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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
(1) PROPOSED ANNUAL CAPS
FOR THE YEAR ENDING 31 DECEMBER 2025; AND
(2) REVISION OF PROPOSED ANNUAL CAP OF
TECHNICAL SUPPORT SERVICES
FOR THE YEAR ENDED 31 DECEMBER 2024

Financial adviser to the Company



BACKGROUND

References are made to the announcement dated 31 March 2022 and the circular dated 7 June 2022 in relation to (i) the 2022–2024 New Energy Framework Agreement entered into between Wuling Industrial and Wuling New Energy; and (ii) the transactions contemplated thereunder.

THE PROPOSED ANNUAL CAPS UNDER THE 2025 NEW ENERGY FRAMEWORK AGREEMENT

As the 2022–2024 New Energy Framework Agreement will be expired on 31 December 2024 and Wuling Industrial and Wuling New Energy expect that the Continuing Connected Transactions will continue in FY2025, on 21 June 2024 (after trading hours), Wuling Industrial and Wuling New Energy entered into the 2025 New Energy Framework Agreement to renew the 2022–2024 New Energy Framework Agreement.

Implications under the Listing Rules

As at the date of this announcement, Wuling New Energy is owned as to 65.80%, 13.36% and 12.34% by Guangxi Automobile, the Company and Wuling Industrial respectively, while Guangxi Automobile, being the ultimate controlling Shareholder of the Company, through its direct and indirect wholly-owned subsidiaries, is interested in approximately 56.54% of the total number of Shares. In this regard, Wuling New Energy is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the 2025 New Energy Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) for the Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services exceeds 5%, the Sale Transactions, the Purchase Transactions and Technical Support Services are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for the Proposed Annual Caps for the Modification Services is more than 0.1% but less than 5%, the Modification Services constitutes a continuing connected transaction and is subject to the announcement, reporting and annual review requirements under Rule 14A.76 of the Listing Rules, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE REVISED ANNUAL CAP UNDER THE 2022–2024 NEW ENERGY SUPPLEMENTAL AGREEMENT

Due to the re-scheduling of the planned delivery of the G050 electric logistic vehicles to the customers in response to the market situation, from which the scaled up volume of sales are anticipated to be postponed to FY2024, the transaction amount of the Technical Support Services for FY2024 is therefore expected to be higher than Previous Annual Cap for FY2024 contemplated under the 2022–2024 New Energy Framework Agreement.

In view of the above, on 21 June 2024 (after trading hours), Wuling Industrial and Wuling New Energy entered into the 2022–2024 New Energy Supplemental Agreement to revise the Previous Annual Cap for the Technical Support Services for FY2024, while the terms of the 2022–2024 New Energy Framework Agreement shall remain unchanged and be in force and effect.

Implications under the Listing Rules

Wuling New Energy is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Technical Support Services constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as Wuling Industrial has proposed to revise the Previous Annual Cap of the Technical Support Services, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the Technical Support Services. As the highest of the relevant percentage ratios relating to the Revised Annual Cap is more than 0.1% but less than 5%, the Revised Annual Cap is subject to the announcement, reporting and annual review requirements under Rule 14A.76 of the Listing Rules, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Board has formed the Independent Board Committee (which consists of all independent non-executive Directors) to advise the Independent Shareholders in respect of (i) Sale Transactions, Purchase Transactions and Technical Support Services; and (ii) their respective Proposed Annual Caps under the 2025 New Energy Framework Agreement.

The Board has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Sale Transactions, Purchase Transactions and Technical Support Services; and (ii) their respective Proposed Annual Caps under the 2025 New Energy Framework Agreement.

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, to pass the resolutions to approve (i) the Sale Transactions, Purchase Transactions and Technical Support Services; and (ii) their respective Proposed Annual Caps under the 2025 New Energy Framework Agreement.

A circular containing, among other things, (i) further details of the 2025 New Energy Framework Agreement and the Sale Transactions, Purchase Transactions and Technical Support Services contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company; (iv) a notice of the SGM; and (v) other relevant matters as required by the Listing Rules, is expected be despatched by the Company to the Shareholders on or before 26 July 2024, as additional time is required to prepare certain information to be contained in the circular by the Company.

BACKGROUND

References are made to the announcement dated 31 March 2022 and the circular dated 7 June 2022 in relation to (i) the 2022–2024 New Energy Framework Agreement entered into between Wuling Industrial and Wuling New Energy; and (ii) the transactions contemplated thereunder.

THE PROPOSED ANNUAL CAPS UNDER THE 2025 NEW ENERGY FRAMEWORK AGREEMENT

As the 2022–2024 New Energy Framework Agreement will be expired on 31 December 2024 and Wuling Industrial and Wuling New Energy expect that the Continuing Connected Transactions will continue in FY2025, on 21 June 2024 (after trading hours), Wuling Industrial and Wuling New Energy entered into the 2025 New Energy Framework Agreement to renew the 2022–2024 New Energy Framework Agreement.

The principal terms of the 2025 New Energy Framework Agreement are set out as below:

Date

21 June 2024

Parties

- (a) Wuling Industrial; and
- (b) Wuling New Energy

Term

From the effective date of the 2025 New Energy Framework Agreement to 31 December 2025 (both dates inclusive).

Products and services to be provided or received

(1) Sale Transactions

Wuling Industrial Group will provide certain automotive components and related accessories (including various types of power supply system products, automotive parts and accessories, raw materials (e.g. steel) and other consumables and materials) to Wuling New Energy.

(2) *Modification Services*

Wuling Industrial Group will provide vehicles modification services (including installation and assembling of floor board, vehicle lamps and accessories) to Wuling New Energy.

(3) *Purchase Transactions*

The Purchase Transactions include Purchase Transactions of Automotive Chassis and Purchase Transactions of Finished Products (i.e., model G050 and model G200 electric vehicles). Under the Purchase Transactions, Wuling Industrial Group will purchase automotive chassis and vehicles from Wuling New Energy.

(4) *Technical Support Services*

Wuling New Energy will provide technical support service in relation to the research and development on certain model of electric logistic vehicles to Wuling Industrial Group.

Pricing principles

Sales Transactions and Modification Services

The pricing for the products purchased by or services provided to Wuling New Energy from Wuling Industrial Group will be determined:

- (a) with reference to the relevant market prices; or
- (b) (if market prices are not available) on fair basis, and on normal commercial terms or on terms which are no less favorable than (1) those offered by Independent Third Parties to Wuling New Energy; or (2) those offered by Wuling New Energy to the Independent Third Parties.

Purchase Transactions and Technical Support Services

The pricing for the products purchased by or services provided to Wuling Industrial Group from Wuling New Energy will be determined:

- (a) with reference to the relevant market prices; or
- (b) (if market prices are not available) on fair basis, and on normal commercial terms or on terms which are no less favorable than (1) those offered by Independent Third Parties to Wuling Industrial Group; or (2) those offered by Wuling Industrial Group to the Independent Third Parties.

Payment terms

The 2025 New Energy Framework Agreement is a framework agreement for any Continuing Connected Transactions between Wuling Industrial Group and Wuling New Energy during the terms of the 2025 New Energy Framework Agreement.

Payments for the products or services acquired by Wuling Industrial Group from Wuling New Energy, or vice versa, will be settled by way of cash or in other manner(s) as agreed by the parties and in accordance with the agreed timing and manners as specified in a sale and purchase contract to be entered into between Wuling Industrial Group and Wuling New Energy.

The payment terms of such sale and purchase contract will be on normal commercial terms which are no less favorable than (i) those obtained by either Wuling Industrial Group or Wuling New Energy from the Independent Third Parties; or (ii) those offered by either Wuling Industrial Group or Wuling New Energy to the Independent Third Parties.

Termination

Both Wuling Industrial and Wuling New Energy are entitled to terminate the 2025 New Energy Framework Agreement by giving the other party a prior written notice of three months before the date of termination.

Conditions precedent

The 2025 New Energy Framework Agreement is conditional upon:

- (i) the 2025 New Energy Framework Agreement having been approved by the Independent Shareholders at the SGM; and
- (ii) the compliance of any other applicable laws and regulations (including but not limited to the Listing Rules) by parties.

None of the conditions above is capable of being waived by Wuling Industrial or Wuling New Energy.

THE HISTORICAL AMOUNT AND PROPOSED ANNUAL CAPS

The following table set out (i) the Historical Amount for FY2022, FY2023 and the four months ended 30 April 2024 in respect of the Continuing Connected Transactions contemplated under the 2022–2024 New Energy Framework Agreement; and (ii) the Proposed Annual Caps for FY2025 under the 2025 New Energy Framework Agreement:

	FY2022		FY2023		For the four months ended 30 April 2024	FY2024	FY2025
	Historical	Previous	Historical	Previous	Historical	Previous	Proposed
	Amount	Annual	Amount	Annual		Annual	Annual
	RMB'000	Caps	RMB'000	Caps	RMB'000	RMB'000	Caps
Sale Transactions	211,217	268,200	122,688	830,000	40,076	1,148,000	493,150
Modification Services	10,481	10,500	9,699	13,200	5,161	15,200	29,030
Purchase Transactions	1,199	467,000	45,880	638,000	20,565	902,000	659,000
<i>including:</i>							
— Purchase (Automotive Chassis) Transactions	810	44,000	5,003	88,000	4,374	132,000	439,000
— Purchase (Finished Products) Transactions	389	423,000	40,877	550,000	16,191	770,000	220,000
Technical Support Services	7,504	62,000	1,984	23,000	0	6,900	77,000

The Board considered that the low utilization rate of the Previous Annual Caps was due to the following reasons:

(i) *Sale Transactions*

Due to delays in the launch of new models by Wuling New Energy during FY ended 31 December 2023, actual volume of certain material automotive component and power supply system products as planned to be supplied by the Wuling Industrial Group to Wuling New Energy was substantially lower than the originally estimated volume. In addition, intense competition in the PRC market which had driven down the selling prices of the electric vehicles and the uncertainties associated from the import regulations of the target overseas markets had also caused Wuling Industrial and Wuling New Energy to be more cautious in implementing aggressive business expansion policies, which resulted in a lower business volume as compared to the original estimation.

(ii) Purchase Transactions and Technical Support Services

During FY2023, actual volume of the Purchase Transactions and Technical Support Services, which were mainly attributable to the planned G100 Sanitation Vehicle and other electric vehicles planned to be launched to the PRC and the overseas markets, was also substantially lower than the original estimation resulting from the abovementioned adverse factors.

Basis of determination of the Proposed Annual Caps

(1) Sale Transactions

The Proposed Annual Caps for the Sale Transactions were determined with the reference to the following basis:

- (a) estimated quantities and unit prices of the products to be purchased by Wuling New Energy during FY2025; and
- (b) a buffer of approximately 10% for (i) any additional transactions on the similar products between Wuling Industrial Group and Wuling New Energy during FY2025; and (ii) any unforeseeable circumstances, in particular, unexpected market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in labour costs, which would have impact on the unit price of the products.

The following table set out the details of the estimated quantities and unit prices of the automotive components and accessories to be purchased by Wuling New Energy during FY2025:

	FY2025
Key structural and body components for model G050, model G100, model G300 and model G200 electric vehicles, including rear floor panel, front and rear body panels, left and right fenders, outer panels, vehicle frame and welded assembling Price range: RMB2 to RMB3,500 per unit	426,300 units (Estimated total value: RMB113,531,534)
Assembling and components for the overall design and manufacturing of model G050, model G100, model G300 and model G200 electric vehicles, including D-pillar welded assembling, lower door track assembling, main beam cover assembling, steering shaft assembling, dust shield Price range: RMB2 to RMB30 per unit	76,600 units (Estimated total value: RMB2,748,318)
Steel materials used for the production of bodies and frame structures of model G050, model G100, model G300 and model G200 electric vehicles Price: RMB6,500 per tons	3,000 tons (Estimated total value: RMB19,500,000)
Suspension, axle and braking subsystems of model G050, model G100, model G300 and model G200 electric vehicles, including rear axle leaf spring assembling, front suspension and brake component assembling Price range: RMB450 to RMB3,300 per unit	173,000 units (Estimated total value: RMB143,091,226)
Integrated assembling of the brake hoses of model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB2 to RMB27 per unit	157,600 units (Estimated total value: RMB1,213,460)

Suspension and braking subsystems of model G050, model G100, model G300 and model G200 electric vehicles, including rear suspension assembling and front brake caliper assemblies (left and right) Price range: RMB675 to RMB3,210 per unit	26,800 units (Estimated total value: RMB44,520,350)
Integrated assembling for the functioning and safety of model G050, model G100, model G300 and model G200 electric vehicles, including engine hood latch assembling and steering gear and linkage assembling Price range: RMB14 to RMB220 per unit	11,800 units (Estimated total value: RMB1,359,320)
Powertrain and electronic systems of model G050, model G100, model G300 and model G200 electric vehicles, including electric motor assembling, electronic control unit (ECU) assembling and engine assembling Price range: RMB2,000 to RMB6,200 per unit	14,800 units (Estimated total value: RMB75,413,576)
7 types of switches for the control inputs of model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB7 to RMB45 per unit	73,000 units (Estimated total value: RMB2,421,840)
19 types of decorative panel assembling for model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB3 to RMB80 per unit	178,200 units (Estimated total value: RMB2,483,444)
3 types of vents used for the air conditioning systems of model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB11 to RMB36 per unit	32,400 units (Estimated total value: RMB677,700)
10 types of assembling for the instrument panels of model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB1 to RMB133 per unit	123,200 units (Estimated total value: RMB1,702,836)

16 types of front door switches and handle boxes for model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB1 to RMB4 per unit	70,800 units (Estimated total value: RMB146,356)
3 types of components for center console for model G050, model G100, model G300 and model G200 electric vehicles, including center console panels, brackets, and storage boxes Price range: RMB1 to RMB17 per unit	32,400 units (Estimated total value: RMB433,512)
10 types of insulation and storage accessories used for model G050, model G100, model G300 and model G200 electric vehicles, including sound insulation pads, utility boxes, hooks, and handles Price range: RMB1 to RMB48 per unit	68,300 units (Estimated total value: RMB1,225,576)
Seat assembling of model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB300 to RMB610 per unit	64,500 units (Estimated total value: RMB30,731,500)
Decorative cover for seat track front of model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB1 to RMB2 per unit	1,000 units (Estimated total value: RMB1,130)
Assembling for the seat base cover for model G050, model G100, model G300 and model G200 electric vehicles Price range: RMB4 to RMB6 per unit	3,000 units (Estimated total value: RMB16,000)
Components for the exhaust system of model G050, model G100, model G300 and model G200 electric vehicles, including the catalytic converters and mufflers Price range: RMB4 to RMB180 per unit	54,000 units (Estimated total value: RMB5,928,876)

Total	RMB447,146,554
Buffer of approximately 10%	RMB46,003,446
Proposed Annual Caps for the Sale Transactions with approximately 10% buffer	RMB493,150,000

The above estimated quantities of the automotive components and accessories to be purchased by Wuling New Energy are determined based on the target production volume of new energy vehicles estimated by Wuling New Energy, details of which are set out as below:

	Target Production Volume (Number of vehicles) FY2025
G050 Platform	9,000
G100 Platform	6,600
G200 Platform	33,600
G300 Platform	800
	<hr/>
Total	<u><u>50,000</u></u>

The target production volume of Wuling New Energy has been further determined with reference to the proposed sales of the existing models of new energy vehicles, including model G050, model G100, model G200 and model G300 electric vehicles determined based on the Group's sales plan for its new energy vehicles segment.

In view of the above, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) are of the view that the Proposed Annual Caps for the Sale Transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(2) *Modification Services*

The following table set out the details of Proposed Annual Caps for the Modification Services to be provided to Wuling New Energy during FY2025:

	FY2025
Modification services for the body assembling, refrigeration systems and cargo containers of model G100 and model G200 electric vehicles Price range: RMB2,200 to RMB17,000 per unit	4,623 units (Estimated total value: RMB26,527,502)
Buffer of approximately 10%	RMB2,502,498
Proposed Annual Caps for the Modification Services with approximately 10% buffer	RMB29,030,000

The Proposed Annual Caps for the Modification Services were determined with the reference to the following basis:

- (a) estimated quantities of vehicles to be modified and unit prices of such modification services to be provided to Wuling New Energy during FY2025, which were determined based on the target production volume of new energy vehicles estimated by Wuling New Energy based on the Group's sales plan for its new energy vehicles segment; and
- (b) a buffer of approximately 10% for (i) any additional transactions on the similar products or services between Wuling Industrial Group and Wuling New Energy during FY2025; and (ii) any unforeseeable circumstances, in particular, unexpected market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in labour costs, which would have impact on the unit price of the products or services.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Proposed Annual Caps for the Modification Services are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(3) *Purchase Transactions*

Purchase (Automotive Chassis) Transactions

The following table set out the details of the Proposed Annual caps for the Purchase (Automotive Chassis) Transactions:

	FY2025
Automotive Chassis for model G100, model G50, model G300 and model G200 electric vehicles Price: RMB100,000 per unit	4,000 units (Estimated total value: RMB400,000,000)
Buffer of approximately 10%	RMB39,000,000
Proposed Annual Caps for the Purchase (Automotive Chassis) Transactions with approximately 10% buffer	RMB439,000,000

The Proposed Annual caps for the Purchase (Automotive Chassis) Transactions were determined based on:

- (a) the target sales volume of model G100, model G50, model G300 and model G200 electric vehicles of Wuling Industrial Group for FY2025, which was estimated by Wuling Industrial based on the Group's business development plan for its new energy vehicles segment;
- (b) the estimated unit price of the chassis to be sourced from Wuling New Energy for the production of such models of electric vehicles; and
- (c) a buffer of approximately 10% for (i) any additional transactions on similar products between Wuling Industrial Group and Wuling New Energy during FY2025; and (ii) any unforeseeable circumstances, in particular, unexpected market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in labour costs, which would have impact on the actual unit price of the products.

Purchase (Finished Products) Transactions

The following table set out the details of the Proposed Annual Caps of Purchase (Finished Products) Transactions for FY2025:

	FY2025
Model G050, model G100 and model G200 electric vehicles Price range: RMB54,080 to RMB85,000 per unit	2,000 units (Estimated total value: RMB200,000,000)
Buffer of approximately 10%	RMB20,000,000
Proposed Annual Caps for the Purchase (Finished Products) Transactions with approximately 10% buffer	RMB220,000,000

The Proposed Annual Caps for the Purchase (Finished Products) Transactions were determined based on:

- (a) the target sales volume of model G050, model G100 and G200 electric vehicles of Wuling Industrial Group for FY2025, which was estimated by Wuling Industrial based on the Group's business development plan for its new energy vehicles segment;
- (b) the estimated unit price of the model G050, model G100 and G200 electric vehicles to be sourced from Wuling New Energy; and
- (c) a buffer of approximately 10% for (i) any additional transactions on similar products between Wuling Industrial Group and Wuling New Energy during FY2025; and (ii) any unforeseeable circumstances, in particular, unexpected market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in labour costs, which would have impact on the actual unit price of the products.

In view of the above, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) are of the view that the Proposed Annual Caps for the Purchase Transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(4) Technical Support Services

The following table set out the details of Proposed Annual Caps of the Technical Support Services to be provided from Wuling New Energy during FY2025:

	FY2025
Research and development for model G050 logistic electric vehicle	Estimated total cost: RMB70,000,000
Buffer of approximate 10%	RMB7,000,000
Proposed Annual Caps for the Technical Support Services with approximately 10% buffer	RMB77,000,000

The Proposed Annual Caps for the Technical Support Services were determined based on:

- (a) the expected annual working hours to be spent on the research and development for the model G050 logistic electric vehicles of 2,112 hours, the basic daily salary of each technician of RMB500 and the estimated number of technicians of 70 to provide the technical support services; and
- (b) a buffer of approximately 10% for (i) any additional transactions on similar services between Wuling Industrial Group and Wuling New Energy during FY2025; and (ii) any unforeseeable circumstances, in particular, unexpected market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in labour costs, which would have impact on the actual unit price of the services.

In view of the above, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) are of the view that the Proposed Annual Caps for the Technical Support Services are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

THE REVISED ANNUAL CAP UNDER THE 2022–2024 NEW ENERGY SUPPLEMENTAL AGREEMENT

Due to the re-scheduling of the planned delivery of the G050 electric logistic vehicles to the customers in response to the market situation, from which the scaled up volume of sales are anticipated to be postponed to FY2024, the transaction amount of the Technical Support Services for FY2024 is therefore expected to be higher than Previous Annual Cap for FY2024 contemplated under the 2022–2024 New Energy Framework Agreement.

In view of the above, on 21 June 2024 (after trading hours), Wuling Industrial and Wuling New Energy entered into the 2022–2024 New Energy Supplemental Agreement to revise the Previous Annual Cap for the Technical Support Services for FY2024, while the terms of the 2022–2024 New Energy Framework Agreement shall remain unchanged and be in force and effect.

Revised Annual Cap and Historical Amount for Technical Support Services

The following table set forth the Previous Annual Caps, Historical Amounts and Revised Annual Cap in respect of the Technical Support Services:

FY2022		FY2023		For the four months ended 30 April 2024	FY2024	
Previous Annual Caps (RMB'000)	Historical Amount (RMB'000)	Previous Annual Caps (RMB'000)	Historical Amount (RMB'000)	Historical Amount (RMB'000)	Previous Annual Caps (RMB'000)	Revised Annual Cap (RMB'000)
62,000	7,504	23,000	1,984	0	6,900	55,000

Basis of determination of the Revised Annual Cap

The following table set out the details of the Revised Annual Cap for the Technical Support Services:

FY2024

Research and development technical services for model G050 logistic electric vehicle	Estimated total cost: RMB50,000,000
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Buffer of approximate 10%	5,000,000
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Revised Annual Cap for the Technical Support Services with approximately 10% buffer	RMB55,000,000
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The Revised Annual Cap for the Technical Support Services is determined with reference to:

- (a) the expected annual working hours to be spent on the research and development on the model G050 electric vehicles of 2,112 hours, the basic daily salary for each technician of RMB400 and the estimated number of technicians of 60 to provide the Technical Support Services for FY2024; and
- (b) a buffer of approximately 10% for (i) any additional technical support services on new energy vehicles provided by Wuling New Energy during FY2024; and (ii) any unforeseeable circumstances, in particular, unexpected market fluctuations, changes in government policies on automobile industry, fluctuations in raw material costs and increase in labour costs, which would have impact on the actual transaction amount on the Technical Support Services.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2022–2024 New Energy Supplemental Agreement, including the Revised Annual Cap, are on arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE PROPOSED ANNUAL CAPS AND THE REVISED ANNUAL CAP

As at the date of this announcement, the Group, including Wuling Industrial Group, is principally engaged in the manufacturing and trading of automotive components, vehicles' power supply systems and commercial vehicles assembly business, as well as the trading of raw materials, water and power supply services.

Sale Transactions, Modification Services and Purchase Transactions

Since 2022, Wuling Industrial Group has been selected as a key supplier to supply raw materials (mainly steels), automotive components and accessories and provide modification services to Wuling New Energy for its production of new energy vehicles. Meanwhile, Wuling New Energy has been supplying automotive chassis, vehicles and providing technical support services to Wuling Industrial Group for its development and research on the new models of electric vehicles since 2022.

Due to the long-standing and close working relationship between Wuling Industrial Group and Wuling New Energy, Wuling Industrial Group has been familiar with the specifications of automotive components and has a competitive advantage in understanding the standards and specifications required by Wuling New Energy. As such, the Group believed that Wuling Industrial Group would continue to supply raw materials, automotive components and accessories and provide modification services to Wuling New Energy in a cost-effective manner.

In addition, as Wuling New Energy has extensive experience in the production of different types of the chassis and various models of vehicles of Wuling Industrial Group, Wuling Industrial considered that it could continue to source the chassis and vehicle in high-quality from Wuling New Energy at a competitive price.

Technical Support Services

In view of (i) the re-scheduling of the planned delivery of the G050 electric logistic vehicles to the customers in response to the market situation, from which the scaled up volume of sales are anticipated to be postponed to FY2024, as mentioned in the section "The Revised Annual Cap Under the 2022–2024 New Energy Supplemental Agreement" and (ii) the potential increasing business opportunities arising from the RCEP (Regional Comprehensive Economic Partnership) trade agreement to the PRC companies for expanding to the overseas markets in Southeast Asia, Wuling Industrial has decided to step up the supply of its new energy vehicles to these markets, which include Japan and other Southeast Asian countries.

In 2023, the first batch of G050 model logistics electric vehicle has been delivered to customers in Japan, of which the development and production were supported by Wuling New Energy. The Group considered G050 model logistics electric vehicle would be highly competitive as it could satisfy the demand on short-distance transportation from urban to rural areas, or vice versa, with a competitive selling price. The Group therefore expected further improvement in the sales of the G050 model logistic electric vehicle in Japan and other Southeast Asian countries in FY2025.

Considering (i) Wuling Industrial plans to further develop and upgrade G050 model logistic electric vehicles to enhance its competitiveness in new energy vehicle market in Japan; (ii) the close business relationship with Wuling New Energy after the co-operation on the first batch of G050 model logistic electric vehicles; and (iii) the extensive experience of Wuling New Energy in the development and production of new energy vehicles for global market, the Group believed that Wuling New Energy could enhance the efficiency of the research and development on the G050 model electric vehicles by providing technical support services to Wuling Industrial Group.

In light of the above, the Group considered that it is necessary to revise the Previous Annual Cap of Technical Support Services for FY2024 and renew its Proposed Annual Cap for FY2025.

Conclusion

In summary, the Board considered that the Continuing Connected Transactions could (i) strengthen the business relationship between Wuling Industrial Group and Wuling New Energy; (ii) facilitate the procurement process of Wuling New Energy for the raw materials, automotive components and accessories; (iii) procure the high quality automotive chassis and vehicles from Wuling New Energy in a cost-effective manner; and (iv) enhance the efficiency of the research and development for the new energy vehicle of Wuling Industrial Group to expand its overseas market shares.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider that (i) the entering into of the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement, the Continuing Connected Transactions, the Proposed Annual Caps and Revised Annual Cap are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

Wuling Industrial Group has implemented standard internal control procedures on all purchases and sales transactions, which cover the Continuing Connected Transactions, to ensure their payment terms and pricing basis would be on normal commercial terms or on terms which are no less favourable than those available from/to Independent Third Parties.

Sale Transactions and Modification Services

Wuling Industrial Group has implemented its standard pricing policies on the sale transactions between Independent Third Parties or Wuling New Energy to ensure that the payment terms and pricing basis of the Sale Transactions and the Modification Services shall be on normal commercial terms or on terms which are no less favourable than those offered to Wuling Industrial Group by Independent Third Parties.

For the sale transactions in relation to raw materials, the sales department of Wuling Industrial Group (the “**Sales Department**”) would make references to (i) the latest prices of such raw materials in the open market; and (ii) the latest traded and quoted prices that are available by the suppliers on such raw materials. The market price data would be updated on a monthly basis under normal circumstance or on a higher frequency if the market price of such raw materials is volatile.

For the sale transactions in relation to automotive components, the Sales Department would collect and analyze relevant market information to determine the sales price for the automotive component, which includes (i) prices charged by Wuling Industrial Group to its current customers on the automotive components products; and (ii) prices offered by authorized distributors for similar products in the open market. The Sales Department would use such information to determine the pricing strategies for the automotive components of Wuling Industrial Group. As such, Wuling Industrial Group considered that such pricing policies could ensure that the final prices of the automotive components would be determined based on (a) technical specifications and know-how; (b) product qualifications and certifications; (c) sales volumes and market environment; (d) cost structure; and (e) development strategy of Wuling Industrial Group.

The finance department of the Wuling Industrial Group (the “**Finance Department**”), with the assistance from its purchase department (the “**Purchase Department**”), its technical department and its manufacturing department, would evaluate the total cost of sale for each product. Based on such cost analysis and the market information gathered by the Sales Department, a price determination committee of Wuling Industrial Group would then be established and decide the final selling prices of products. Wuling Industrial Group would compare the profit margins earned from the Sale Transactions and Modification Services

with (i) the profit margins earned on the similar products provided to Independent Third Parties; and (ii) the profit margins earned by related connected parties of Wuling Industrial Group on their relevant transactions on a yearly basis.

Purchase Transactions and Technical Support Services

Wuling Industrial Group has implemented standard control procedures for all purchasing activities, including (i) purchase transactions with Independent Third Parties; and (ii) the Purchase Transactions and Technical Support Services under the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement.

The standard control procedures on Purchase Transactions and Technical Support Services would cover (i) supplier selection process; (ii) price determination process; and (iii) product quality evaluation process. Such standard control procedures could ensure that the payment terms and pricing basis for the Purchase Transactions and Technical Support Services would be on market terms or on the terms which are no less favorable than those offered by Independent Third Parties.

The Finance Department would determine the target purchase price for each product based on the market prices of similar products in the open market or from its authorized distributors. The Purchase Department would then (i) negotiate with suppliers; or (ii) put such product out to tender by inviting at least three suppliers, which would include relevant connected parties and Independent Third Parties to obtain competitive market pricing on such product.

If the target purchase price set by the Finance Department could not be achieved through the supplier negotiations or bidding, the Finance Department and Purchase Department would consider adjusting the target price and/or seeking additional suppliers. The Purchase Department would select the supplier for each product based on (i) required product qualifications and certifications; (ii) regulatory compliance records; (iii) production and technical capabilities; (iv) operational scale; and (v) past performance on quality and delivery of the respective suppliers.

Wuling Industrial would request Wuling New Energy to provide its cost and sales records on the automotive chassis and vehicles supplied to Wuling Industrial Group at least on a yearly basis or whenever Wuling New Energy proposes a price change on such products. Wuling Industrial Group would then compare the market prices of similar products from its authorized distributors to assess the prices charged by Wuling New Energy.

Independent Non-Executive Directors and Auditors' Review

The auditors of the Company would perform an annual review on the Continuing Connected Transactions to (i) confirm the transaction amounts are within the Proposed Annual Caps and Revised Annual Cap; and (ii) ensure such transactions comply with the terms set out in the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement in all material respects. Meanwhile, Wuling New Energy would provide their relevant records to the auditors of the Company to facilitate the annual review conducted by the auditors of the Company on the Continuing Connected Transactions.

Furthermore, the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement would be reviewed by the independent non-executive Directors of the Company on a yearly basis.

The results of the review on the Continuing Connected Transactions performed by the auditors and the independent non-executive Directors of the Company, together with information of the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement, would be set out in the Company's annual report of the forthcoming financial year after the Continuing Connected Transactions.

In view of the above, the Directors (including the independent non-executive Directors) consider that the internal control procedures are effective to ensure that the Continuing Connected Transactions will be conducted on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP, WULING NEW ENERGY AND GUANGXI AUTOMOBILE

The Group

The Group, including Wuling Industrial Group, is principally engaged in the manufacturing and trading of automotive components, vehicles' power supply systems and commercial vehicles assembly business, as well as the trading of raw materials, water and power supply services. As at the date of this announcement, the Company holds 60.90% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

Wuling New Energy

Liuzhou Wuling New Energy Motors Company Limited* (柳州五菱新能源汽車有限公司) is a company established in the PRC and is principally engaged in, among other things, research and development, manufacture and sale of new energy vehicles in the PRC, which includes but not limited to highly competitive electric and plug-in hybrid new energy

vehicles, as well as other new energy smart travel products. As at the date of this announcement, Wuling New Energy is owned as to 65.80%, 13.36% and 12.34% by Guangxi Automobile, the Company and Wuling Industrial respectively.

Guangxi Automobile

Guangxi Automobile Group Co., Limited* (廣西汽車集團有限公司), through its direct and indirect wholly owned subsidiaries, is interested in 1,864,698,780 Shares in issue of the Company, representing approximately 56.54% of the total number of Shares in issue of the Company, and is the ultimate controlling Shareholder of the Company. As at the date of this announcement, Guangxi Automobile is currently a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會), being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府).

Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive parts 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.

IMPLICATIONS UNDER THE LISTING RULES

The 2025 New Energy Framework Agreement

As the highest of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) for the Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services exceeds 5%, the Sale Transactions, the Purchase Transactions and Technical Support Services are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for the Proposed Annual Caps for the Modification Services, on annual basis, are more than 0.1% but less than 5%, the Modification Services constitutes a continuing connected transaction and is subject to the announcement, reporting and annual review requirements under Rule 14A.76 of the Listing Rules, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2022–2024 New Energy Supplemental Agreement

According to Rule 14A.54 of the Listing Rules, as Wuling Industrial has proposed to revise the annual caps for the Technical Support Services, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transaction. As the highest of the relevant percentage ratios relating to the revised annual cap for the Technical Support Services contemplated under the 2022–2024 New Energy Supplemental Agreement more than 0.1% but less than 5%, the Revised Annual Cap is subject to the announcement, reporting and annual review requirements under Rule 14A.76 of the Listing Rules, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Mr. Yuan Zhijun, Mr. Yang Jianyong and Mr. Wei Mingfeng, being the Directors and the directors and/or senior executives of Guangxi Automobile, have abstained from voting on the board resolutions passed to approve (i) the 2025 New Energy Framework Agreement and Proposed Annual Caps contemplated thereunder; and (ii) the 2022–2024 New Energy Supplemental Agreement and the Revised Annual Cap contemplated thereunder. Save as disclosed above, no other Director is regarded having a material interest in the 2025 New Energy Framework Agreement, 2022–2024 New Energy Supplemental Agreement, Proposed Annual Caps and Revised Annual Cap and required to abstain from voting on the board resolutions to approve the same.

The Board has formed the Independent Board Committee (which consists of all independent non-executive Directors) to advise the Independent Shareholders in respect of (i) the Sale Transactions, Purchase Transactions and Technical Support Services; and (ii) their respective Proposed Annual Caps under the 2025 New Energy Framework Agreement.

The Board has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Sale Transactions, Purchase Transactions and Technical Support Services; and (ii) their respective Proposed Annual Caps under the 2025 New Energy Framework Agreement.

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, to pass the resolutions to approve (i) the Sale Transactions, Purchase Transactions and Technical Support Services; and (ii) their respective Proposed Annual Caps under the 2025 New Energy Framework Agreement.

A circular containing, among other things, (i) further details of the 2025 New Energy Framework Agreement and the Sale Transactions, Purchase Transactions and Technical Support Services contemplated thereunder; (ii) a letter from the Independent Board

Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company; and (iv) a notice of the SGM; and (v) other relevant matters as required by the Listing Rules, is expected be despatched by the Company to the Shareholders on or before 26 July 2024, as additional time is required to prepare certain information to be contained in the circular by the Company.

DEFINITIONS

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

“2022–2024 New Energy Framework Agreement”	the framework agreement dated 31 March 2022 entered into between Wuling Industrial and Wuling New Energy in relation to the Continuing Connected Transactions for the period from the effective date of the 2022–2024 New Energy Framework Agreement to 31 December 2024 (both dates inclusive)
“2022–2024 New Energy Supplemental Agreement”	the supplemental agreement dated 21 June 2024 entered into between Wuling Industrial and Wuling New Energy in relation to the Revised Annual Cap
“2025 New Energy Framework Agreement”	the framework agreement dated 21 June 2024 entered into between Wuling Industrial and Wuling New Energy in relation to the Proposed Annual Caps
“Board”	the board of Directors
“Company”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Continuing Connected Transaction(s)”	the Sales Transactions, the Modification Services, the Purchase Transactions and the Technical Support Services
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“FY2022”	the year ended 31 December 2022

“FY2023”	the year ended 31 December 2023
“FY2024”	the year ending 31 December 2024
“FY2025”	the year ending 31 December 2025
“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 company established in the PRC, being the ultimate beneficial controlling Shareholder which is indirectly interested in approximately 56.54% of the total number of Shares in issue of the Company as at the date of this announcement
“Historical Amount”	the historical transaction amount in relation to the Continuing Connected Transactions between Wuling Industrial Group and Wuling New Energy under the 2022–2024 New Energy Framework Agreement for FY2022, FY2023 and the four months ended 30 April 2024
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr. Ye Xiang, Mr. Wang Yuben and Mr. Xu Jinli, being all of the independent non-executive Directors, established for the purposes of advising the Independent Shareholders regarding the Sale Transactions, Purchase Transactions and Technical Support Services (including their respective Proposed Annual Caps)
“Independent Financial Adviser”	Silverbricks Securities Company Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders regarding the Sale Transactions, Purchase Transactions and Technical Support Services (including their respective Proposed Annual Caps)

“Independent Shareholders”	Shareholders other than any persons who are interested in the 2025 New Energy Framework Agreement or who are prohibited to vote under the Listing Rules
“Independent Third Party(ies)”	person(s) or company(ies) and its (their) respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Modification Services”	provision of vehicles modification services (including installation and assembling of floor board, vehicle lamps and accessories) by Wuling Industrial Group to Wuling New Energy
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Annual Cap(s)”	the annual caps of the Continuing Connected Transactions contemplated under the 2022–2024 New Energy Framework Agreement for FY2022, FY2023 and FY2024
“Proposed Annual Caps”	the annual caps of the Continuing Connected Transactions contemplated under the 2025 New Energy Framework Agreement for FY2025
“Purchase Transactions”	the Purchase (Finished Products) Transactions and the Purchase (Automotive Chassis) Transactions
“Purchase (Finished Products) Transactions”	purchase of vehicles by Wuling Industrial Group from Wuling New Energy

“Purchase (Automotive Chassis) Transactions”	purchase of automotive chassis by Wuling Industrial Group from Wuling New Energy
“Revised Annual Cap”	the revised annual cap of the Technical Support Services contemplated under the 2022–2024 New Energy Supplemental Agreement for FY2024
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Transactions”	sales of automotive components and related accessories by Wuling Industrial Group to Wuling New Energy
“SGM”	the special general meeting of the Company to be convened to consider and, if appropriate, to approve, among others, the Proposed Annual Caps for the Sale Transactions, Purchase Transactions and Technical Support Services under the 2025 New Energy Framework Agreement
“Share(s)”	the ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Support Services”	provision of technical support services by Wuling New Energy to Wuling Industrial Group
“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 as at the date of this announcement
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries

“Wuling New Energy” 柳州五菱新能源汽車有限公司 (Liuzhou Wuling New Energy Motors Company Limited*), a company established in the PRC and owned as to 65.80%, 13.36% and 12.34% by Guangxi Automobile, the Company and Wuling Industrial respectively as at the date of this announcement

“%” per cent

* *For identification purpose only*

By order of the Board
Wuling Motors Holdings Limited
Yuan Zhijun
Chairman

Hong Kong, 21 June 2024

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Yang Jianyong and Mr. Wei Mingfeng as executive Directors, Mr. Li Zheng as non-executive Director and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Xu Jinli as independent non-executive Directors.