1901, 19/F., Beautiful Group Tower, 77 Connaught Road Central, Hong Kong on Thursday, 31 January 2019 at 10:15 a.m. or immediately after the special general meeting of the Company to be held at 10:00 a.m. on the same day, at which ordinary resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps.

The ordinary resolution(s) 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 Master Tenancy Agreement, Guangxi Automobile and its associates, collectively interested in approximately 60.64% of the total number of Shares in issue, will abstain from voting on the resolution(s) in relation to the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps 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 Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps.

X. RECOMMENDATION

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders the terms of Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps. Your attention is drawn to (i) the letter from the Independent Board Committee setting

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out its recommendation to the Independent Shareholders on page 16 of this circular; and (ii) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the terms of the Master Tenancy Agreement, the transactions contemplated thereunder and the Proposed Annual Caps on pages 17 to 28 of this circular.

Based on the relevant information disclosed herein, the Directors (including the independent non-executive Directors after considering the advice from Gram Capital) are of the opinion that (i) the entering into of the Master Tenancy Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution(s) to approve the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps.

ADDITIONAL INFORMATION

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

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



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

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

15 January 2019

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
MASTER TENANCY AGREEMENT**

We refer to the circular of the Company dated 15 January 2019 (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 Master Tenancy Agreement, the transactions contemplated thereunder and the Proposed Annual Caps. Gram Capital has been appointed to advise the Independent Shareholders and us in this regard. Details of the advice and recommendations from Gram Capital, together with the principal factors and reasons taken into consideration by it in arriving at such advice and recommendations, are set out in the “Letter from Gram Capital” on pages 17 to 28 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the advice and recommendations of Gram Capital, we are of the opinion that (i) the entering into of the Master Tenancy Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the Master Tenancy Agreement, together with the transactions contemplated thereunder and the Proposed Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Master Tenancy Agreement, the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully
For and on behalf of the
Independent Board Committee

Mr. Ye Xiang

Mr. Wang Yuben
Independent non-executive Directors

Mr. Mi Jianguo

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 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

15 January 2019

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

Dear Sir/Madam,

CONTINUING 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 entering into of the Master Tenancy Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 15 January 2019 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.

Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) entered into the Master Tenancy Agreement on 7 December 2018 (i) in respect of the lease of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021 (the “**Transactions**”).

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the 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 in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve

LETTER FROM GRAM CAPITAL

the Transactions (including the Proposed Annual Caps) 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.

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.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group or Guangxi Automobile and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the market rentals of the buildings of the Liuzhou Leased Properties dated 22 November 2018 (i.e. the Valuation Report). The Valuation Report was prepared by Guangxi Tianhua Asset Land And Real Estate Appraisal Company Limited, an independent third party valuer (i.e. the Independent Valuer). Since we are not experts in the valuation of properties or business, we have relied solely upon the Valuation Report for the assessed market rentals of the buildings of the Liuzhou Leased Properties as at 31 October 2018.

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, Wuling Industrial, Guangxi Automobile or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the

LETTER FROM GRAM CAPITAL

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:

Information on the Group

With reference to the Board Letter, the Group, including Wuling Industrial and its subsidiaries, is principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles (which covers the new energy vehicles, represented primarily by the electric vehicles), as well as the trading of raw materials, water and power supply services.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2018 and the two years ended 31 December 2017 as extracted from the Company's interim report for the six months ended 30 June 2018 (the "2018 Interim Report") and annual report for the year ended 31 December 2017 (the "2017 Annual Report"):

	For the six months ended 30 June 2018	For the year ended 31 December 2017	For the year ended 31 December 2016	Change from 2016 to 2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)	(audited)	(audited)	
Revenue	6,310,419	16,123,895	16,677,695	(3.32)
– Engines and related parts	700,475	2,268,200	3,869,040	(41.38)
– Automotive components and other industrial services	4,199,135	11,022,262	10,542,987	4.55
– Specialized vehicles	1,410,809	2,833,277	2,265,526	25.06
– Others	nil	156	142	9.86

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As depicted from the table above, the revenue of the Group for the year ended 31 December 2017 (“FY2017”) was approximately RMB16.12 billion, representing a decrease of approximately 3.32% as compared to that for the year ended 31 December 2016 (“FY2016”). Almost all of the Group’ revenue was derived from the manufacturing and sale of engines and related parts, automotive components and other industrial services, and specialized vehicles for FY2016 and FY2017.

Information on Wuling Industrial

As advised by the Directors, Wuling Industrial (a non-wholly-owned subsidiary of the Company) is the principal operating subsidiary of the Group. Wuling Industrial and its subsidiaries, is principally engaged in the manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles (which covers the new energy vehicles, represented primarily by the electric vehicles), as well as the trading of raw materials, water and power supply services.

Information on Guangxi Automobile

With reference to the Board Letter, Guangxi Automobile, is the ultimate controlling Shareholder as at the Latest Practicable Date. Guangxi Automobile is a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會), being the registered shareholder empowered by the People’s Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, moulds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc., in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

Reasons for and benefits on the Transactions

As mentioned in the section above, almost all of the Group’s revenue was derived from the manufacturing and sale of engines and related parts, automotive components and other industrial services, and specialized vehicles for FY2016 and FY2017.

With reference to the Board Letter, Wuling Industrial Group has been occupying the Liuzhou Leased Properties for its business and operation pursuant to the Existing Master Tenancy Agreement. All the Liuzhou Leased Properties are currently leased by Guangxi Automobile to Wuling Industrial under the Existing Master Tenancy Agreement and used by Wuling Industrial Group as offices and production plants. Wuling Industrial Group will continue to use the Liuzhou Leased Properties for the same purposes under the Master Tenancy Agreement.

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As further mentioned in the Board Letter, the Liuzhou Leased Properties are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines and parts, automotive components and accessories, specialized vehicles, and other related business. In order to ensure that the business and operation of the Wuling Industrial Group will not be affected upon the expiration of the Existing Master Tenancy Agreement on 31 December 2018, Wuling Industrial and Guangxi Automobile entered into the Master Tenancy Agreement on 7 December 2018 for a term of three years from 1 January 2019 to 31 December 2021.

As advised by the Directors, in addition to the Liuzhou Leased Properties, Wuling Industrial may also lease Additional Properties including but not limited to those adjacent to the Liuzhou Leased Properties from Guangxi Automobile to cater for possible further business development.

In view of that (i) Wuling Industrial Group has been occupying the Liuzhou Leased Properties for its business and operation pursuant to the Existing Master Tenancy Agreement; and (ii) the Additional Properties cater for possible further business development of Wuling Industrial Group, we concur with the Directors that the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Transactions

Date:	7 December 2018
Parties:	Guangxi Automobile (as the landlord); and Wuling Industrial (as the tenant)
Term:	Three years from 1 January 2019 to 31 December 2021
Properties to be leased:	(i) the Liuzhou Leased Properties (i.e. nine parcels of land and 43 buildings, all of which are located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC) and (ii) the Additional Properties (i.e. other properties including but not limited to those adjacent to the Liuzhou Leased Properties owned by Guangxi Automobile)

LETTER FROM GRAM CAPITAL

Rental and payment terms: The rental for the Liuzhou Leased Properties for the three years commencing from 1 January 2019 shall be RMB2,766,255.08 (equivalent to approximately HK\$3,153,530.79) per month in aggregate as set out below:

	Total site area/floor area <i>(in square meter)</i>	Monthly rental payable per square meter <i>(RMB)</i>	Total monthly rental payable <i>(RMB)</i>
Land of the Liuzhou Leased Properties	617,742.20	0.81	500,371.18
Buildings of the Liuzhou Leased Properties	138,332.35	16.38	<u>2,265,883.90</u>
Total			<u><u>2,766,255.08</u></u>

During the term of the Master Tenancy Agreement, Wuling Industrial may enter into Additional Tenancy Agreements with Guangxi Automobile for the leasing of the Additional Properties, to the extent that the aggregated annual rentals for the Liuzhou Leased Properties and the Additional Properties will not exceed the Proposed Annual Cap for the corresponding year, provided that:

- (i) the then market rentals for the Additional Properties will be assessed by an independent valuer and the rentals payable for them will be at a 10% discount to the then market rentals of similar properties as assessed;
- (ii) the transactions contemplated under the Additional Tenancy Agreements shall be conducted in the usual and ordinary course of business of the Group;
- (iii) the terms of the Additional Tenancy Agreements shall be subject to arm's length negotiation among the Parties, on normal terms or on terms which are no less favourable than those offered by independent third parties to Wuling Industrial and in the interests of the Group and the Shareholders as a whole; and
- (iv) the transactions contemplated under the Additional Tenancy Agreements shall be in compliance with all applicable laws and regulations (including the Listing Rules) and the Master Tenancy Agreement.

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The rentals of the Liuzhou Leased Properties and the Additional Properties shall be payable in arrears semi-annually in the next month following the receipt of the relevant invoice by Wuling Industrial.

If the leasing of any of the Liuzhou Leased Properties and/or the Additional Properties is terminated, the rental payable by Wuling Industrial as tenant shall be calculated on a pro-rata basis with reference to the actual number of days for which the occupation of such land and/or buildings under such leasing is subsisting.

Rental of the Liuzhou Leased Properties

(i) The buildings of the Liuzhou Leased Properties

With reference to the Board Letter, the rental payable for the Liuzhou Leased Properties pursuant to the Master Tenancy Agreement was determined by the Parties upon arm's length negotiation according to the following basis: with respect to the buildings of the Liuzhou Leased Properties, a discount of 10% to the respective prevailing market rentals of similar properties as assessed by the Independent Valuer.

Based on the Valuation Report, the derived monthly market rental per square meter of the buildings of the Liuzhou Leased Properties (including relevant supporting facilities) as at 31 October 2018 was RMB18.20. The monthly rental per square meter of RMB16.38 represents a discount of 10% to such derived market rental based on the Valuation Report.

To assess the fairness and reasonableness of the monthly rental, we have reviewed the Valuation Report and enquired into the Independent Valuer regarding the methodology adopted and the basis and assumptions used in the Valuation Report. We understand that in preparing the Valuation Report, the Independent Valuer adopted the market approach by making reference to comparable transactions in the market. When conducting the valuation, the Independent Valuer collected information of similar transactions in the Liuzhou property market and eventually selected cases (i) which occurred at the same/neighboring area as the subject buildings, (ii) with the same structure and usage purpose as the subject buildings, and (iii) comparable to the subject buildings as comparable transactions. For our due diligence purpose, we reviewed certain information (such as the property area, rental, location and condition) of the comparable transactions, which occurred in October 2018. We noted that the derived market rentals per square meter of the respective buildings were derived based on the rental of the comparable transactions, as adjusted by the Independent Valuer with reference to the specific conditions of the market, transaction and the buildings (if applicable). Having considered that (i) the comparable transactions were selected by the Independent Valuer based on comparability with the subject properties (such as location, structure and usage purpose) in the Liuzhou property market; and (ii) when arriving at the derived market rentals per square meter of the respective buildings of the Liuzhou Leased Properties, the Independent Valuer adjusted the rental of the comparable transactions with reference to the specific conditions of the market, transaction and the buildings (if applicable), we do not doubt the fairness and

LETTER FROM GRAM CAPITAL

representativeness of the comparable transactions as references to the derived market rentals. As confirmed by the Independent Valuer, the market approach is one of the commonly adopted approaches for deriving market rental and is also consistent with normal market practice.

For our due diligence purpose, we also reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Group; (ii) the Independent Valuer's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the valuation. During the course of valuation, the Independent Valuer (i) collected information regarding the title of ownership, distribution and status of the Liuzhou Leased Properties; and (ii) carried out an inspection of the Liuzhou Leased Properties. As advised by the Independent Valuer, the Independent Valuer did not identify any circumstances which affects its due diligence work.

From the mandate letter and other relevant information provided by the Independent Valuer and based on our interview with it, we are satisfied with the terms of engagement of the Independent Valuer as well as its qualification and experience for preparation of the Valuation Report. The Independent Valuer also confirmed that it is independent to the Group and Guangxi Automobile.

During our discussion with the Independent Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for the Valuation Report.

Given the above and that the monthly rental (per square meter) of the buildings of the Liuzhou Leased Properties represents a discount to the derived market rental (per square meter) under the Valuation Report, we are of the view that such monthly rental for buildings of the Liuzhou Leased Properties is fair and reasonable.

(ii) The land of the Liuzhou Leased Properties

With reference to the Board Letter, the rental payable for the Liuzhou Leased Properties pursuant to the Master Tenancy Agreement was determined by the Parties upon arm's length negotiation according to the following basis: with respect to the land of the Liuzhou Leased Properties, the estimated costs incurred by Guangxi Automobile in the holding of the land which comprise its original acquisition costs, taxes and insurance premiums. We noted from the announcement of the Company dated 28 December 2015 that the rental payable to the land of leased properties under the Existing Master Tenancy Agreement was also determined with reference to the original acquisition costs, respective taxes and insurance premiums of the land.

For our due diligence purpose, we obtained the calculation of estimated costs incurred by Guangxi Automobile in the holding of the land prepared by Guangxi Automobile. We noted that the estimated costs comprise (i) the original acquisition costs, (ii) land use tax and (iii) value-added tax and surtax. The monthly rental per square meter of RMB0.81 is equal to estimated monthly rental per square meter, which is calculated based on "the said estimated costs" (i.e. the sum of (i) the original acquisition costs, (ii) land use tax and (iii) value-added

LETTER FROM GRAM CAPITAL

tax and surtax) divided by “the total site area of the land of 617,742.20 square meter” and “a life of 50 years”. Having considered the above, we are of the view that the monthly rental for land of the Liuzhou Leased Properties is justifiable.

(iii) The Additional Properties

With reference to the Board Letter, the then market rentals for the Additional Properties will be assessed by an independent valuer and the rentals payable for them will be at a 10% discount to the then market rentals of similar properties as assessed. Having considered that the then rentals payable will be at a discount to the then market rentals of similar properties, we consider such rentals payable to be fair and reasonable.

Payment terms

As mentioned above, the rentals of the Liuzhou Leased Properties and the Additional Properties shall be payable in arrears semi-annually in the next month following the receipt of the relevant invoice by Wuling Industrial.

For our due diligence purpose, we obtained and reviewed three leasing agreements (which, as confirmed by the Directors, represent all agreements entered into between the Wuling Industrial Group (as tenants) and independent third parties in relation to the leasing of properties for similar purposes as the currently leased properties under the Master Tenancy Agreement during 2016 to 2018) (the “**Third Parties Leasing Agreements**”). We noted that the Third Parties Leasing Agreements required the tenants to prepay the rental (i.e. the payment terms under the Master Tenancy Agreement are better (from the perspective of the tenants) than those under the Third Parties Leasing Agreements). Accordingly, we consider the payment terms under the Master Tenancy Agreement to be justifiable.

Further detail terms of the Master Tenancy Agreement are specified in the section headed “Master Tenancy Agreement” of the Board Letter. In addition, we did not identify any unusual terms under the Master Tenancy Agreement which may impose unfair obligations on Wuling Industrial as tenant. Accordingly, we are of the view that the terms of the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GRAM CAPITAL

The Proposed Annual Caps

Set out below are (i) the historical annual caps for the three years ended 31 December 2018; (ii) the historical transaction amount for the two years ended 31 December 2017 and the ten months ended 31 October 2018; and (iii) the Proposed Annual Caps for the three years ending 31 December 2021 as extracted from the Board Letter:

	For the year ended 31 December 2018	For the year ended 31 December 2017	For the year ended 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical annual caps	37,000	37,000	37,000
Historical transaction amount	25,688 <i>(Note 2)</i>	33,557 <i>(Note 1)</i>	35,889 <i>(Note 1)</i>
	For the year ending 31 December 2021	For the year ending 31 December 2020	For the year ending 31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed Annual Caps	36,520	36,520	36,520

Notes:

1. The actual transaction amounts for the two years ended 31 December 2017 comprised, among others, the rentals paid in respect of the land and buildings located in Qingdao, Shandong, the PRC leased under the Existing Master Tenancy Agreement (amounting to RMB5,639,984 and RMB3,530,673 respectively). The leasing of such land and buildings was terminated on completion of the acquisition of such land and buildings by Wuling Industrial.
2. For the ten months ended 31 October 2018

With reference to the Board Letter, the Proposed Annual Caps are determined according to the (i) annual rental payable for the Liuzhou Leased Properties under the Master Tenancy Agreement which has been determined by the Parties after making references to factors as detailed above; and (ii) a buffer of approximately 10% on top of the annual rental payable for the Liuzhou Leased Properties, representing the expected rentals payable for the leasing of the Additional Properties to cater for the possible further business development of Wuling Industrial Group according to the current development plan of the Group.

We noted that the Proposed Annual Caps are calculated based on (i) the monthly rental of the Liuzhou Leased Properties (both land and buildings) (i.e. RMB2,766,255.08), (ii) the lease term of 12 months for each of the three years ending 31 December 2021; and (iii) a buffer of approximately 10%.

With reference to the Board Letter, the 10% buffer for the leasing of the Additional Properties was determined by the Company with reference to (i) the buildings, such as workshops, warehouses and offices, expected to be leased by Wuling Industrial from Guangxi

LETTER FROM GRAM CAPITAL

Automobile according to the current development plan of the Group; and (ii) the monthly rental payable (per square meter) of RMB16.38 for the buildings of the Liuzhou Leased Properties under the Master Tenancy Agreement. As at the Latest Practicable Date, the Company expects the rentals payable for the leasing of the Additional Properties will not exceed the said 10% buffer. Having considered that (i) the buffer was determined by the Company taking into account of the current development plan of the Group; (ii) the Additional Properties will be used for similar purposes as the currently leased properties under the Master Tenancy Agreement; and (iii) the Company referenced the monthly rental payable for the buildings of the Liuzhou Leased Properties (which was determined by the Parties upon arm's length negotiation taking into account the Valuation Report and a discount), we consider the buffer to be justifiable.

Having considered (i) the market rental of the Liuzhou Leased Properties being fair and reasonable; and (ii) that the buffer covers the expected rentals payable for the leasing of the Additional Properties, we consider that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2021, and they do not represent forecasts of the rent and fee to be incurred from the Master Tenancy Agreement. Consequently, we express no opinion as to how closely the actual rent and fee to be incurred from the Master Tenancy Agreement will correspond with the Proposed Annual Caps.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the Proposed Annual Caps for the period concerned under the Master Tenancy Agreement; (ii) the terms of the Transactions (including the Proposed Annual Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the Proposed Annual Caps. In the event that the total amounts of the Transactions are anticipated to exceed the Proposed Annual Caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

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 conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Transactions (including the Proposed Annual Caps) 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

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(i) Directors and chief executive of the Company

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

Long Position

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	13.74%
	Beneficial owner	3,090,900	0.15%
	Interest held by spouse	<u>1,648,480</u>	<u>0.08%</u>
	Sub-total	<u>286,362,294</u>	<u>13.97%</u>
Ms. Liu Yaling	Beneficial owner	<u>2,060,600</u>	<u>0.10%</u>
Mr. Ye Xiang	Beneficial owner	<u>1,030,300</u>	<u>0.05%</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 2,050,107,555 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 Position

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate % of the total number of Shares in issue*
Dragon Hill (Note 1)	Beneficial owner	Corporate	<u>281,622,914</u>	<u>13.74%</u>
Mr. Lee	Interest in controlled corporation (Note 1)	Corporate	281,622,914	13.74%
	Beneficial owner (Note 2)	Personal	3,090,900	0.15%
	Interest held by spouse (Note 2)	Family	1,648,480	0.08%
	Sub-total		<u>286,362,294</u>	<u>13.97%</u>
Wuling (Hong Kong) Holdings Limited (“Wuling HK”) (Notes 3 and 4)	Beneficial owner	Corporate	1,243,132,520	60.64%
		Unlisted derivatives	357,142,857	17.42%
	Sub-total		<u>1,600,275,377</u>	<u>78.06%</u>
Wuling Motors (Hong Kong) Company Limited (“Wuling Motors”) (Notes 3 and 4)	Interest in controlled corporation	Corporate	1,243,132,520	60.64%
		Unlisted derivatives	357,142,857	17.42%
	Sub-total		<u>1,600,275,377</u>	<u>78.06%</u>
Guangxi Automobile Holdings Limited* (“Guangxi Automobile”) (Notes 3 and 4)	Interest in controlled corporation	Corporate	1,243,132,520	60.64%
		Unlisted derivatives	357,142,857	17.42%
	Sub-total		<u>1,600,275,377</u>	<u>78.06%</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 357,142,857 Shares (conversion shares) issuable to Wuling HK upon exercise in full of the conversion rights attaching to the outstanding convertible loan notes issued to Wuling HK amounting to HK\$250,000,000, details of which may refer to the Company's announcement dated 13 October 2016 and 23 May 2017 and 29 December 2017 and the Company's circular dated 28 November 2016.
- * The percentage has been adjusted (if any) based on a total of 2,050,107,555 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

In addition to the Master Tenancy Agreement entered into between Wuling Industrial (as tenant) and Guangxi Automobile (as landlord) (i) in respect of the lease of the Liuzhou Leased Properties; and (ii) to set out a framework of terms governing the leases of the Additional Properties by Wuling Industrial from Guangxi Automobile, both for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021, which details were fully disclosed in the circular, the Company and its subsidiaries entered into the following contracts or arrangements which are significant to the Group:

- (a) 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 (the "**Subscription Agreement**"). The convertible loan notes which bear interest at 4% per annum would be eligible to be converted into a total number of 571,428,571 fully paid up Shares at an initial conversion price of HK\$0.70 per Share (subject to adjustments) on any business day commencing from 22 November 2017 up to the fifth business days prior to the maturity date (being 23 May 2020). Details of the Subscription 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 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. On 29 December 2017, the convertible loan notes of a principal amount of HK\$150,000,000 were converted by Wuling HK into a total number of 214,285,714 Shares. Subsequent to the this conversion, the aggregate principal amount of convertible loan notes remained outstanding was HK\$250,000,000, which would be eligible to be converted into a total number of 357,142,857 Shares according to the abovementioned terms and conditions.

- (b) On 16 November 2016, Wuling Industrial entered into an agreement with Guangxi Automobile to renew the continuing connected transactions for a term of three years from the effective date to 31 December 2019 to govern the continuing connected transactions between the Wuling Industrial Group and Guangxi Automobile Group (the “**2017—2019 Master Agreement**”). Details of the 2017–2019 Master Agreement were fully described in the Company’s announcement dated 16 November 2016 and the Company’s circular dated 15 December 2016.
- (c) On 28 April 2017, 17 May 2017 and 15 June 2018, the Company and Guangxi Automobile entered into the supplemental agreements (the “**Supplemental Agreements**”) to amend certain terms, including the annual caps, of the 2017–2019 Master Agreement. Details of the Supplemental Agreements were fully described in the Company’s announcements dated 28 April 2017, 17 May 2017 and 15 June 2018; and the Company’s circulars dated 13 June 2017 and 20 July 2018.
- (d) On 23 November 2018, Wuling Industrial, as borrower and Guangxi Automobile as lender, entered into a loan agreement for a loan in a maximum amount (calculated as the aggregate amount of drawdowns) of RMB3,000,000,000, RMB3,300,000,000 and RMB3,600,000,000 respectively for the year ending 31 December 2019, 2020 and 2021 each drawdown for a term of not more than six (6) months from the date of each drawdown granted by Guangxi Automobile to Wuling Industrial. On the same day, Wuling Liuji, as borrower and Guangxi Automobile as lender, entered into a loan agreement for a loan in a maximum amount (calculated as the aggregate amount of drawdowns) of RMB1,600,000,000, RMB1,800,000,000 and RMB2,000,000,000 respectively for the year ending 31 December 2019, 2020 and 2021 each drawdown for a term of not more than six (6) months from the date of each drawdown granted by Guangxi Automobile to Wuling Liuji (collectively, the “**Loan Agreements**”). Details of the Loan Agreements were fully described in the Company’s announcement dated 23 November 2018 and the Company’s circular dated 2 January 2019.

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

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 2017 (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

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 their common directorships, he 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 Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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 2017, 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

References are made to the profit warning announcement of the Company dated 17 December 2018 (the “**Profit Warning Announcement**”) and the interim report of the Company for the six months ended 30 June 2018, which stated that the economic environment in China experienced a series of tough challenges from both inside and outside of China during 2018, which had adversely affected the automobile industry in China and in turn, the business performance of the Group during the same period. For the six months ended 30 June 2018, due to the substantial reduction in the volume of businesses of the engines and related parts division and a decrease in the revenue of the automotive components and other industrial services division, the total revenue of the Group recorded an overall decrease of approximately 26.9% as compared to the corresponding period in last year. As a result of such decline in Group’s revenue, coupled with the prevailing high raw materials prices (especially steel price) and the continuous operating losses incurred in the newly setup plant in Indonesia, gross profits and net profits of the Group and profit attributable to the owners of the Company had all experienced certain extent of decreases during the six months ended 30 June 2018, which amounted to 32.3%, 48.3% and 39.1% respectively. It was further announced in the Profit Warning Announcement that the difficult market and operation conditions experienced by the Group continued to adversely affect the Group in the second half of 2018 and based on the Board’s preliminary assessment after reviewing the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2018 and the Board’s assessment for the remaining two months of the year ending 31 December 2018, the Group’s revenue, gross profits and net profits of the Group and profit attributable to the owners of the Company for the year ending 31 December 2018 are all expected to be substantially decreased as compared to the corresponding results achieved during the year ended 31 December 2017.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

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 1901, 19/F, Beautiful Group Tower, 77 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the SGM of the Company to be held on 31 January 2019:

- (a) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of this circular;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;

- (c) the letter of advice from Gram Capital to the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from Gram Capital” of this circular;
- (d) the written consent from Gram Capital referred to in the section headed “6. Consent and Qualification of Expert” in this appendix;
- (e) the Existing Master Tenancy Agreement;
- (f) the Master Tenancy Agreement; and
- (g) 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 IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wuling Motors Holdings Limited (the “Company”) will be held at Unit 1901, 19/F., Beautiful Group Tower, 77 Connaught Road Central, Hong Kong on Thursday, 31 January 2019 at 10:15 a.m. or immediately after the special general meeting of the Company to be held at 10:00 a.m. on the same day for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions, which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

Words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular of the Company dated 15 January 2019 (the “Circular”).

“THAT:

- (a) the Master Tenancy Agreement (copy of which have been tabled at the meeting marked “A” and signed by the chairman of the meeting for identification purpose) and all transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;
- (b) the annual caps of the total rental payable for the three years ending 31 December 2021 under the Master Tenancy Agreement be and are hereby approved, ratified and confirmed; and
- (c) the Directors be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors in their discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Master Tenancy Agreement and any of the transactions contemplated thereunder and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided under the Master Tenancy Agreement) as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 15 January 2019

NOTICE OF THE SGM

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 Company's circular dated 15 January 2019 ("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. Where there are joint holders of any Share(s), any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Share(s) as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the registers of members of the Company in respect of such Share(s) will alone be entitled to vote in respect thereof.
4. The register of members of the Company will be closed from Monday, 28 January 2019 to Thursday, 31 January 2019 (both dates inclusive), for the purpose of determining the Shareholders' eligibility to attend and vote at the SGM and during which period no transfer of the Share(s) will be effected. In order to qualify for attendance of the SGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 25 January 2019.
5. A form of proxy for use in connection with the SGM is enclosed and such form is also published on the website of the Stock Exchange (www.hkexnews.hk).
6. 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.
7. Shareholders are advised to read the Circular which contains information concerning the resolution to be proposed in this notice.
8. The ordinary resolution to be proposed at the SGM shall be decided by way of poll.