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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)

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME**

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The Existing Share Option Scheme was conditionally adopted by the Company on 28 May 2012 and is valid for a period of 10 years from the date of its adoption, and will expire on 27 May 2022.

In order to provide the Company with the flexibility of granting share options to the Directors and employees as incentives or rewards for their contribution or potential contribution to the Group, the Board proposes to seek Shareholders' approval at the Special General Meeting to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme.

The New Share Option Scheme shall be conditional upon:

- (i) the approval from the Guangxi SASAC;
- (ii) the passing of an ordinary resolution by the Shareholders of the Company in general meeting to approve the adoption of the New Share Option Scheme; and
- (iii) the approval from the Stock Exchange for the listing and trading of any Shares to be issued under the share options that may be granted under the New Share Option Scheme.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing and trading of any Shares to be issued under the share options that may be granted under the New Share Option Scheme.

GENERAL

The Board will propose the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme for Shareholders' approval at the Special General Meeting of the Company to be convened in due course.

A circular of the Company containing, among other things, (i) details of the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme; and (ii) the notice of the Special General Meeting will be despatched to the Shareholders in accordance with the requirements under the Listing Rules.

THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was conditionally adopted by the Company on 28 May 2012 and is valid for a period of 10 years from the date of its adoption, and will expire on 27 May 2022. According to the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme, and in such event no further options can be granted under the Existing Share Option Scheme. In view of (a) the expiration of the Existing Share Option Scheme on 27 May 2022; (b) no further options can be offered or granted pursuant to the Existing Share Option Scheme after its expiration even if the scheme mandate limit under the Existing Share Option Scheme is refreshed and (c) all remaining options that have yet to be granted will become void or non-exercisable after the termination of the Existing Share Option Scheme, the Board proposes to take the opportunity to adopt the New Share Option Scheme and simultaneously terminates the Existing Share Option Scheme at the Special General Meeting. The rules of the Existing Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its expiration or otherwise as may be required in accordance with the rules of the Existing Share Option Scheme. Options granted prior to such expiration shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme. As at the date of this announcement, there were no options granted but not yet exercised or lapsed under the Existing Share Option Scheme.

THE NEW SHARE OPTION SCHEME

The Board is pleased to announce that it has resolved to propose the adoption of the New Share Option Scheme to further improve the governance structure of the Company and to establish a long-term and effective incentive mechanism to attract and retain key talents.

In view of the Existing Share Option Scheme is going to expire in less than one year, the Board proposes to adopt the New Share Option Scheme in order to provide the Company with the flexibility of granting share options to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Group. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The New Share Option Scheme is subject to the obtaining of (i) the approval from the Guangxi SASAC; (ii) the passing of an ordinary resolution by the Shareholders of the Company in general meeting to approve the adoption of the New Share Option Scheme; and (iii) the approval from the Stock Exchange for the listing and trading of any Shares to be issued under the share options that may be granted under the New Share Option Scheme. The New Share Option Scheme may be amended upon the request from the Guangxi SASAC and/or Hong Kong regulatory authorities. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing and trading of any Shares to be issued under the share options that may be granted under the New Share Option Scheme.

As at the date of this announcement, the Company has not yet granted any share options under the New Share Option Scheme.

KEY TERMS OF THE NEW SHARE OPTION SCHEME

A summary of key terms of the New Share Option Scheme is set out below. Further details of the terms of the New Share Option Scheme will be set out in a circular to be despatched to the Shareholders in due course.

Purposes:

The purposes of the New Share Option Scheme are:

- (i) To recognize and acknowledge the contributions or potential contributions made or to be made by the Participants to the Group;
- (ii) To motivate the Participants to optimize their performance and efficiency for the benefit of the Group;
- (iii) To maintain or attract business relationship with the Participants whose contributions are or may be beneficial to the growth of the Group; and
- (iv) To establish a benefit sharing and risk sharing mechanism among the Shareholders, the Company and the Participants to all together pay more attention to long-term development of the Company.

Effective date of the Scheme:	The date when the New Share Option Scheme is approved by the Guangxi SASAC and approved by the Shareholders at a general meeting.
Effective period of the Scheme:	Six (6) years commencing from the date of approval of the Scheme by the Shareholders at a general meeting.
Participants:	Any person(s) being (i) any Director (including any executive Director or non-executive Director) of any member of the Group, (ii) any employee (whether in full time or part-time employment) of any member of the Group and (iii) and other person whatsoever from time to time determined by the Board as having contributed to the development, growth or benefit of the Group (the three categories above are exclusive of any independent non-executive Director, External Director and any Shareholder (or beneficial owner) holding 5% or more of the issued share capital of the Company, or the spouse, any parent, child or other associate of such Shareholder (or beneficial owner));
Maximum quantity of Grant:	<p>(i) The maximum number of Shares to be issued upon exercise of all the share options to be granted under the New Share Option Scheme shall not in aggregate exceed 3% of the total Shares in issue of the Company as at the date of approval of the New Share Option Scheme at a general meeting;</p> <p>(ii) The number of Shares that may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme (and any other schemes) shall not exceed 10% of the total Shares in issue at any time;</p> <p>(iii) Unless separately approved by shareholders of the Company in a general meeting, the Shares issued and to be issued upon the exercise of the share options granted to any individual Participant (including exercised or outstanding share options) in any 12-month period up to the Grant Date to each Participant under the New Share Option Scheme shall not exceed 1% of the total Shares in issue of the Company as at the date when the New Share Option Scheme is approved at a general meeting; and</p>

- (iv) Each Grant to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by all independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed grantee of such options). Unless being approved by the Shareholders in a general meeting, the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including options exercised, cancelled and outstanding) to any substantial shareholder or independent non-executive Director of the Company, or any of their respective associates, in the 12-month period up to and including the date of such grant, shall not in aggregate exceed 0.1% of the total Shares in issue of the Company, or shall not in aggregate, based on the closing price of the Shares on the Grant Date, exceed HK\$5 million.

Exercise price:

The exercise price of the New Share Option Scheme shall be the higher of the three following prices:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the Grant Date, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Grant Date; and
- (iii) the nominal value of the Shares on the Grant Date.

Grant Date:

The Grant Date shall be determined in accordance with the relevant requirements by the Board at a Board meeting to be convened after the New Share Option Scheme has been considered and approved at a general meeting. The Grant Date shall be a trading day, and shall be bound by the following time restrictions:

- (i) The Board shall not grant share options after inside information (as defined in the SFO) has come to its knowledge or such matter has been the subject of a decision, until the trading day after such inside information has been published in accordance with the Listing Rules and SFO.

(ii) In particular, no share options shall be granted during the period commencing one month immediately preceding the earlier of:

- a. the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any Financial Period; and
- b. the deadline for the Company to announce its results for any Financial Period,

and ending on the date of such results announcement provided that the period within which no share option may be granted will cover any period of delay in the publication of the results announcement.

Restriction period: No share options shall be exercised within twenty-four (24) months from the Grant Date.

Vesting period: In respect of each Grant, upon satisfaction of vesting conditions under the New Share Option Scheme, the share options granted shall be vested in batches as follows:

- (i) From the first trading day after the second year anniversary (24-month) of the Grant Date to the last trading day within the third year anniversary (36-month) of the date of completion of registration, 30% of the total number of share options granted shall be vested and exercisable;
- (ii) From the first trading day after the third year anniversary (36-month) of the Grant Date to the last trading day within the fourth year anniversary (48-month) of the date of completion of registration, 30% of the total number of share options granted shall be vested and exercisable (excluding the share options which have already been vested and exercised); and

- (iii) From the first trading day after the fourth year anniversary (48-month) of the Grant Date to the last trading day within the fifth year anniversary (60-month) of the date of completion of registration, 40% of the total number of share options granted shall be vested and exercisable (excluding the share options which have already been vested and exercised).

Authorization to the Board:

The Board will seek Shareholders' approval at a general meeting of the Company to consider the New Share Option Scheme and authorize the Board to be responsible for the implementation and management of the New Share Option Scheme, such that the Board shall be the executive management body of the New Share Option Scheme.

IMPLICATIONS UNDER THE LISTING RULES

The New Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules.

SHAREHOLDERS' APPROVAL

The Board will propose the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme for Shareholders' approval at the Special General Meeting of the Company to be convened in due course.

A circular of the Company containing, among other things, (i) details of the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme; and (ii) the notice of the Special General Meeting will be despatched to the Shareholders in accordance with the requirements under the Listing Rules.

The New Share Option Scheme will only become capable of implementation after obtaining the approvals from the Guangxi SASAC, the Shareholders at a general meeting, and the Stock Exchange for the listing and trading of any Shares to be issued under the share options that may be granted under the New Share Option Scheme. Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

DEFINITIONS

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

“ associate(s) ”	has the meaning ascribed thereto in the Listing Rules;
“ Board ”	the board of Directors of the Company or a duly authorised committee thereof;
“ Business Day(s) ”	a day or days on which the Stock Exchange is open for the business of dealing in securities;
“ chief executive ”	has the meaning ascribed thereto in the Listing Rules;
“ Director(s) ”	the director(s) of the Company;
“ Company ”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 305);
“ Existing Share Option Scheme ”	the existing share option scheme of the Company adopted on 28 May 2012;
“ External Director(s) ”	a Director who is not an employee of and is external to the Company. Other than the position as the Director and the member of the specific committee(s), he/she will not hold any positions and will not be responsible for any businesses undertaken by the executive departments which would affect his/her impartiality in discharging his/her duty as an external director of a company. A Director who is an employee of the holding company of the Company and participates in the incentive scheme of the Company would not be considered as external director.
“ Financial Period ”	a year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) in relation to which the Company’s consolidated financial statements and accounts are made up;
“ Grant ”	the granting of the share options under the New Share Option Scheme to the Participants;

“Grant Date”	the date (which shall be a trading day) on which the Grant is made to (and subject to acceptance by) a Participant in accordance with the relevant requirements by the Board at a Board meeting to be convened after the New Share Option Scheme has been considered and approved at a general meeting;
“Group”	the Company and its subsidiaries;
“Guangxi SASAC”	廣西壯族自治區人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Government of Guangxi Zhuang Autonomous Region of the PRC*);
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the Special General Meeting;
“Participant(s)”	any person(s) being (i) any Director (including any executive Director or non-executive Director) of any member of the Group, (ii) any employee (whether in full time or part-time employment) of any member of the Group and (iii) and other person whatsoever from time to time determined by the Board as having contributed to the development, growth or benefit of the Group (the three categories above are exclusive of any independent non-executive Director, External Director and any Shareholder (or beneficial owner) holding 5% or more of the issued share capital of the Company, or the spouse, any parent, child or other associate of such Shareholder (or beneficial owner));

“ PRC ”	People’s Republic of China (for the purpose of the New Share Option Scheme, excluding Hong Kong, Macau and Taiwan Regions);
“ Restriction Period ”	the period that the share options granted under the New Share Option Scheme shall not be exercised from the Grant Date imposed by the Board at its discretion;
“ SFO ”	Securities and Futures Ordinances (Chapter 571, Laws of Hong Kong);
“ Share(s) ”	ordinary share(s) of HK\$0.004 each in the capital of the Company;
“ Shareholder(s) ”	holder(s) of Share(s);
“ Special General Meeting ”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Wuling Motors Holdings Limited
YUAN Zhijun
Chairman

Hong Kong, 30 July 2021

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

* *For identification purposes only*