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If you have sold or transferred all your shares in **Wuling Motors Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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

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

**(1) CONTINUING CONNECTED TRANSACTIONS
PROPOSED ANNUAL CAPS
FOR THE YEAR ENDING 31 DECEMBER 2025;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 6 to 28 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 29 and 30 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 64 of this circular.

A notice convening the SGM to be held at Unit 3406, 34/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Tuesday, 27 August 2024 at 10:00 a.m. is set out on pages SGM-1 and SGM-2 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published at the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.wuling.com.hk).

30 July 2024

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DEFINITIONS

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

“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, details of which have been disclosed in the announcement of the Company dated 21 June 2024
“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
“4M2024”	the four months ended 30 April 2024
“Board”	the board of Directors
“Bye-law(s)”	the bye-law(s) of the Company (as amended and restated) in force as at the Latest Practicable Date which were adopted on 16 June 2022
“Company”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction(s)”	the Sale Transactions, the Modification Services, the Purchase Transactions and the Technical Support Services
“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

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“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 Latest Practicable Date
“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 during the three years ending 31 December 2024
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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” or “Silverbricks Securities”	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

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“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)
“Latest Practicable Date”	25 July 2024, being the latest practicable date for the purpose of ascertaining certain information contained herein prior to the printing of this circular
“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 circular, 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 Cap(s)”	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 (Automotive Chassis) Transactions”	purchase of automotive chassis by Wuling Industrial Group from Wuling New Energy
“Purchase (Finished Products) Transactions”	purchase of vehicles 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

DEFINITIONS

“Sale Transactions”	sales of automotive components and related accessories by Wuling Industrial Group to Wuling New Energy
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on Tuesday, 27 August 2024 at 10:00 a.m. 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
“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 a major customer of the Wuling Industrial Group’s businesses in vehicles’ power supply systems and automotive components
“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 Latest Practicable Date
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries

DEFINITIONS

“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 a wholly-owned subsidiary of Guangxi Automobile as at the Latest Practicable Date

“%” per cent

* *For identification purpose only*



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

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

Executive Directors:

Mr. Yuan Zhijun (*Chairman*)
Mr. Yang Jianyong
Mr. Wei Mingfeng

Non-executive Director:

Mr. Li Zheng

Independent Non-executive Directors:

Mr. Ye Xiang
Mr. Wang Yuben
Mr. Xu Jinli

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 3406, 34/F
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

30 July 2024

To the Shareholders,

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
PROPOSED ANNUAL CAPS
FOR THE YEAR ENDING 31 DECEMBER 2025;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

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 purpose of this circular is to provide the Shareholders with further information in respect of the resolution relating to the 2025 New Energy Framework Agreement, the transactions contemplated thereunder, and the Proposed Annual Caps to be proposed at the SGM to enable the Shareholders to make their informed decisions.

LETTER FROM THE BOARD

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 (1 January 2025 or the date of the fulfillment of the conditions precedent as disclosed under the section headed “THE PROPOSED ANNUAL CAPS UNDER THE 2025 NEW ENERGY FRAMEWORK AGREEMENT — Conditions precedent” in this circular, whichever the later) 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.

LETTER FROM THE BOARD

(3) *Purchase Transactions*

The Purchase Transactions include Purchase (Automotive Chassis) Transactions and Purchase (Finished Products) Transactions (i.e., model G050, model G100, model G200 and model G300 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 Industrial Group 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 New Energy to the Independent Third Parties.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

THE HISTORICAL AMOUNT AND PROPOSED ANNUAL CAPS

The following table set out (i) the Historical Amount for FY2022, FY2023 and 4M2024 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			4M2024	FY2024			FY2025
	Historical Amount <i>RMB'000</i>	Previous Annual Caps <i>RMB'000</i>	Utilisation rate	Historical Amount <i>RMB'000</i>	Previous Annual Caps <i>RMB'000</i>	Utilisation rate	Historical Amount <i>RMB'000</i>	Previous Annual Caps <i>RMB'000</i>	Revised Annual Cap <i>RMB'000</i>	Utilisation rate	Proposed Annual Caps <i>RMB'000</i>
Sale Transactions	211,217	268,200	78.8%	122,688	830,000	14.8%	40,076	1,148,000	N/A	3.5%	493,150
Modification Services	10,481	10,500	99.8%	9,699	13,200	73.5%	5,161	15,200	N/A	34.0%	29,030
Purchase Transactions	1,199	467,000	0.3%	45,880	638,000	7.2%	20,565	902,000	N/A	2.3%	659,000
<i>including:</i>											
— Purchase (Automotive Chassis) Transactions	810	44,000	1.8%	5,003	88,000	5.7%	4,374	132,000	N/A	3.3%	439,000
— Purchase (Finished Products) Transactions	389	423,000	0.1%	40,877	550,000	7.4%	16,191	770,000	N/A	2.1%	220,000
Technical Support Services	7,504	62,000	12.1%	1,984	23,000	8.6%	—	6,900	55,000	—	77,000

Note: 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. For the details of the Revised Annual Cap, please refer to the announcement of the Company dated 21 June 2024.

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

(i) Sale Transactions and Modification Services

Due to delays in the launch of new models by Wuling New Energy during FY2023 and 4M2024, 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 since 2023 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. In light of the above, the lower sales volume

LETTER FROM THE BOARD

of the new energy vehicle of Wuling New Energy during FY2023 and 4M2024 also resulted in the decrease in the demand for modification services for certain models of new energy vehicles provided by Wuling Industrial to Wuling New Energy.

In respect of the comparison between the Historical Amount and the Previous Annual Caps of FY2022 and FY2023, the actual number of certain models of new energy vehicles that Wuling Industrial provided modification services for was lower than the number estimated in Previous Annual Caps. As such, the Historical Amount of the Modification Services slightly dropped around 7% and the utilisation rate for FY2023 decreased as compared to FY2022.

(ii) Purchase Transactions and Technical Support Services

During FY2023 and 4M2024, 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.

LETTER FROM THE BOARD

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
<p>Key structural and body components for model G050, model G100, model G200 and model G300 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</p>	<p>426,300 units (Estimated total value: RMB113,531,534)</p>
<p>Assembling and components for the overall design and manufacturing of model G050, model G100, model G200 and model G300 electric vehicles, including D-pillar welded assembling, lower door track assembling, main beam cover assembling, steering shaft assembling, dust shield Price range: RMB2 to RMB299 per unit</p>	<p>76,600 units (Estimated total value: RMB2,748,318)</p>
<p>Steel materials used for the production of bodies and frame structures of model G050, model G100, model G200 and model G300 electric vehicles Price: RMB6,500 per tons</p>	<p>3,000 tons (Estimated total value: RMB19,500,000)</p>
<p>Suspension, axle and braking subsystems of model G050, model G100, model G200 and model G300 electric vehicles, including rear axle leaf spring assembling, front suspension and brake component assembling Price range: RMB450 to RMB3,300 per unit</p>	<p>173,000 units (Estimated total value: RMB143,091,226)</p>
<p>Integrated assembling of the brake hoses of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB2 to RMB27 per unit</p>	<p>157,600 units (Estimated total value: RMB1,213,460)</p>
<p>Suspension and braking subsystems of model G050, model G100, model G200 and model G300 electric vehicles, including rear suspension assembling and front brake caliper assemblies (left and right) Price range: RMB675 to RMB3,210 per unit</p>	<p>26,800 units (Estimated total value: RMB44,520,350)</p>

LETTER FROM THE BOARD

FY2025

Integrated assembling for the functioning and safety of model G050, model G100, model G200 and model G300 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 G200 and model G300 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 G200 and model G300 electric vehicles Price range: RMB7 to RMB45 per unit	73,000 units (Estimated total value: RMB2,421,840)
19 types of decorative assembling for model G050, model G100, model G200 and model G300 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 G200 and model G300 electric vehicles Price range: RMB11 to RMB36 per unit	32,400 units (Estimated total value: RMB677,700)
10 types of assembling for the panels of model G050, model G100, model G200 and model G300 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 G200 and model G300 electric vehicles Price range: RMB1 to RMB4 per unit	70,800 units (Estimated total value: RMB146,356)

LETTER FROM THE BOARD

FY2025

<p>3 types of components for center console for model G050, model G100, model G200 and model G300 electric vehicles, including center console panels, brackets, and storage boxes Price range: RMB1 to RMB17 per unit</p>	<p>32,400 units (Estimated total value: RMB433,512)</p>
<p>10 types of insulation and storage accessories used for model G050, model G100, model G200 and model G300 electric vehicles, including sound insulation pads, utility boxes, hooks, and handles Price range: RMB1 to RMB48 per unit</p>	<p>68,300 units (Estimated total value: RMB1,225,576)</p>
<p>Seat assembling of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB300 to RMB610 per unit</p>	<p>64,500 units (Estimated total value: RMB30,731,500)</p>
<p>Decorative cover for seat track front of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB1 to RMB2 per unit</p>	<p>1,000 units (Estimated total value: RMB1,130)</p>
<p>Seat base cover for model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB4 to RMB6 per unit</p>	<p>3,000 units (Estimated total value: RMB16,000)</p>
<p>Components for the exhaust system of model G050, model G100, model G200 and model G300 electric vehicles, including the catalytic converters and mufflers Price range: RMB4 to RMB180 per unit</p>	<p>54,000 units (Estimated total value: RMB5,928,876)</p>
<p>Total</p>	<p>RMB447,146,554</p>
<p>Buffer of approximately 10%</p>	<p>RMB46,003,446</p>
<p>Proposed Annual Caps for the Sale Transactions with approximately 10% buffer</p>	<p>RMB493,150,000</p>

LETTER FROM THE BOARD

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
Total	<u>50,000</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, which was determined based on:

- (i) the total estimated market demand of the new energy vehicles targeted by Wuling New Energy for FY2025 of at least approximately 369,000 units, which is anticipated with reference to (1) the estimated market demand as extracted from the comprehensive industry research and analysis performed by Wuling New Energy; and (2) the past sale performance of the new energy business of Wuling New Energy; and
- (ii) the estimated market share of Wuling New Energy in the targeted new energy vehicle market for FY2025 of approximately 13.5%, which is based on the past sales performance and the average market share of each models of new energy vehicles of Wuling New Energy.

In light of above, Wuling New Energy estimated that the target production volume of the existing models of new energy vehicles would be approximately 50,000.

As such, the Board considers that the Proposed Annual Cap for the Sale Transactions is sufficient to fulfill the future production requirement of the new energy vehicles of Wuling New Energy.

In view of the above, the Directors (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee of this circular) are of the view that the Proposed Annual Cap for the Sale Transactions is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

(2) *Modification Services*

The following table set out the details of Proposed Annual Cap 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 G050, model G100, model G200 and model G300 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 Cap for the Modification Services was determined with the reference to the following basis:

- (a) the estimated quantity of vehicles to be modified multiplied by their respective unit prices of such modification services to be provided to Wuling New Energy during FY2025. Such estimated quantity was based on the target production volume of Wuling New Energy of 50,000 units multiplied by the average proportion of approximately 9.2% for the past three financial years, which was calculated by (i) the quantity of the new energy vehicles to which Wuling Industrial Group had provided modification services during each financial year; divided by (ii) the total volume of new energy vehicles produced by Wuling New Energy for the respective financial year. As such, Wuling Industrial estimated that the quantities of vehicles to be modified would be approximately 4,600; 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.

As such, the Board considers that the Proposed Annual Cap for the Modification Services is sufficient to meet the demand on the modification services for the new energy vehicles of Wuling New Energy for FY2025.

LETTER FROM THE BOARD

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Proposed Annual Cap for the Modification Services is 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 Cap for the Purchase (Automotive Chassis) Transactions to be provided from Wuling New Energy during FY2025:

	FY2025
Automotive Chassis for model G050, model G100, model G200 and model G300 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 Cap for the Purchase (Automotive Chassis) Transactions were determined based on:

- (a) the target sales volume of model G050, model G100, model G200 and model G300 electric vehicles of Wuling Industrial Group that will utilise the Automotive Chassis supplied by Wuling New Energy for FY2025, which was mainly based on the target production volume of Wuling New Energy of 50,000 units multiplied by the average proportion of approximately 8% for the past three financial years. Such average proportion was calculated by (i) the number of the new energy vehicles which are installed with the Automotive Chassis sourced from Wuling New Energy and are subsequently sold by Wuling Industrial Group during each financial year; divided by (ii) the production volume of new energy vehicles of Wuling New Energy for each respective financial year. As such, Wuling Industrial estimated that the target sales volume of new energy vehicles that will utilise the Automotive Chassis of Wuling New Energy would be 4,000 units;
- (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

LETTER FROM THE BOARD

- (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.

As such, the Board considers that the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions is sufficient to satisfy the future production requirement of the new energy vehicles of Wuling Industrial Group.

Purchase (Finished Products) Transactions

The following table set out the details of the Proposed Annual Cap of Purchase (Finished Products) Transactions to be provided from Wuling New Energy for FY2025:

	FY2025
Model G050 electric vehicles Price range: RMB54,080 to RMB150,000 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 Cap for the Purchase (Finished Products) Transactions was determined based on:

- (a) the target sales volume of model G050 electric vehicles of Wuling Industrial Group for FY2025, which was mainly based on the purchase orders from the Japanese customers for the model G050 electric vehicles for FY2025 of approximately 2,000 units;
- (b) the estimated unit price of the model G050 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.

LETTER FROM THE BOARD

As such, the Board considers that the Proposed Annual Cap for the Purchase (Finished products) Transactions is sufficient to fulfill the future production requirement of the new energy vehicles of Wuling Industrial Group.

In view of the above, the Directors (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee of this circular) are of the view that the Proposed Annual Cap for the Purchase Transactions is 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 Cap 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 Cap for the Technical Support Services was 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 approximately 2,000 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 (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee of this circular) are of the view that the Proposed Annual Cap for the Technical Support Services is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE PROPOSED ANNUAL CAPS

As at the Latest Practicable Date, 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; 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 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

LETTER FROM THE BOARD

areas in Japan, 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 since 2024 and aims to launch the upgraded G050 model logistic vehicles during the fourth quarter of FY2025 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 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 (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee of this circular) consider that (i) the entering into of the 2025 New Energy Framework Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2025 New Energy Framework Agreement, the Continuing Connected Transactions 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.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 on 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 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.

LETTER FROM THE BOARD

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

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 Latest Practicable Date, 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, 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 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).

LETTER FROM THE BOARD

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

As at the Latest Practicable Date, 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 Cap 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.

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 the 2025 New Energy Framework Agreement and Proposed Annual Caps contemplated thereunder. Save as disclosed above, no other Director is regarded having a material interest in the 2025 New Energy Framework Agreement and Proposed Annual Caps and required to abstain from voting on the board resolutions to approve the same.

LETTER FROM THE BOARD

APPROVAL BY INDEPENDENT NON-EXECUTIVE DIRECTORS AND INDEPENDENT SHAREHOLDERS

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services. None of the members of the Independent Board Committee has any material interest in the 2025 New Energy Framework Agreement. A letter from the Independent Board Committee is set out on pages 29 and 30 of this circular.

In view of their interests in the 2025 New Framework Agreement, Guangxi Automobile and its associates, holding or being interested in 1,864,698,780 Shares, representing approximately 56.54% of the Shares in issue of the Company, in aggregate, will abstain from voting on the resolution(s) in relation to the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services 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 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services.

INDEPENDENT FINANCIAL ADVISER

The Board has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services. A letter from the Independent Financial Adviser is set out on pages 31 to 64 of this circular.

SGM

A notice convening the SGM to be held at Unit 3406, 34/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Tuesday, 27 August 2024 at 10:00 a.m., at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, Purchase Transactions and Technical Support Services is set out on pages SGM-1 and SGM-2 of this circular.

The ordinary resolution 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.

LETTER FROM THE BOARD

FORM OF PROXY

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for certain procedural or administrative matters to be decided by the chairman of the meeting, all votes of the Shareholders at the general meetings will be taken by poll. Accordingly, the chairman of the SGM will demand a poll for every resolution to be put to the vote at the SGM pursuant to the Bye-laws.

CLOSURE OF REGISTER OF MEMBERS

The register of member of the Company will be closed from Thursday, 22 August 2024 to Tuesday, 27 August 2024 (both dates inclusive) for the purpose of determining the Shareholder's eligibility to attend and vote at the SGM. During the above 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 Hong Kong branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 21 August 2024.

RECOMMENDATION

The Directors (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee of this circular, but excluding Mr. Yuan Zhijun, Mr. Yang Jianyong and Mr. Wei Mingfeng who have material interest in the 2025 New Energy Framework Agreement, the transactions contemplated thereunder, and the Proposed Annual Caps) consider that the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services are in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary

LETTER FROM THE BOARD

resolution in relation to the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services at the SGM.

ADDITIONAL INFORMATION

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

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



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

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

30 July 2024

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
PROPOSED ANNUAL CAPS
FOR THE YEAR ENDING 31 DECEMBER 2025;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 30 July 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

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 2025 New Energy Framework Agreement, the Sale Transactions, the Purchase Transactions and the Technical Support Services (together with respective Proposed Annual Caps) contemplated thereunder. Silverbricks Securities Company Limited has been appointed to advise the Independent Shareholders and us in this regard. Details of the advice and recommendation from Silverbricks Securities Company Limited, together with the principal factors and reasons taken into consideration by it in arriving at such advice and recommendation, are set out in the “Letter from Silverbricks Securities” on pages 31 to 64 of the Circular.

Having considered, among other things, the factors and reasons considered by and the advice and recommendation of Silverbricks Securities Company Limited, we are of the opinion that (i) the entering into of the 2025 New Energy Framework Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the 2025 New Energy Framework Agreement, together with the Sale Transactions, the Purchase Transactions and the Technical Support Services (including their respective Proposed Annual Caps) contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

SGM to approve the 2025 New Energy Framework Agreement, the Sale Transactions, the Purchase Transactions and the Technical Support Services (together with the Proposed Annual Caps thereof) contemplated thereunder.

Yours faithfully,

The Independent Board Committee

Ye Xiang

Wang Yuben

Xu Jinli

Independent non-executive Directors

LETTER FROM SILVERBRICKS SECURITIES

Set out below is the text of a letter received from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2025 New Energy Framework Agreement and Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services for the purpose of inclusion in this circular.



Units 1004–1006, 10/F,
China Merchants Tower,
Shun Tak Centre,
168–200 Connaught Rd Central,
Sheung Wan

30 July 2024

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

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS PROPOSED ANNUAL CAPS FOR THE YEAR ENDING 31 DECEMBER 2025

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services of FY2025 (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular dated 30 July 2024 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.

With reference to the Letter, 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.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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 Cap 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.

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 the 2025 New Energy Framework Agreement and Proposed Annual Caps contemplated thereunder. Save as disclosed above, no other Director is regarded having a material interest in the 2025 New Energy Framework Agreement and Proposed Annual Caps and required to abstain from voting on the board resolutions to approve the same.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Ye Xiang, Mr. Wang Yuben and Mr. Xu Jinli (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 or better and are fair and reasonable; (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 resolutions to approve the Transactions at the SGM. We, Silverbricks Securities Company Limited (“**Silverbricks**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

LETTER FROM SILVERBRICKS SECURITIES

OUR INDEPENDENCE

Silverbricks is a licensed corporation licensed under the Securities and Futures Ordinance (“SFO”) to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities.

During the past two years immediately preceding the Latest Practicable Date, Silverbricks was engaged as independent financial adviser in respect of the continuing connected transactions of the Company as contained in the Company’s circular dated 22 December 2022. Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Silverbricks and the Company or any other parties that could be reasonably regarded as a hindrance to Silverbricks’s independence as set out under Rule 13.80 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

Accordingly, we consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules and are eligible to give independent advice on the terms of the 2025 New Energy Framework Agreement and Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and the Technical Support Services contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the 2025 New Energy Framework Agreement and the Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services contemplated thereunder, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information

LETTER FROM SILVERBRICKS SECURITIES

contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. Therefore, we have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided in the Circular. We have, however, not conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the release of the Circular and will continue to be true up to the Latest Practicable Date, and that the Independent Shareholders will be informed as soon as reasonable possible if we are aware of any material change to such representations and/or any change to our view/opinion. We have also assumed that the information we have relied on as set out in this letter will be valid up to the time of the SGM and we are not aware any of the information we have relied on as set out in this letter will change or become invalid in the foreseeable future.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

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This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2025 New Energy Framework Agreement and Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services contemplated thereunder, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. INFORMATION OF THE PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

1.1 Information on the Group

With reference to the Letter, 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 Latest Practicable Date, the Company holds 60.90% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2023 as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report"):

	For the year ended 31 December 2023	For the year ended 31 December 2022	Year on year change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Revenue from goods and services	10,448,024	12,563,268	(16.84)
— Vehicles' power supply system	2,479,958	2,896,038	(14.37)
— Automotive components and other industrial services	5,246,576	5,122,212	2.43
— Commercial vehicles assembly	1,838,271	3,619,542	(49.21)
— Others	883,219	925,476	(4.57)
Revenue from gross rental income	35,909	32,339	11.04
Gross profit	1,036,999	908,488	14.15
Profit for the year	69,456	40,038	73.48

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As depicted from the above table, the Group recorded a total revenue of approximately RMB10.48 billion for the year ended 31 December 2023 (“FY2023”), representing a decrease of approximately 16.77% as compared to that for the year ended 31 December 2022 (“FY2022”). With reference to the 2023 Annual Report, the decrease was mainly attributable to the decrease in revenue from vehicles’ power supply system segment and commercial vehicles assembly segment.

The Group’s gross profit for FY2023 was approximately RMB1.04 billion, representing an increase of approximately 14.15% as compared to FY2022. With reference to the 2023 Annual Report, such an increase was mainly due to the positive factors of a lower cost of raw materials and appropriate cost control measures.

Despite the abovementioned declines in revenue from FY2022 to FY2023, the profit for the year of the Group for FY2023 increased by approximately 73.48% as compared to that for FY2022. With reference to the 2023 Annual Report, such increase was mainly attributable to an improvement in the abovementioned gross profit.

1.2 Information on Wuling New Energy

With reference to the Letter, 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 Latest Practicable Date, Wuling New Energy is owned as to 65.80%, 13.36% and 12.34% by Guangxi Automobile, the Company and Wuling Industrial respectively.

1.3 Information on Guangxi Automobile

With reference to the Letter, Guangxi Automobile Holdings 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 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).

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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.

2. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

In assessing the reasons for and benefits of entering into the 2025 New Energy Framework Agreement, we have considered the Board's view on such matters and arrived at a conclusion after certain review and an enquiry with the Management.

With reference to the Letter, since 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.

2.1 Sale Transactions, Modification Services and Purchase Transactions

Since 2022, Wuling Industrial Group has served as a key supplier to Wuling New Energy, providing raw materials (primarily steels), automotive components, accessories, and modification services for the production of new energy vehicles. Conversely, Wuling New Energy has supplied automotive chassis, vehicles, and technical support services to Wuling Industrial Group for its development and research on new electric vehicle models.

The longstanding and close working relationship between the two entities has resulted in Wuling Industrial Group's deep understanding of automotive component specifications and a competitive advantage in meeting Wuling New Energy's standards and requirements. Consequently, the Group believes that it can continue to supply cost-effective raw materials, automotive components, and modification services to Wuling New Energy.

Furthermore, Wuling Industrial Group recognizes Wuling New Energy's extensive expertise in producing various chassis types and vehicle models. Therefore, Wuling Industrial expects to procure high-quality chassis and vehicles from Wuling New Energy at competitive prices.

2.2 Technical Support Services

Considering the rescheduling of G050 electric logistic vehicle deliveries and the potential business opportunities arising from the RCEP (Regional Comprehensive Economic Partnership) trade agreement, Wuling Industrial Group has decided to increase the supply of its new energy vehicles to markets such as Japan and Southeast Asian countries.

In 2023, the first batch of G050 model logistics electric vehicles was successfully delivered to customers in Japan with the support of Wuling New Energy. The Group believes that the G050 model is highly competitive, meeting the demand for short-distance transportation between urban and rural areas in Japan at a competitive price. As a result, the Group expects increased sales of the G050 model in Japan and other Southeast Asian countries in FY2025.

To enhance its competitiveness in the Japanese new energy vehicle market, Wuling Industrial plans to further develop and upgrade the G050 model since 2024 and aims to upgrade G050 model logistic vehicles during the fourth quarter of FY2025. Given the successful cooperation on the initial batch of vehicles, the Group maintains a close business relationship with Wuling New Energy. Leveraging Wuling New Energy's extensive experience in developing and producing new energy vehicles for the global market, the Group believes that Wuling New Energy can provide valuable technical support services to enhance the research and development efficiency of the G050 model electric vehicles.

In light of the above, the Group considered that it is necessary to renew its Proposed Annual Cap for FY2025 regarding to 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.

Detailed reasons for the Transactions are set out under the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED ANNUAL CAPS" of the Letter.

2.3 Our View

Having considered the above reasons for and benefits of the Continuing Connected Transactions and the potential business opportunities for the new energy vehicles industry as demonstrated above, we concur with the Directors' view that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company and in the interests in the Company and the Shareholders as a whole.

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3. THE HISTORICAL AMOUNT

With reference to the Letter, the following table set out (i) the Historical Amount for FY2022, FY2023 and 4M2024 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			4M2024	FY2024			FY2025
	Historical Amount	Previous Annual Caps	Utilisation rate	Historical Amount	Previous Annual Caps	Utilisation rate	Historical Amount	Previous Annual Caps	Revised Annual Cap	Utilisation rate	Proposed Annual Caps
	RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000	RMB'000		RMB'000
Sale Transactions	211,217	268,200	78.8%	122,688	830,000	14.8%	40,076	1,148,000	N/A	3.5%	493,150
Modification Services	10,481	10,500	99.8%	9,699	13,200	73.5%	5,161	15,200	N/A	34.0%	29,030
Purchase Transactions	1,199	467,000	0.3%	45,880	638,000	7.2%	20,565	902,000	N/A	2.3%	659,000
<i>including:</i>											
— Purchase (Automotive Chassis) Transactions	810	44,000	1.8%	5,003	88,000	5.7%	4,374	132,000	N/A	3.3%	439,000
— Purchase (Finished Products) Transactions	389	423,000	0.1%	40,877	550,000	7.4%	16,191	770,000	N/A	2.1%	220,000
Technical Support Services	7,504	62,000	12.1%	1,984	23,000	8.6%	—	6,900	55,000	—	77,000

Note: 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. For the details of the Revised Annual Cap, please refer to the announcement of the Company dated 21 June 2024.

We noted that the Historical Amount from FY2022 represented substantially smaller as compared to the Previous Annual Caps from FY2022. As the Board considered that the low utilization rate of the Previous Annual Caps was due to the following reasons:

(i) Sale Transactions and Modification Services

Due to delays in the launch of new models by Wuling New Energy during FY2023 and 4M2024, 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 since 2023 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. In light of the above, the lower sales volume of the new energy vehicle of Wuling New

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Energy during FY2023 and 4M2024 also resulted in the decrease in the demand for modification services for certain models of new energy vehicles provided by Wuling Industrial to Wuling New Energy.

In respect of the comparison between the Historical Amount and the Previous Annual Caps of FY2022 and FY2023, the actual number of certain models of new energy vehicles that Wuling Industrial provided modification services for was lower than the number estimated in Previous Annual Caps. As such, the Historical Amount of the Modification Services slightly dropped around 7% and the utilisation rate for FY2023 decreased as compared to FY2022.

(ii) Purchase Transactions and Technical Support Services

During FY2023 and 4M2024, actual volume of the Purchase Transactions and Technical Support Services, which were mainly attributable to the planned G100 Logistic electric 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.

To understand the reasons behind the underperformance of the Historical Amount, we discussed with Management the aforementioned factors contributing to low utilization. We also reviewed the business expansion plan estimated in the Previous Annual Caps and obtained actual sales data from the Company. We noted that the low utilization rate of the Previous Annual Caps was primarily due to (i) intense competition in the PRC market, which drove down the selling prices of electric vehicles, and (ii) uncertainties arising from import regulations in target overseas markets.

4. THE PRINCIPLE TERMS OF THE 2025 NEW ENERGY FRAMEWORK AGREEMENT

Set out below are the principal terms of the 2025 New Energy Framework Agreement, details of which are set out in the section headed “THE PROPOSED ANNUAL CAPS UNDER THE 2025 NEW ENERGY FRAMEWORK AGREEMENT” of the Letter.

Date

21 June 2024

Parties

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

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Term

From the effective date of the 2025 New Energy Framework Agreement (1 January 2025 or the date of the fulfillment of the conditions precedent as disclosed under the section headed “THE PROPOSED ANNUAL CAPS UNDER THE 2025 NEW ENERGY FRAMEWORK AGREEMENT — Conditions precedent”, whichever the later) 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, model G100, model G200 and model G300 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

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- (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 Industrial Group 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 New Energy 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.

With reference to the section headed “INTERNAL CONTROL PROCEDURES” of the Letter, the Wuling Industrial Group has adopted and implemented standard internal control procedures on all purchases and sales transactions, which cover the Transactions, to ensure the payment terms and pricing basis thereof will be on market terms or on terms which are no less favourable than those available to Independent Third Parties. We consider the effective implementation of the internal control measures will ensure fair pricing of the Transactions and in compliance with its pricing policy.

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5. THE PROPOSED ANNUAL CAPS

5.1 Sale Transactions

This reference is made from 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 G200 and model G300 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 G200 and model G300 electric vehicles, including D-pillar welded assembling, lower door track assembling, main beam cover assembling, steering shaft assembling, dust shield Price range: RMB2 to RMB299 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 G200 and model G300 electric vehicles Price: RMB6,500 per tons	3,000 tons (Estimated total value: RMB19,500,000)

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FY2025

<p>Suspension, axle and braking subsystems of model G050, model G100, model G200 and model G300 electric vehicles, including rear axle leaf spring assembling, front suspension and brake component assembling Price range: RMB450 to RMB3,300 per unit</p>	<p>173,000 units (Estimated total value: RMB143,091,226)</p>
<p>Integrated assembling of the brake hoses of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB2 to RMB27 per unit</p>	<p>157,600 units (Estimated total value: RMB1,213,460)</p>
<p>Suspension and braking subsystems of model G050, model G100, model G200 and model G300 electric vehicles, including rear suspension assembling and front brake caliper assemblies (left and right) Price range: RMB675 to RMB3,210 per unit</p>	<p>26,800 units (Estimated total value: RMB44,520,350)</p>
<p>Integrated assembling for the functioning and safety of model G050, model G100, model G200 and model G300 electric vehicles, including engine hood latch assembling and steering gear and linkage assembling Price range: RMB14 to RMB220 per unit</p>	<p>11,800 units (Estimated total value: RMB1,359,320)</p>
<p>Powertrain and electronic systems of model G050, model G100, model G200 and model G300 electric vehicles, including electric motor assembling, electronic control unit (ECU) assembling and engine assembling Price range: RMB2,000 to RMB6,200 per unit</p>	<p>14,800 units (Estimated total value: RMB75,413,576)</p>
<p>7 types of switches for the control inputs of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB7 to RMB45 per unit</p>	<p>73,000 units (Estimated total value: RMB2,421,840)</p>
<p>19 types of decorative assembling for model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB3 to RMB80 per unit</p>	<p>178,200 units (Estimated total value: RMB2,483,444)</p>

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FY2025

<p>3 types of vents used for the air conditioning systems of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB11 to RMB36 per unit</p>	<p>32,400 units (Estimated total value: RMB677,700)</p>
<p>10 types of assembling for the panels of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB1 to RMB133 per unit</p>	<p>123,200 units (Estimated total value: RMB1,702,836)</p>
<p>16 types of front door switches and handle boxes for model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB1 to RMB4 per unit</p>	<p>70,800 units (Estimated total value: RMB146,356)</p>
<p>3 types of components for center console for model G050, model G100, model G200 and model G300 electric vehicles, including center console panels, brackets, and storage boxes Price range: RMB1 to RMB17 per unit</p>	<p>32,400 units (Estimated total value: RMB433,512)</p>
<p>10 types of insulation and storage accessories used for model G050, model G100, model G200 and model G300 electric vehicles, including sound insulation pads, utility boxes, hooks, and handles Price range: RMB1 to RMB48 per unit</p>	<p>68,300 units (Estimated total value: RMB1,225,576)</p>
<p>Seat assembling of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB300 to RMB610 per unit</p>	<p>64,500 units (Estimated total value: RMB30,731,500)</p>
<p>Decorative cover for seat track front of model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB1 to RMB2 per unit</p>	<p>1,000 units (Estimated total value: RMB1,130)</p>
<p>Seat base cover for model G050, model G100, model G200 and model G300 electric vehicles Price range: RMB4 to RMB6 per unit</p>	<p>3,000 units (Estimated total value: RMB16,000)</p>

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FY2025

Components for the exhaust system of model G050, model G100, model G200 and model G300 electric vehicles, including the catalytic converters and mufflers Price range: RMB4 to RMB180 per unit	54,000 units (Estimated total value: RMB5,928,876)
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Total	RMB447,146,554
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Buffer of approximate 10%	RMB46,003,446
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Proposed Annual Caps for the Sale Transactions with approximately 10% buffer (the “Sale Cap”)	RMB493,150,000
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5.1.1 Pricing principles

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.

5.1.2 Target production volume

Set out below are the target production volume of Wuling New Energy for FY2025 as extracted from the Letter:

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

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As depicted from the above tables, the target annual production volume for FY2025 was 50,000 vehicles, with reference to the Letter that the production volume is referring 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 estimation the units in 369,000 of new energy vehicles market demands through research and analysis by its internal research team with its historical sales performance. The analysis encompassed the current market situation of new energy vehicles since there is a continuing growth in the market demand on the electric logistic vehicles industry in the past two years, the previous year is at a 38% growth, as well as the Company's targeted to own a 13.55% market share of the market positioning within the new energy vehicle manufacturing industry. The target production volume was derived from meticulous prediction and comprehensive research conducted by skilled professionals within the analysis research team.

We observed that the target production volume matches the target sales volume. According to the Company, due to its business model and production plan, the Company expects to produce vehicles based on the target sales volume.

Referring to the Letter, the target production volume of Wuling New Energy of 50,000 units for FY2025 was determined based on the Group's estimation the units in 369,000 of new energy vehicles market demands under 13.55% market share of the market positioning within the new energy vehicle manufacturing industry. In order to justify the rationale of the target production volume, we (i) obtained the research and analysis by the Company's internal research team, and (ii) discussed with the Company to understand the prediction and research conducted. Apart from the information provided by the Company, we performed the independent research and noted that before the COVID-19 outbreak, Shanghai General Motors Wuling Automotive Company* (上汽通用五菱汽車股份有限公司) ("SGMW"), a joint venture of the parent company of the Company under Wuling's brand, shared more than 50% of the market share under the small size electric vehicles sector in 2020. Taking into account (i) the historical market share of SGMW, (ii) the reasons behind the underperformance of the Historical Amount discussed above, and (iii) the recovery from the COVID-19 outbreak, we consider that it is achievable for the Company to reach a 13.55% market share proportion in producing and selling 50,000 new energy vehicles under the estimation demand in 369,000 units of new energy vehicles, as acting as a related party of the Company.

Given the above, we consider that it is reasonable for Wuling New Energy to pursue its target production volume.

5.1.3 Estimated quantities and unit prices of the products to be supplied

Detailed types and nature, estimated quantities and unit prices of the products to be supplied under the Sale Transactions are set out under the section headed “Basis of determination of the Proposed Annual Caps” of the Letter.

5.1.4 Buffer

The Calculation incorporated 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. As advised by the Directors, the buffer was applied for unforeseeable circumstances such as (a) the unexpected increase in demand of products; and (b) the unexpected increase in price of the products. We also noted from the Previous Annual Caps of the Sales Transactions had saved for the buffer of 10% that is common to incorporate a buffer of approximately 10% for the Sales Cap ended at FY2025. In light of the above, we consider the buffer of Sale Caps for FY2025 be justifiable.

5.1.5 Our view

In order to consider the reasonableness of the Sale Caps, we obtained the calculation of the Proposed Annual Caps (including the Proposed Annual Caps for the Transactions) (the “**Calculation**”) and discussed the Calculation with the Management.

Referring to the Calculations and as confirmed by the Directors, we noted that the Sale Caps were determined by reference to the basis and factors as follow:

- (a) the target production volume of Wuling New Energy for FY2025;
- (b) the types and nature, estimated quantities and unit prices of the products and services to be supplied/acquired pursuant to the 2025 New Energy Framework Agreement (which are required to support the aforesaid target production of Wuling New Energy) for FY2025;
- (c) the changes in price range of products to be purchased by or sold to Wuling New Energy as a result of the changes in types of products offered;
- (d) with the reference been made from the latest prices of the open market and availability of suppliers’ quotations; and

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- (e) 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.

For our due diligence purpose, we (i) discussed with the Company and obtained the cost accounting analysis from the clients regarding the types, nature and estimated quantities of the products required for Wuling New Energy's production of new energy vehicles; and (ii) obtained certain historical sales records of such products which support the product unit prices adopted under the Calculation. We noticed that the Calculation is consistent with the aforementioned data.

In order to justify the rationale of the product unit prices proposed by the Company, we obtained certain historical sales records from the recent two years to crosscheck the historical product unit prices with the abovementioned price range. Indeed, we performed sample-tests with more than five sets of sales receipts for the automotive components and accessories from the recent two years. Based on (i) the quantities of the samples inspected, (ii) the comprehensive coverage of all types of automotive components and accessories mentioned above, and (iii) the absence of any findings that would cause us to doubt the validity of the samples, we consider the sample tests are fair and representative. All product unit prices from the sample sales receipts fell into the price ranges. As such, we consider the abovementioned price range accurate and the estimated unit price used in the Calculations is fair and reasonable.

From the historical sales records obtained, we noted that the terms were 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. As such, we consider that the pricing principles is effective.

Having considered (i) the basis and factors of the determination of the Sale Caps, (ii) the rationality for Wuling New Energy to pursue its target production volume, (iii) the consistency of the estimated quantities and unit prices of the products to be supplied with the Calculation, and (iv) the acceptable buffer of 10% applied, we consider that the Sale Caps are on normal commercial terms and are fair and reasonable.

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Purchase Transactions

5.2 Purchase (Automotive Chassis) Transactions

The following table set out the details of the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions to be provided from Wuling New Energy during FY2025:

	FY2025
Automotive Chassis for model G050, model G100, model G200 and model G300 electric vehicles Price: RMB100,000 per unit	4,000 units (Estimated total value: RMB400,000,000)
Buffer of approximate 10%	RMB39,000,000
Proposed Annual Caps for the Purchase (Automotive Chassis) Transactions with approximately 10% buffer	RMB439,000,000

With reference to the Letter, the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions was determined with the reference to the following basis:

- (a) the target sales volume of model G050, model G100, model G200 and model G300 electric vehicles of Wuling Industrial Group that will utilise the Automotive Chassis supplied by Wuling New Energy for FY2025, which was mainly based on the target production volume of Wuling New Energy of 50,000 units multiplied by the average proportion of approximately 8% for the past three financial years. Such average proportion was calculated by (i) the number of the new energy vehicles which are installed with the Automotive Chassis sourced from Wuling New Energy and are subsequently sold by Wuling Industrial Group during each financial year; divided by (ii) the production volume of new energy vehicles of Wuling New Energy for each respective financial year. As such, Wuling Industrial estimated that the target sales volume of new energy vehicles that will utilise the Automotive Chassis of Wuling New Energy would be 4,000 units;
- (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.

5.2.1 Pricing principles

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 New Energy; or (2) those offered by Wuling New Energy to the Independent Third Parties.

5.2.2 Target sales volume

With reference to the Letter, the target sales volume of G050 logistic electric vehicle are 9,000 units, G100 logistic electric vehicle are 6,600 units, G200 logistic electric vehicle are 33,600 units and G300 logistic electric vehicle are 800 units, planned to be manufactured by Wuling Industrial for FY2025.

As depicted from the table of the target production volume of Wuling New Energy for FY2025, the target annual production volume for FY2025 was 50,000 vehicles and with reference to the Letter that the production volume is referring 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. Furthermore, based on the information provided by the Company and the discussion between the Company and our team, the determination of the target production volume was based on an in-depth analysis conducted by the Company's professional research team. The analysis encompassed the current market situation of new energy vehicles as well as the Company's market positioning within the new energy vehicle manufacturing industry. The target production volume was derived from meticulous prediction and comprehensive research conducted by skilled professionals within the analysis research team.

Given the above, we consider that it is reasonable for Wuling New Energy to pursue its target production volume of G050, G100, G200 and G300 model of logistic electric vehicle planned to be manufactured by Wuling Industrial.

5.2.3 Estimated quantities and unit prices of the products to be purchased

Detailed estimated quantities and unit prices of the materials and parts to be purchased under the Purchase (Automotive Chassis) Transactions are set out under the section headed "Basis of determination of the Proposed Annual Caps" of the Letter.

5.2.4 Buffer

The Calculation incorporated 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. As advised by the Directors, the buffer was applied for unforeseeable circumstances such as (a) the unexpected increase in demand of products or services; and (b) the unexpected increase in price of the products or services. We also noted from the Previous Annual Cap of the Purchase (Automotive Chassis) Transactions had saved for the buffer of 10% that is common to incorporate a buffer of approximately 10% for the Purchase (Automotive Chassis) Transactions ended at FY2025. In light of the above, we consider the buffer for the Purchase (Automotive Chassis) Transactions for FY2025 be justifiable.

5.2.5 Our view

In order to consider the reasonableness of the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions, we obtained the Calculation and discussed the Calculation with the Management.

Referring to the Calculations and as confirmed by the Directors, we noted that the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions was determined by reference to the basis and factors as follow:

- (a) the target sales volume of Wuling New Energy for FY2025;
- (b) the types and nature, estimated quantities and unit prices of the automotive chassis purchased by Wuling Industrial Group pursuant to the 2025 New Energy Framework Agreement (which are required to support the aforesaid target production of Wuling New Energy) for FY2025;
- (c) with the reference been made from the latest prices of the open market and negotiation with adjustments to the suppliers' quotations; and
- (d) 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.

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For our due diligence purpose, we (i) discussed with the Company and obtained the cost accounting analysis from the clients regarding the estimated quantities of the products required for Wuling Industrial's production of model G050, model G100, model G200 and model G300 electric vehicles; and (ii) obtained certain historical sales record of such products which support the product unit prices adopted under the Calculation. We noticed that the Calculation is consistent with the aforementioned data.

As advised by the Company, the estimated purchase number for the Automotive Chassis of 4,000 units was mainly based on the target production volume of Wuling New Energy of 50,000 units multiplied by the average proportion of approximately 8% for the past three financial years. The formula is demonstrated below:

The number of the new energy vehicles which are installed with the Automotive Chassis sourced from Wuling New Energy and are subsequently sold by Wuling Industrial Group during each financial year

The production volume of new energy vehicles of Wuling New Energy for each respective financial year

In order to justify the rationale of the estimated purchase number for the Automotive Chassis of 4,000 units, we obtained the abovementioned historical data and crosschecked the data and consider the average proportion of approximately 8% is accurate.

For the estimated unit price of RMB100,000 for the Automotive Chassis, we obtained more than five sets of the historical sales receipts for the Automotive Chassis from Wuling New Energy. We crosschecked the historical data and noted that the historical sales price of the Automotive Chassis was approximately RMB100,000. Based on (i) the quantities of the samples inspected, and (ii) the absence of any findings that would cause us to doubt the validity of the samples, we consider the crosschecking are fair and representative. As such, we consider the estimated unit price of RMB100,000 used in the Calculations is fair and reasonable.

From the historical sales receipts obtained, we noted that the terms were 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. As such, we consider that the pricing principles is effective.

Having considered (i) the basis and factors of the determination of the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions, (ii) the rationality for Wuling New Energy to pursue its target sales volume, (iii) the consistency of the estimated quantities and unit prices of the products to be acquired

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with the Calculation, and (iv) the acceptable buffer of 10% applied, we consider that the Proposed Annual Cap for the Purchase (Automotive Chassis) Transactions is on normal commercial terms and are fair and reasonable.

5.3 Purchase (Finished Products) Transactions

The following table set out the details of the Proposed Annual Cap of Purchase (Finished Products) Transactions to be provided from Wuling New Energy for FY2025:

	FY2025
Model G050 electric vehicles	2,000 units
Price range: RMB54,080 to RMB150,000 per unit	(Estimated total value: RMB200,000,000)
Buffer of approximate 10%	RMB20,000,000
Proposed Annual Caps for the Purchase (Finished Products) Transactions with approximately 10% buffer	RMB220,000,000

With reference to the Letter, the Proposed Annual Cap for the Purchase (Finished Products) Transactions was determined with the reference to the following basis:

- (a) the target sales volume of model G050 electric vehicles of Wuling Industrial Group for FY2025, which was mainly based on the purchase orders from the Japanese customers for the model G050 electric vehicles for FY2025 of approximately 2,000 units;
- (b) the estimated unit price of the model G050 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.

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5.3.1 Pricing principles

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 New Energy; or (2) those offered by Wuling New Energy to the Independent Third Parties.

5.3.2 Target sales volume

With reference to the Letter, the target sales volume of G050 logistic electric vehicles are 9,000 units, planned to be manufactured by Wuling Industrial for FY2025.

For our due diligence purpose, we obtained from the Company: (i) a copy of a master supply agreement entered into between Wuling Industrial and its customer in United States in March 2021; (ii) a copy of a technology development contract entered into between Wuling Industrial and its customer in Japan in November 2020, pursuant to which the customer engaged Wuling Industrial to design and develop one type of new energy vehicle. As advised by the Directors, upon successful design and development of the aforesaid new energy vehicle, the Japanese customer commenced purchase of this type of new energy vehicle from Wuling Industrial; (iii) copies of supplemental ordering contracts from the Japanese customer for the G050 logistic electric vehicle that confront the actual requested volume of model G050 electric vehicles; (iv) copy of a development and manufacturing contract entered into between Wuling Industrial and the Japanese customer in May 2023; and (v) copies of invoices which demonstrated the commencement of Wuling Industrial sales of new energy vehicles to overseas customers.

In light of the above, we do not doubt the aforesaid target sales volume of the target sales volume of new energy vehicles of Wuling Industrial.

5.3.3 Estimated unit prices of the vehicles to be purchased

Detailed estimated unit prices of the vehicles to be purchased under the Purchase (Finished Products) Transactions are set out under the section headed “Basis of determination of the Proposed Annual Caps” of the Letter.

5.3.4 Buffer

The Calculation incorporated 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. As advised by the Directors, the buffer was applied for unforeseeable circumstances such as (a) the unexpected increase in demand of products or services; and (b) the unexpected increase in price of the products or services. We also noted from the Previous Annual Cap of the Purchase (Finished Products) Transactions had saved for the buffer of 10% that is common to incorporate a buffer of approximately 10% for the Purchase (Finished Products) Transactions ended at FY2025. In light of the above, we consider the buffer for the Purchase (Finished Products) Transactions for FY2025 be justifiable.

5.3.5 Our view

In order to consider the reasonableness of the Proposed Annual Cap for the Purchase (Finished Products) Transactions, we obtained the Calculation and discussed the Calculation with the Management.

Referring to the Calculations and as confirmed by the Directors, we noted that the Proposed Annual Cap for the Purchase (Finished Products) Transactions was determined by reference to the basis and factors as follow:

- (a) the target sales volume of the exporting business of new energy vehicles of Wuling Industrial, primarily for the markets in Japan and United States which shipments of vehicles have been commenced for FY2025;
- (b) the estimated unit price of the new energy vehicles planned to be sourced from Wuling New Energy for the exporting business;
- (c) with the reference been made from the latest prices of the open market and negotiation with adjustments to the suppliers' quotations; and
- (d) a buffer of approximately 10% for (i) any transactions of similar nature which may be entered 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, is also considered.

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As advised by the Directors, the estimated unit prices of the vehicles to be purchased under the Purchase (Finished Products) Transactions were determined with reference to production cost and the target selling prices of the vehicles to be offered by Wuling New Energy to Independent Third Parties. We noticed that the Calculation is consistent with the aforementioned data.

As advised by the Company, the target sales volume of model G050 electric vehicles for FY2025 was mainly based on the purchase orders from the Japanese customers for the model G050 electric vehicles for FY2025 of approximately 2,000 units.

In order to justify the rationale of the target sales volume of 2,000 units, we obtained the purchase orders and plan from the Japanese customers and consider the target sales volume of 2,000 units for FY2025 is fair and reasonable.

For the estimated unit price of RMB100,000 of model G050 electric vehicles, we obtained certain historical sales records from the recent year to crosscheck the historical unit price with the abovementioned price range. Indeed, we performed sample-tests with more than ten sets of sales receipts for the sales of model G050 electric vehicles from the recent two years. Based on (i) the quantities of the samples inspected, and (ii) the absence of any findings that would cause us to doubt the validity of the samples, we consider the sample tests are fair and representative. All unit price of model G050 electric vehicles from the sample sales receipts fell into the price ranges. Also, we performed desktop search for the unit price of model G050 electric vehicles. We noted from the online quotation that the retail price for the model G050 electric vehicles is approximately RMB100,000 in Alibaba. As such, we consider the abovementioned price range accurate and the estimated unit price used in the Calculations is fair and reasonable.

From the historical sales records obtained, we noted that the terms were 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. As such, we consider that the pricing principles is effective.

Having considered (i) the basis and factors of the determination of the Proposed Annual Cap for the Purchase (Finished Products) Transactions, (ii) the rationality for Wuling New Energy to pursue its target sales volume, (iii) the consistency of the estimated quantities and unit prices of the products to be acquired with the Calculation, and (iv) the acceptable buffer of 10% applied, we consider that the Proposed Annual Cap for the Purchase (Finished Products) Transactions is on normal commercial terms and are fair and reasonable.

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5.4 Technical Support Services

The following table set out the details of Proposed Annual Cap 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 Cap for the Technical Support Services was 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 approximately 2,000 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.

5.4.1 Pricing principles

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 New Energy; or (2) those offered by Wuling New Energy to the Independent Third Parties.

5.4.2 Expected Annual Working Hours for Research And Development For Model G050 Logistic Electric Vehicle

With reference to the Letter, the target business volume of the model G050 logistic electric vehicle of Wuling Industrial are 9,000 units for FY2025 and with reference to the Letter that the production volume is referring to the proposed sales of the model G050 existing models of new energy vehicles, determined based on the Group's sales plan for its new energy vehicles segment. Furthermore, based on the information provided by the Company and the discussion between the Company and our team, the determination of the target production volume was based on an in-depth analysis conducted by the Company's professional research team. The analysis encompassed the current market situation of new energy vehicles as well as the Company's market positioning within the new energy vehicle manufacturing industry. The target production volume was derived from meticulous prediction and comprehensive research conducted by skilled professionals within the analysis research team.

Given the above, we consider that it is reasonable for Wuling New Energy to pursue its target production volume and having concurred with the Management, the timeliness and the difficulties in developing the target business volume of Model G050 Logistic Electric Vehicle requires 70 technicians working for approximately 2,000 hours a year.

5.4.3 Buffer

The Calculation incorporated a buffer of approximately 10% for (i) any additional transactions on the 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. As advised by the Directors, the buffer was applied for unforeseeable circumstances such as (a) the unexpected increase in demand of products or services; and (b) the unexpected increase in price of the products or services. We also noted from the Previous Annual Cap of the Purchase (Automotive Chassis) Transactions had saved for the buffer of 10% that is common to incorporate a buffer of approximately 10% for the Purchase (Automotive Chassis) Transactions ended at FY2025. In light of the above, we consider the buffer for the Purchase (Automotive Chassis) Transactions for FY2025 be justifiable.

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5.4.4 Our view

In order to consider the reasonableness of the Proposed Annual Cap for the Technical Support Services, we obtained the Calculation and discussed the Calculation with the Management.

Referring to the Calculations and as confirmed by the Directors, we noted that the Proposed Annual Cap for the Technical Support Services was determined by reference to the basis and factors as follow:

- (a) the target production volume for model G050 logistic electric vehicle of Wuling New Energy for FY2025;
- (b) the nature of the services to be supplied/acquired pursuant to the 2025 New Energy Framework Agreement (which are required to support the aforesaid target production of Wuling New Energy) for FY2025; and
- (c) 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.

For the estimated basic daily salary of each technician of RMB500, we obtained more than five sets of the historical records from the recent year to crosscheck the historical salary to justify the rationale of the expected daily salary. We noted that the historical salaries of the technician is approximately RMB400 in FY2023. Based on (i) the quantities of the samples inspected, and (ii) the absence of any findings that would cause us to doubt the validity of the samples, we consider the crosschecking are fair and representative. Taking into account the potential increment of salary and result of the crosschecking, we consider the estimated basic daily salary used in the Calculations is fair and reasonable.

From the historical records obtained, we noted that the terms were 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. As such, we consider that the pricing principles is effective.

Having considered (i) the basis and factors of the determination of the Proposed Annual Cap for the Technical Support Services, (ii) the rationality for Wuling New Energy to pursue its target production volume of model G050 of logistic electric vehicles, (iii) the consistency of the expected annual working hours for research and development for model G050 logistic electric vehicles to be

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supplied with the Calculation, and (iv) the acceptable buffer of 10% applied, we consider that the Proposed Annual Cap for the Technical Support Services is on normal commercial terms and are fair and reasonable.

6. INTERNAL CONTROL

With the reference from the Letter, 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.

6.1 Sale Transactions

Wuling Industrial Group ensures equitable payment terms and pricing basis in its sale transactions with Independent Third Parties or Wuling New Energy through the implementation of standard pricing policies. To establish fair pricing for raw materials, the Sales Department references the latest open market prices and supplier quotations, updating this data monthly or more frequently if the market is volatile. For automotive components, the Sales Department collects and analyzes market information, including prices charged to current customers and prices offered by authorized distributors for similar products. These inputs inform the pricing strategies based on technical specifications, product qualifications, sales volumes, market environment, cost structure, and development strategy.

The Finance Department collaborates with the Purchase, Technical, and Manufacturing Departments to evaluate the total cost of sale for each product. Using the market information gathered by the Sales Department, a price determination committee is established to decide the final selling prices. Wuling Industrial Group compares the profit margins from Sale Transactions with those earned on similar products provided to Independent Third Parties and related connected parties on an annual basis. This comprehensive approach ensures that pricing is based on commercial norms and factors such as technical expertise, certifications, sales performance, costs, and the company's strategic direction. 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 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.

6.2 Purchase Transactions and Technical Support Services

Wuling Industrial Group has established standardized control procedures for purchasing activities, covering transactions with Independent Third Parties and the Purchase Transactions and Technical Support Services outlined in the 2025 New Energy Framework Agreement and 2022–2024 New Energy Supplemental Agreement. These procedures encompass supplier selection, price determination, and product quality evaluation, ensuring that payment terms and pricing basis for these transactions are market-based or no less favorable than those offered by Independent Third Parties.

The Finance Department determines the target purchase price for each product by referencing market prices of similar products in the open market or from authorized distributors. The Purchase Department then engages in supplier negotiations or initiates a competitive tender process involving at least three suppliers, including relevant connected parties and Independent Third Parties, to obtain competitive pricing.

Should the target purchase price set by the Finance Department not be achievable through negotiations or bidding, adjustments to the target price and exploring additional suppliers are considered. Supplier selection is based on required product qualifications and certifications, regulatory compliance records, production and technical capabilities, operational scale, and past performance in terms of quality and delivery.

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.

Wuling Industrial Group requests regular cost and sales records from Wuling New Energy for the automotive chassis and vehicles supplied, allowing for comparisons with market prices from authorized distributors to evaluate pricing. This ensures transparency and enables Wuling Industrial Group to assess the prices charged by Wuling New Energy effectively.

6.3 Our view

Considering that the above internal control procedures have been applied to previous Continuing Connected Transactions, we have no concerns about the effectiveness of the internal control measures for the Transactions under the 2025 New Energy Framework Agreements. We consider that the effective implementation of these internal control measures will ensure fair pricing of the Continuing Connected Transactions and compliance with the pricing policy.

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7. CONCLUSION

In order to assess the rationale of the Proposed Annual Caps, we conducted the works discussed above and summarized the factors considered by the Board.

After performing the aforementioned tasks, we noted the following:

1. As advised by the Board, the underperformance of the Historical Amount is primarily due to (i) intense competition in the PRC market and (ii) import regulations in target overseas markets, and the Company has taken these factors into account when considering the Proposed Annual Caps;
2. The terms of the 2025 New Energy Framework Agreement are 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;
3. Referring to the Calculation provided by the Company, the basis and factors considered for the Proposed Annual Caps are discussed in detail above;
4. Referring to the future expansion plan provided by the Company, the estimated quantities and unit prices of the products to be purchased/supplied are consistent with the data in the Calculation; and
5. The incorporation of the buffer of approximately 10% is common and justifiable.

Taking into account of the above factors, we consider that the 2025 New Energy Framework Agreement and the Proposed Annual Caps of the Sale Transactions, the Purchase Transactions and Technical Support Services are in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

8. RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the 2025 New Energy Framework Agreement and Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services are on normal commercial terms or better and are fair and reasonable; and (ii) the 2025 New Energy Framework Agreement and Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services are 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 resolutions to be proposed at the SGM to

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approve the 2025 New Energy Framework Agreement and Proposed Annual Caps for each of the Sale Transactions, the Purchase Transactions and Technical Support Services and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Co-head of Corporate Finance

Mr. Yau Tung Shing is licensed individual under the SFO, authorized to conduct Type 6 (advising on corporate finance) regulated activities in accordance with the SFO. He is considered responsible officer of Silverbricks Securities Company Limited. Mr. Yau Tung Shing possesses possess over 8 years of experience in the corporate finance industry.

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(1) 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 SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange:

Long Positions in the shares, underlying shares and debentures of the Company

Name of Director	Nature	Number of ordinary Shares/Share options held	Approximate % of the total number Shares in issue
Mr. Yuan Zhijun	Beneficial owner	3,000,000	0.09%
Mr. Ye Xiang	Beneficial owner	1,030,300	0.03%
Mr. Wei Mingfeng	Beneficial owner	270,000	0.01%
Mr. Song Wei	Beneficial owner (<i>Note</i>)	91,200	0.01%

Note: This represents the outstanding share options held by Mr. Song Wei, the chief executive officer of the Company, granted and accepted under the share option scheme of the Company adopted on 11 November 2021.

(2) Interests of substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as it was known to the Directors or 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:

Name of Shareholder	Nature	Nature of interest	Number of ordinary Shares held	Approximate % of shareholding
Dragon Hill Development Limited (“ Dragon Hill ”) (Note 1)	Beneficial owner	Corporate	356,622,914	10.81%
Ms. Kwan To Yin (“ Ms. Kwan ”)	Interest in controlled corporation (Note 2)	Corporate	356,622,914	10.81%
	Interest held by spouse (deceased) (Note 3)	Family	4,636,350	0.14%
	Beneficial owner (Note 4)	Personal	2,472,720	0.08%
		Subtotal	363,731,984	11.03%
Wuling (Hong Kong) Holdings Limited (“ Wuling HK ”) (Note 5)	Beneficial owner	Corporate	1,864,698,780	56.54%
Wuling Motors (Hong Kong) Company Limited (“ Wuling Motors ”) (Note 5)	Interest in controlled corporation	Corporate	1,864,698,780	56.54%
Guangxi Automobile (Note 5)	Interest in controlled corporation	Corporate	1,864,698,780	56.54%

Notes:

1. Dragon Hill, which is wholly owned by Ms Kwan, who is also its sole director, is beneficially interested in 356,622,914 Shares.
2. This represents the same parcel of Shares held by Dragon Hill as referred in Note 1 above.
3. This represents the Shares held by the late Mr. Lee Shing, who was a former executive Director and the spouse of Ms. Kwan.
4. This represents the Shares held by Ms. Kwan in person.

5. 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. Mr. Yuan Zhijun and Mr. Yang Jianyong, both of them executive Director, are also directors of Wuling HK, Wuling Motors and Guangxi Automobile. Mr. Wei Mingfeng, an executive Director, is also a senior executive of Guangxi Automobile.

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. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

In addition to the 2025 New Energy Framework Agreement entered into between Wuling Industrial and Wuling New Energy, details of which are fully disclosed in this circular, the Company and its subsidiaries entered into the following contracts or arrangements which are subsisting at as the date of this circular and significant in relation to the business to the Group:

- (i) the loan agreement dated 16 November 2021 entered into between Guangxi Automobile as lender and Wuling Industrial as borrower (the “**2022–2024 Loan Agreement**”) in relation to the provision of loans and interest payments made by Wuling Industrial Group to Guangxi Automobile for each of the three years ended 31 December 2022, 2023 and 2024. Details of the 2022–2024 Loan Agreement were disclosed in the Company’s announcement dated 16 November 2021 and the Company’s circular dated 21 December 2021;
- (ii) the master tenancy agreement dated 29 December 2021 entered into between Guangxi Automobile as landlord and Wuling Industrial as tenant (the “**2022–2024 Master Tenancy Agreement**”) in relation to the lease of, among other things, certain parcels of land and buildings located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC for a period of three years commencing from 1 January 2022 and expiring on 31 December 2024. Details of the 2022–2024 Master Tenancy Agreement were disclosed in the Company’s announcement dated 29 December 2021;

- (iii) a capital increase agreement dated 31 March 2022 entered into among the Company, Guangxi Automobile, Wuling Industrial, and Wuling New Energy, pursuant to which, among others, the Company conditionally agreed to contribute to Wuling New Energy RMB305.6 million and Wuling Industrial conditionally agreed to contribute to Wuling New Energy RMB300 million (the “**Capital Increase Agreement**”). Details of the Capital Increase Agreement were disclosed in the Company’s announcements dated 31 March 2022 and the Company’s circular dated 7 June 2022;
- (iv) The 2022–2024 New Energy Framework Agreement, details of the 2022–2024 New Energy Framework Agreement were disclosed in the Company’s announcement dated 31 March 2022 and the Company’s circular dated 7 June 2022;
- (v) a supplemental agreement dated 22 June 2022 to the Capital Increase Agreement entered into among the Company, Guangxi Automobile, Wuling Industrial, and Wuling New Energy for the extension of payment date of the capital increase under the Capital Increase Agreement (the “**First Supplemental Agreement**”). Details of the First Supplemental Agreement were disclosed in the Company’s announcement dated 22 June 2022;
- (vi) a consignment framework agreement in relation to the consignment of the operation in relation to the sales of the processed scrap materials entered into between Wuling Industrial and Liuzhou Wuling Real Estate Limited* (柳州五菱置業投資有限公司) for the term commencing from 29 July 2022 to 31 December 2024 (the “**Consignment Framework Agreement**”). Details of the Consignment Framework Agreement were disclosed in the Company’s announcement dated 29 July 2022;
- (vii) a further supplemental agreement dated 27 September 2022 to the Capital Increase Agreement and the First Supplemental Agreement entered into among the Company, Guangxi Automobile, Wuling Industrial, and Wuling New Energy for the further extension of payment date of the capital increase under the Capital Increase Agreement and the First Supplemental Agreement (the “**Second Supplemental Agreement**”). Details of the Second Supplemental Agreement were disclosed in the Company’s announcement dated 27 September 2022;
- (viii) a framework agreement dated 17 November 2022 entered into between Wuling Industrial and Guangxi Automobile in relation to certain continuing connected transactions (the “**2023–2025 Master Agreement**”), including certain sale transactions, certain purchase (materials and parts) transactions, certain purchase (finished products) transactions, and certain utility supply transactions for the term of three years from 1 January 2023 to 31 December 2025. Details of the 2023–2025 Master Agreement were fully disclosed in the Company’s announcement dated 17 November 2022 and the Company’s circular dated 22 December 2022;

- (ix) an agreement dated 27 June 2023 entered into between Wuling Industrial and Wuling New Energy in relation to the provision of certain after-sale services (the “**After-sale Services Subcontracting Agreement**”) for the term commencing from 27 June 2023 to 31 December 2025. Details of the After-sale Services Subcontracting Agreement were fully disclosed in the Company’s announcement dated 27 June 2023;
- (x) a capital injection agreement dated 16 January 2024 entered into among the Company, Guangxi Automobile, Wuling Industrial, Wuling New Energy, Liuzhou Lingmai No. 1 Enterprise Management Partnership (Limited Partnership)* (柳州菱邁一號企業管理合夥企業(有限合夥)), Liuzhou Lingmai No. 2 Enterprise Management Partnership (Limited Partnership)* (柳州菱邁二號企業管理合夥企業(有限合夥)), Liuzhou Lingmai No. 3 Enterprise Management Partnership (Limited Partnership)* (柳州菱邁三號企業管理合夥企業(有限合夥)), Liuzhou Lingmai No. 4 Enterprise Management Partnership (Limited Partnership)* (柳州菱邁四號企業管理合夥企業(有限合夥)), Liuzhou Lingmai No. 5 Enterprise Management Partnership (Limited Partnership)* (柳州菱邁五號企業管理合夥企業(有限合夥)), Guangxi Guangtou Incubation Investment Fund Partnership (Limited Partnership)* (廣西廣投孵化投資基金合夥企業(有限合夥)) (“**Guangxi Guangtou**”), Guangxi Ruiling Venture Capital Partnership (Limited Partnership)* (廣西睿菱創業投資合夥企業(有限合夥)) (“**Guangxi Ruiling**”) and Xuchang Jintou Holding Group Co., Ltd.* (許昌市金投控股集團有限公司) (“**Xuchang Jintou**”), pursuant to which, among others, the Company, Guangxi Guangtou, Guangxi Ruiling and Xuchang Jintou conditionally agreed to contribute to Wuling New Energy RMB30 million, RMB50 million, RMB110 million and RMB200 million in cash, respectively, by way of cash (the “**Capital Injection Agreement**”). Details of the Capital Injection Agreement were disclosed in the Company’s announcements dated 16 January 2024;
- (xi) an equipment purchase framework agreement entered into between Wuling Industrial and Liuzhou Wuling Automotive Technology Limited* (柳州五菱汽車科技有限公 司) on 14 June 2024 to renew the annual cap for certain equipment purchase transactions (the “**2024–2025 Equipment Purchase Framework Agreement**”) for the term commencing from 14 June 2024 to 31 December 2025. Details of the 2024–2025 Equipment Purchase Framework Agreement were disclosed in the Company’s announcement dated 14 June 2024; and
- (xii) a supplemental agreement entered into between Wuling Industrial and Wuling New Energy on 21 June 2024 to revise the annual cap for Technical Support Services for FY2024 under the 2022–2024 New Energy Framework Agreement. Details of such supplemental agreement were disclosed in the Company’s announcement dated 21 June 2024.

Mr. Yuan Zhijun, chairman of the Board and an executive Director, is currently a director of Guangxi Automobile, Wuling HK and Wuling Motors. Mr. Yang Jianyong, being an executive Director, is currently a director of Guangxi Automobile, Wuling HK and Wuling Motors. Mr. Wei Mingfeng, being an executive Director, is currently a senior executive of Guangxi Automobile.

Save as disclosed herein, as at the Latest Practicable Date, (i) none of the Directors had any interest in any assets which had been since 31 December 2023 (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, 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 a major customer of the Wuling Industrial Group's businesses in engines and automotive components. SGMW is principally engaged in the manufacturing and trading businesses of motor vehicles and engines, which may have direct or indirect competition with the businesses of the Group. Although Mr. Yuan Zhijun is taken to have competing interests in SGMW by virtue of their common directorships, he fulfills 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. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. CONSENT AND QUALIFICATION OF EXPERT

The following is the qualification of the expert who has been named in this circular and has given opinions and advice which are contained in this circular:

Name	Qualification
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

Silverbricks Securities did not have any shareholding in any member of the Group or the 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.

As at the Latest Practicable Date, Silverbricks Securities did not have had 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 2023, being the date to which the latest published audited financial statements of the Group were made up.

Silverbricks Securities has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter or the references to its name in the form and context in which it appears respectively.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. GENERAL

- (i) The company secretary of the Company is Mr. Lai Shi Hong Edward. He is currently the chief financial officer of the Company, and graduated from the University of Hong Kong and the Hong Kong Baptist University and holds a Bachelor of Arts degree and a Master of Science degree in Corporate Governance and Directorship respectively. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants.
- (ii) The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda.

- (iii) The head office and principal place of business of the Company in Hong Kong is Unit 3406, 34/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
- (iv) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wuling.com.hk) for a period of 14 days from the date of this circular:

- (i) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (ii) the letter of recommendations 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” in this circular;
- (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from Silverbricks Securities” in this circular;
- (iv) the written consent of the expert referred to in the section headed “7. CONSENT AND QUALIFICATION OF EXPERT” of this appendix;
- (v) the 2025 New Energy Framework Agreement; and
- (vi) this circular.

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING



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

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

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of shareholders of Wuling Motors Holdings Limited (the “Company”) will be held on Tuesday, 27 August 2024 at 10:00 a.m. at Unit 3406, 34/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, to consider and, if thought fit, to pass with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the Sale Transactions, the Purchase Transactions and the Technical Support Services (including their respective Proposal Annual Caps) as contemplated under the 2025 New Energy Framework Agreement (copy of which has been tabled at the meeting and signed by the chairman of the meeting for identification purpose) be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents and to take such steps as he/she may consider necessary, desirable or expedient to give effect to or in connection with the Sale Transactions, the Purchase Transactions and the Technical Support Services (including their respective Proposal Annual Caps) as contemplated thereunder and all other matters incidental thereto the 2025 New Energy Framework Agreement.”

Yours faithfully

By order of the Board

Wuling Motors Holdings Limited

Yuan Zhijun

Chairman

Hong Kong, 30 July 2024

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. The resolution at the meeting will be taken by poll (except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
3. 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).
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered not later than 10:00 a.m. on Sunday, 25 August 2024. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, 22 August 2024 to Tuesday, 27 August 2024 (both dates inclusive). During such period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares of the Company shall ensure that all transfer documents accompanied by the relevant Share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 August 2024.
6. Shareholders are advised to read the Circular which contains information concerning the resolution to be proposed in this notice.

As at the date of this notice, 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.