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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wuling Motors Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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

**CONTINUING CONNECTED TRANSACTIONS —
RENEWAL OF 2019–2021 LOAN AGREEMENTS**

Financial Adviser to the Company

Kingsman HK Capital Limited
金仕萬香港資本有限公司

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

 **Gram Capital Limited**
嘉林資本有限公司

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 27 of this circular.

A notice convening the SGM to be held at Unit 1901, 19/F, Beautiful Group Tower, 77 Connaught Road Central, Hong Kong on Wednesday, 12 January 2022 at 10 a.m. is set out on pages 36 to 38 of this circular.

PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE SGM

Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the SGM with a view to addressing the risk to attendees of infection, including without limitation, (i) all attendees being required to (a) undergo compulsory body temperature check; (b) complete a health declaration (a copy of the form is enclosed with this circular), which may be used for contact tracing, if required; and (c) wear surgical masks prior to admission to the SGM venue; (ii) attendees who are subject to health quarantine prescribed by the HK Government not being admitted to the SGM venue; (iii) all attendees being required to wear surgical masks throughout the SGM; (iv) each attendee being assigned a designated seat at the time of registration to ensure social distancing; (v) no refreshment packs or coffee/tea being provided; and (vi) the management will be available either in person or through video conference facilities to host the SGM and answer questions from Shareholders.

The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly recommends that Shareholders appoint the Chairman of the SGM as their proxy and submit their form of proxy as early as possible. The form of proxy can be downloaded from the Company's website (www.wuling.com.hk) or the Stock Exchange's website.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

21 December 2021

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DEFINITIONS

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

“2019–2021 Loan Agreements”	the loan agreements dated 23 November 2018 entered into between (i) Guangxi Automobile as lender and Wuling Industrial as borrower and (ii) Guangxi Automobile as lender and Wuling Liuji as borrower respectively
“2022–2024 Loan Agreement”	the loan agreement dated 16 November 2021 entered into between Guangxi Automobile as lender and Wuling Industrial as borrower
“Announcement”	the announcement of the Company dated 16 November 2021 in relation to, among other things, the 2022–2024 Loan Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Company”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 305)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to be appointed by the Company to advise the Independent Board Committee of the Company and the Independent Shareholders in respect of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps)
“Group”	the Company and its subsidiaries
“Guangxi Automobile”	廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited*), a state-controlled company established in the PRC, being the ultimate beneficial controlling Shareholder of the Company which is indirectly interested in approximately 56.54% of the total number of Shares in issue of the Company

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company (which comprises all independent non-executive Directors) formed for the purpose of advising the Independent Shareholders on the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps)
“Independent Shareholder(s)”	Shareholder(s) other than Guangxi Automobile and its associates
“Latest Practicable Date”	14 December 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	the loan in a maximum amount (calculated as the aggregate amount of drawdowns) of RMB5,800 million, RMB6,700 million and RMB7,500 million respectively for the year ending 31 December 2022, 2023 and 2024, each drawdown for a term of not more than six months from the date of each drawdown granted by Guangxi Automobile to Wuling Industrial Group
“PRC”	the People’s Republic of China
“Proposed Annual Caps”	the proposed annual caps of (i) the Loans; and (ii) interest payments to be made by Wuling Industrial Group to Guangxi Automobile for the provision of Loans, for each of the three years ending 31 December 2022, 2023 and 2024 under the 2022–2024 Loan Agreement
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering the 2022–2024 Loan Agreement and the transactions contemplated thereunder

DEFINITIONS

“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	the value-added tax
“Wuling Industrial”	柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited*), a company established in the PRC and a non-wholly owned subsidiary of the Company
“Wuling Industrial Group”	Wuling Industrial and five of its subsidiaries, namely, 柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited*), 柳州五菱柳機鑄造有限公司 (Liuzhou Wuling Liuji Moulding Company Limited*), 青島五菱專用汽車有限公司 (Qingdao Wuling Special Purpose Vehicles Company Limited*), 柳州卓通汽車零部件有限公司 (Liuzhou Zhuotong Automotive Components Company Limited*) and 重慶卓通汽車工業有限公司 (Chongqing Zhuotong Motors Industrial Company Limited*) as stated in Annex I to the 2022–2024 Loan Agreement
“Wuling Liuji”	柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited*), a company established in the PRC and a wholly-owned subsidiary of Wuling Industrial
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



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

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

Executive Directors:

Mr. Yuan Zhijun (Chairman)
Mr. Lee Shing (Vice-chairman and
Chief Executive Officer)
Mr. Yang Jianyong
Mr. Wei Mingfeng

Independent Non-executive Directors:

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

*Principal place of business
in Hong Kong:*

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

Registered Office:

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

Hong Kong, 21 December 2021

To the Shareholders,

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
RENEWAL OF 2019–2021 LOAN AGREEMENTS**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the 2022–2024 Loan Agreement.

On 16 November 2021, Wuling Industrial as borrower, entered into the 2022–2024 Loan Agreement with Guangxi Automobile, the controlling Shareholder of the Company as lender. It is expected that Wuling Industrial, a non-wholly owned subsidiary of the Company, will continue to act as the centralized department responsible for arranging and executing the financing and treasury functions of its business segments, to ensure adequate funds and working capital are available for the operating and investing activities of the Wuling Industrial Group. The obligations of Wuling Industrial under the 2022–2024 Loan Agreement will be secured by the bill receivables of Wuling Industrial Group. The maximum limits for the facility amount as stipulated in the 2022–2024 Loan Agreement are RMB5,800 million, RMB6,700 million and RMB7,500 million for the three years ending 31 December 2022, 2023 and 2024, respectively.

The purpose of this circular is to provide you with information on, among other things, (i) further details about the 2022–2024 Loan Agreement; (ii) the recommendations of the Independent Board Committee; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM.

LETTER FROM THE BOARD

THE 2022–2024 LOAN AGREEMENT

The principal terms of the 2022–2024 Loan Agreement are summarized below.

- Date:** 16 November 2021
- Parties:**
- (a) **Borrower:** Wuling Industrial, a non-wholly owned subsidiary of the Company; and
 - (b) **Lender:** Guangxi Automobile, being the controlling Shareholder of the Company and through its direct and indirect wholly owned subsidiaries, is interested in approximately 56.54% of the total number of Shares in issue of the Company as at the date of this announcement and a connected person of the Company under the Listing Rules
- Facility amount:** Depending on the production and operation capital requirements of Wuling Industrial Group, each of the subsidiary in the Wuling Industrial Group (as stated in the Annex I to the 2022–2024 Loan Agreement) can apply for a loan with Guangxi Automobile, subject to the fulfilment of the condition precedent (as appropriate) and the approval of Guangxi Automobile (as the lender) from time to time. Maximum limits of RMB5,800 million, RMB6,700 million and RMB7,500 million respectively for the year ended 31 December 2022, 2023 and 2024 respectively. The maximum limits were determined by reference to the estimated bill receivables of Wuling Industrial Group to be utilized as collateral in 2022, 2023 and 2024. Sample of the loan drawdown confirmation letter is set out in Annex II to the 2022–2024 Loan Agreement.
- Usage:** General working capital for Wuling Industrial Group
- Types of facilities:** Loan and advance pledged with bill receivables
- Interest rate and payment:** The lowest interest rate offered by banks as obtained by Wuling Industrial Group, for similar type of facilities pledged with bill receivables at the time of drawdown. Interest will be accrued on a monthly basis and payment of which will be made by the respective borrowing subsidiary in the Wuling Industrial Group to Guangxi Automobile within 10 days upon presentation of the relevant VAT invoice by Guangxi Automobile

LETTER FROM THE BOARD

Term:	Not more than six months from the date of each drawdown
Availability period:	From 1 January 2022 to 31 December 2024
Condition precedent:	The Company having duly performed and complied with its obligations under to the Listing Rules which include the issue of the related announcement(s) and circular(s) and the obtaining of the Independent Shareholder’s approval with respect to the relevant transactions contemplated under the 2022–2024 Loan Agreement
Security:	The drawdown amount of the Loan will be secured by the same amount of bill receivables of the respective borrowing subsidiary in the Wuling Industrial Group to be assigned to Guangxi Automobile

HISTORICAL TRANSACTION AMOUNTS

The table below sets forth the total amounts of advances drawn on bills receivables discounted of Wuling Industrial Group (including Wuling Liuji, a wholly-owned subsidiary of Wuling Industrial) from Guangxi Automobile, the respective interest rates and interest amounts for the two years ended 31 December 2019 and 2020 and for the ten months ended 31 October 2021 (the “**Historical Period**”).

Year Ended/Ending	2019-2021 Annual Caps			2019-2021 Actual Transaction Amount				
	Estimated		Total	Total Amounts			Total	
	Total	Interest	Interest	Annual	of Advances	Interest Rates	Interest	Utilization
	Facility	Rate	Payment	Caps	drawdown	%	payment	rate
	RMB’000	%	RMB’000	RMB’000	RMB’000	%	RMB’000	%
31 December 2019	4,600,000	4.9%	112,700	123,970	2,434,768	2.75% to 3.3%	28,515	23.0%
31 December 2020	5,100,000	4.9%	124,950	137,445	1,421,629	2.1% to 3.15%	13,648	9.9%
31 December 2021	5,600,000	4.9%	137,200	150,920	⁽¹⁾ 1,672,527	2.1% to 3.465%	12,897	⁽²⁾ 8.5%

(1): The advances drawdown for the year ending 31 December 2021 represents the actual transaction amount of advances drawdown for the 10 months ended 31 October 2021

(2): The utilization rate for the year ending 31 December 2021 is calculated based on the actual advances drawdown for the 10 months ended 31 October 2021 against the annual caps for the year ending 31 December 2021

LETTER FROM THE BOARD

Financing Activities of The Wuling Industrial Group

Wuling Industrial, a non-wholly-owned subsidiary of the Company, is currently the principal operating subsidiary of the Group in the business segments of (i) automotive components and other industrial services and (ii) specialized vehicles, and (iii) engines and related parts. In addition, Wuling Industrial will continue to act as the centralized department responsible for arranging and executing the finance and treasury functions of its business segments.

To ensure adequate funds and working capital are available for operating and investing activities of Wuling Industrial Group, in addition to the cash generated from the operating activities, each of subsidiary in the Wuling Industrial Group would apply for and be granted with banking facilities, including bank loans (secured or unsecured) and advances drawn on bills receivables discounted with recourse, subject to the offer and approval by the banks and the approval by the respective management of subsidiary of Wuling Industrial Group. Besides, unsecured loans and advances may also be sought and be granted from the ultimate controlling Shareholder, Guangxi Automobile occasionally. In this regard, the management of each of the subsidiary of Wuling Industrial Group would consider the terms and conditions offered by the respective lenders, primarily the interest rates to be charged and the collaterals required, in arriving at the most desirable financing arrangements to their operations.

The Wuling Industrial Group has engaged into bills discounted activities during the Historical Period. The total amounts of advances drawn on bills receivables discounted with recourse from the banks and Guangxi Automobile during the said periods, the interest rates and interest payments are as follows:

Year/Period Ended	From Banks			From Guangxi Automobile		
	Total Amounts of Advances Drawdown <i>RMB'000</i>	Interest Rates %	Total Interest Payment <i>RMB'000</i>	Total Amounts of Advances Drawdown <i>RMB'000</i>	Interest Rates %	Total Interest Payment <i>RMB'000</i>
31 December 2019	3,572,393	2.4%–3.3%	37,793	2,434,768	2.75% to 3.3%	28,515
31 December 2020	10,526,100	1.95%–3.3%	113,299	1,421,629	2.1% to 3.15%	13,648
31 October 2021	4,812,965	1.8%–3.87%	51,689	1,672,527	2.1% to 3.465%	12,897

LETTER FROM THE BOARD

PROPOSED ANNUAL CAPS OF TOTAL FACILITY AMOUNT, PROPOSED INTEREST RATES AND PROPOSED ANNUAL CAPS OF ANNUAL INTEREST PAYMENTS

In connection with the interest rate to be charged by and the interest payment to be made to Guangxi Automobile, the Board adopted the following caps in respect of the Loans for each of the three years ending 31 December 2022, 2023 and 2024:

Year Ending	Proposal Annual Caps of Total Facility Amount RMB'000 ⁽¹⁾	Estimated Interest Rate %	Total Interest Payment RMB'000	Proposed Annual Caps of Annual Interest Payments RMB'000
31 December 2022	5,800,000	3.87%	112,230	123,453
31 December 2023	6,700,000	3.87%	129,645	142,610
31 December 2024	7,500,000	3.87%	145,125	159,638

(1): *There is no limit on the number of drawdown in each year and the amount drawn and repaid cannot be redrawn.*

BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS OF TOTAL FACILITY AMOUNT AND ANNUAL INTEREST PAYMENT AND PROPOSED INTEREST RATE

Proposed Annual Caps of Total Facility Amount

Pursuant to the 2022–2024 Loan Agreement, the proposed annuals caps of the maximum limits for the facility amount of the Loan of RMB5,800 million, RMB6,700 million and RMB7,500 million for the three years ending 31 December 2022, 2023 and 2024 (the “**Maximum Limits**”) were determined after discussion with Guangxi Automobile with reference to (i) the total amount of bill receivables obtain from customers and the amount utilized for bills discounted activities for each of the subsidiary of the Wuling Industrial Group for the Historical Period. The total amount of bill receivables obtained from customers by Wuling Industrial Group for the Historical Period were approximately RMB12,211 million, RMB13,424 million and RMB8,908 million respectively, in which approximately RMB6,007 million, RMB11,948 million and RMB6,485 million ie. 53.6%, 89.0% and 72.8% were utilized for bills discounted activities with the banks and Guangxi Automobile; and (ii) the anticipated increases in the production and operation capital requirements of Wuling Industrial Group as the Wuling Industrial Group has initiated various new projects, including automotive components for new customers and the increasing manufacturing and sales of new energy vehicles (primarily electric vehicles) which have been gradually launched to the market since 2019. It is expected that additional working capital are required by Wuling Industrial Group in the coming years for these new business developments.

LETTER FROM THE BOARD

The Maximum Limit of RMB5,800 million for the year ending 31 December 2022 (“FY2022”) represents approximately 65% of the total amount of bill receivables obtained from customers by Wuling Industrial Group during the ten months ended 31 October 2021, or approximately 54% on an annualized basis. It also represents approximately 89% of the total amount of bill receivables utilized for bills discounted activities with the banks and Guangxi Automobile during the ten months ended 31 October 2021, or approximately 74% on an annualized basis.

Due to the expected increases in the production and operation capital requirements as abovementioned, the Maximum Limit for the year ending 31 December 2023 (“FY2023”) is increased to RMB6,700 million representing approximately 16% increase as compared to that for FY2022 and the Maximum Limit for the year ending 31 December 2024 (“FY2024”) is increased to RMB7,500 million representing approximately 12% increase as compared to that for FY2023.

Having considered the above and in consideration of the fact that the Maximum Limits will provide flexibility to the Wuling Industrial Group in obtaining an alternative source of finance which would be more favourable than the rates charged by a third party and a bank, the Company considers that the proposed maximum facility limits for the three years ending 31 December 2022 to 2024 is fair and not excessive.

Proposed Interest Rates and Annual Caps Annual Interest Payments

The interest rates to be charged under the Loans would be the lowest rate offered by banks as obtained by Wuling Industrial Group for similar type of facilities pledged with bill receivables at the time of drawdown. At least three offers would be obtained from the banks for reference before the drawdown of the Loans. The interest rate would be determined by reference to the statutory lending rate of the People’s Bank of China applicable to loan with a fixed repayment term of six months from the date of drawdown if Wuling Industrial Group fails to obtain any bank offers. Such interest will be accrued on a monthly basis of which the payment will be made by the respective borrowing subsidiary in the Wuling Industrial Group to Guangxi Automobile within 10 days upon presentation of the relevant VAT invoice by Guangxi Automobile.

The interest rates charged by the banks and Guangxi Automobile as detailed in page 7 under the heading “Financing Activities of the Wuling Industrial Group” gave a summary of the range of actual interest rates charged by the respective parties on all of the bills discounted transactions which took place during the Historical Period. In this regard, the interest rate quotes as obtained from banks on each bills discounted transaction would be varied according to a number of factors, such as the prevailing market interest rates, the respective cost and availability of funds of the banks, the specific amounts of the bills to be discounted, the issuer of the bills (i.e. the customers), etc. In some occasions, Wuling Industrial Group was not able to obtain interest rate quotes from the banks, and as a result, had no alternative but to discount the bills with Guangxi Automobile.

In this circumstances, it is inappropriate to compare the interest rates charged by the banks and Guangxi Automobile over the entire Historical Period on a board basis. Instead, the comparison should be made on each individual bills discounted transaction which took place

LETTER FROM THE BOARD

during the Historical Period to ensure the principles that either (a) the lowest rate offered by banks as obtained by Wuling Industrial Group for similar type of facilities pledged with bill receivables at the time of drawdown, after obtaining and comparing at least three offers from the banks or (b) determined by reference to the statutory lending rate of the People's Bank of China applicable to loan with a fixed repayment term of six months from the date of drawdown if Wuling Industrial Group fails to obtain any bank offers.

The proposed annual caps of the interest payment to be made to Guangxi Automobile in respect of the Loans were determined by reference to (i) the respective maximum limits of the Loans available to be drawn down by Wuling Industrial Group for each of the year ending 31 December 2022, 2023 and 2024; multiplied by (ii) the historical highest interest rate charged by the bank on advances drawn on bill receivables discounted with recourse during the Historical Period, at (iii) a fixed repayment term of six months from the date of drawdown, plus (iv) a buffer of approximately 10% to account for any unforeseeable circumstances which may give rise to an increase in the interest rate to the charged on advances drawn on bills receivables discounted with recourse.

As confirmed by and with the supervision of the management of the Wuling Industrial, the Directors will continue to monitor the utilization of the Loans so as to ensure that the loans drawdown and of the interest payment to be made to Guangxi Automobile in respect of the Loans will not exceed the Proposed Annual Caps during each of the three years ending 31 December 2022, 2023 and 2024.

REASONS AND BENEFITS FOR THE PROVISION OF THE LOAN

Taking into account the Loans will provide an alternative source of finance (in addition to the general banking facilities) and that the interest rate is the lowest market interest rate available to Wuling Industrial Group at the relevant time of each drawdown and that the provision of the equivalent amount of bill receivables as collateral for the Loans is a normal term and condition in regard to the similar type of facilities offered in the market, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from Gram Capital) consider that the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable having considered the current market norm in relation to similar transactions and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES IN RELATION TO THE APPLICATION AND DRAWDOWN OF LOAN

As mentioned above, the finance department of Wuling Industrial is responsible for arranging and executing the financing and treasury functions of the respective business segments undertaken by Wuling Industrial Group which include the determination and evaluation processes involved in the application and drawdown of the Loan.

LETTER FROM THE BOARD

In this connection, the person in charge of the treasury function of the finance department of Wuling Industrial (the “**Treasury Officer**”) would prepare funding report and budget on a monthly basis which summarize the funding requirements of subsidiaries of the Wuling Industrial Group in respect of their respective operating, investing and financing activities for the following month. Should there be any estimated shortfalls in the cash flow position of Wuling Industrial, the respective Treasury Officer, with the assistance of the respective finance department, would undertake the following procedures to ensure there would be adequate funds and working capital available for the respective operating, investing and financing activities, which include: (a) the preparation of a funding requirement report; (b) the enquiry to the respective banks for obtaining the quotes of the available banking facilities, including bank loans (secured or unsecured) and advances drawn on bills receivables discounted with recourse; and (c) where appropriate after the review and approval by the financial controller of Wuling Industrial, (i) the notification to the respective banks for the drawdown of the suitable available banking facilities; or (ii) the submission of an application to Guangxi Automobile for the granting of loans and advances at the lowest interest rate offered by banks as obtained by Wuling Industrial Group, respectively, for similar type of banking facilities.

Independent Non-Executive Directors and Auditors’ Review

In addition, all of the continuing connected transactions, including the Loans, will be reviewed by the independent non-executive Directors and the auditors of the Company annually, and their respective relevant reports, together with information on all of the continuing connected transactions, will be set out in the Company’s next annual report following the occurrence of such transactions. In order to facilitate the review process, relevant members of the Guangxi Automobile Group will also provide their relevant records to the auditors of the Company during the course of auditors’ review.

In view of the above, the Directors consider that the internal control procedures are effective to ensure that the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) will be conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group, including the Wuling Industrial Group, is principally engage in the manufacturing and trading of automotive components, vehicles’ power supply systems and commercial vehicles assembly, as well as the trading of raw materials, water and power supply services. As at the date of this circular, the Company holding 60.9% equity interest of Wuling Industrial which makes Wuling Industrial a non-wholly-owned subsidiary of the Company.

INFORMATION ON GUANGXI AUTOMOBILE

Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in 1,864,698,780 Shares, representing approximately 56.54% of the total number of Shares in issue of the Company, and is the ultimate controlling Shareholder of the Company

LETTER FROM THE BOARD

as at the date of this circular. Furthermore, Guangxi Automobile directly holds 39.10% of the equity interest in Wuling Industrial. Guangxi Automobile is currently a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會), being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, moulds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc., in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

LISTING RULES IMPLICATIONS

As at the date of this circular, Guangxi Automobile, through its direct and indirect wholly owned subsidiaries, is interested in approximately 56.54% of the total number of Shares in issue of the Company, and is the controlling Shareholder. Therefore, Guangxi Automobile is a connected person of the Company under the Listing Rules. In addition, Guangxi Automobile directly holds 39.10% of the equity interest in Wuling Industrial. Therefore, Wuling Industrial is also the connected subsidiaries of the Company under the Listing Rules. The provision of Loans, which are secured by the bill receivable of Wuling Industrial constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Loans exceed 5%, the provision of the Loans constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement, circular and independent Shareholders' approval requirements.

Mr. Yuan Zhijun, Mr. Yang Jianyong and Mr. Wei Mingfeng, being the Directors and the directors and/or senior executives of Guangxi Automobile, were abstained from voting on the board resolutions passed to approve the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps). As at the Latest Practicable Date, Mr. Yuan Zhijun and his associates held 3,000,000 Shares, representing approximately 0.09% of the Shares in issue of the Company. Mr. Wei Mingfeng and his associates held 270,000 Shares, representing approximately 0.01% of the Shares in issue of the Company. Mr. Yang Jianyong and his associates did not hold any Shares of the Company as at the Latest Practicable Date. Save as disclosed above, no other Director is regarded having a material interest in the 2022–2024 Loan Agreement and required to abstain from voting on the Board resolution to approve the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps).

LETTER FROM THE BOARD

SGM

A notice convening the SGM to be held at Unit 1901, 19/F., Beautiful Group Tower, 77 Connaught Road Central, Hong Kong on Wednesday, 12 January 2022 at 10:00 a.m., at which ordinary resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve the 2022–2024 Loan Agreement.

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

The register of member of the Company will be closed from Friday, 7 January 2022 to Wednesday, 12 January 2022 (both dates inclusive), for the purpose of determining the Shareholder's eligibility to attend and vote at the SGM and during which period no transfer of the Share(s) will be effected. In order to qualify for attendance of the SGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 6 January 2022.

A form of proxy is enclosed with this circular for use at the SGM. Whether or not you are able to attend the SGM (or any adjournment thereof) in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time required for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

In view of their interests in the 2022–2024 Loan 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 the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps) at the SGM.

Saved as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the SGM in respect of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps).

RECOMMENDATIONS

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but

LETTER FROM THE BOARD

not limited to the Proposed Annual Caps). Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders on page 15 of this circular.

The Independent Board Committee, after taking into account the advice and recommendations of Gram Capital, considers that the terms of 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are in the ordinary and usual course of business on normal commercial terms and are fair and reasonable insofar the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the SGM to approve the terms of 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) at the SGM.

The Directors (including the independent non-executive Directors who have expressed their view in the “Letter from the Independent Board Committee” in this circular after having considered the advice of Gram Capital) consider that the terms of the terms of 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors who have expressed their view in the “Letter from the Independent Board Committee” in this circular after having considered the advice of Gram Capital) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the terms of 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps). You are advised to read the letter from the Independent Board Committee and the letter from Gram Capital mentioned above before deciding how to vote on the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular, the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 27 of this circular and the information set out in the appendix of this circular.

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

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



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)

21 December 2021

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS — RENEWAL OF 2019–2021 LOAN AGREEMENTS

We refer to the circular of the Company dated 21 December 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the terms of the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 16 to 27 of this Circular. Your attention is also drawn to the “Letter from the Board”, as set out on pages 4 to 14, of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the Loan Agreements and the transactions contemplated thereunder and the advice of Gram Capital, we consider that the 2022–2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are fair and reasonable as far as the Independent Shareholders are concerned and the Loans and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Loans and the transactions contemplated thereunder.

Yours faithfully

For and on behalf of the

Independent Board Committee of

Wuling Motors Holdings Limited

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

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loans for the purpose of inclusion in this circular.



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

21 December 2021

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

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS 2022–2024 LOAN AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loans, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 21 December 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 16 November 2021, Wuling Industrial as borrower, entered into the 2022-2024 Loan Agreement with Guangxi Automobile (the controlling Shareholder of the Company) as lender. It is expected that Wuling Industrial, a non-wholly owned subsidiary of the Company, will continue to act as the centralized department responsible for arranging and executing the financing and treasury functions of its business segments, to ensure adequate funds and working capital are available for the operating and investing activities of the Wuling Industrial Group. The obligations of Wuling Industrial under the 2022-2024 Loan Agreement will be secured by the bills receivables of Wuling Industrial Group.

With reference to the Board Letter, the Loans constitute continuing connected transactions for the Company and is subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Loans (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Loans are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Loans (including the Proposed Annual Caps) at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of (i) the continuing connected transactions of the Company as contained in the Company's circular dated 27 April 2021; (ii) the continuing connected transactions of the Company as contained in the Company's circular dated 9 October 2020; and (iii) the continuing connected transactions of the Company as contained in the Company's circular dated 27 December 2019. Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Loans. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Wuling Industrial, Guangxi Automobile or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Loans. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and the Shareholders will be notified as soon as possible if there is any material changes in our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Information on the Group

With reference to the Board Letter, the Group, including the Wuling Industrial Group, is principally engage in the manufacturing and trading of automotive components, vehicles' power supply systems and commercial vehicles assembly, as well as the trading of raw materials, water and power supply services.

LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2020 and for the six months ended 30 June 2021 as extracted from the annual report of the Group for the year ended 31 December 2020 (the “**2020 Annual Report**”) and interim report for the six months ended 30 June 2021 (the “**2021 Interim Report**”):

	For the six months ended 30 June 2021 RMB'000 (unaudited)	For the year ended 31 December 2020 RMB'000 (audited)	For the year ended 31 December 2019 RMB'000 (audited)	Year on year change %
Total revenue	7,162,782	15,382,213	14,237,305	8.04
— Engines and related parts/vehicle’s power supply systems	1,453,583	3,115,390	2,632,657	18.34
— Automotive components and other industrial services	3,054,930	7,148,068	7,117,211	0.43
— Specialized vehicles/commercial vehicles assembly	2,606,796	5,097,664	4,474,073	13.94
— Others	47,473	21,091	13,364	57.82
Gross profit	493,345	1,209,428	1,172,160	3.18
Loss for the year/period attributable to owners of the Company	(21,015)	(33,403)	(124,026)	(73.07)

As depicted from the above table, the Group recorded total revenue of approximately RMB15.38 billion for the year ended 31 December 2020 (“**FY2020**”), representing an increase of approximately 8.04% as compared to that for the year ended 31 December 2019 (“**FY2019**”). Each of the Group’s segment recorded increase in revenue for FY2020, as compared to those for FY2019.

Revenue from the Group’s automotive components and other industrial services segment amounted to approximately RMB7.15 billion for FY2020 and RMB7.12 billion for FY2019, representing approximately 46.47% and 49.99% of the Group’s total revenue for FY2020 and FY2019 respectively.

There was an improvement in the Group’s gross profit for FY2020 as compared to that FY2019 and the loss for FY2020 attributable to owners of the Company also reduced substantially by approximately 73.07% as compared to that for FY2019. As noted from the 2020 Annual Report, such reduction in loss attributable to owners of the Company was mainly due to reduction in other losses, general and administrative expenses.

LETTER FROM GRAM CAPITAL

For the six months ended 30 June 2021, the Group's total revenue and gross profit improved by approximately 25.47% and 97.35% respectively as compared to those for the corresponding period in 2020. The Group continued to make loss for the six months ended 30 June 2021 attributable to owners of the Company.

As at 30 June 2021, the Group had bank balances and cash; bills receivables at fair value through other comprehensive income; and bank borrowings of approximately RMB1,756.64 million, RMB3,703.98 million and RMB1,590.10 million respectively.

With reference to the 2021 Interim Report, as far as the automotive components and vehicles assembly businesses, the Group persisted with independent innovation, intensified and accelerated product development based on market needs, actively promoted the commercialization of hybrid power systems and the development and the establishment of a new energy logistics vehicle platform, and continuously improved the core competitiveness of its products. In addition, the Group insisted on the normalized management of production safety and pandemic prevention and control, and continuously strengthened quality and cost control to reduce the incidence of quality problems. Through conscientious plans and efforts of the Group, the management is confident that the Group's long term business potential in the automobile industry in the PRC will continue to be strengthened. With the continuous supports from Guangxi Automobile, the Group's ultimate controlling shareholder and joint venture partner, and the customers, the management firmly believe the business prospect of the Group is promising and will bring rewards to the Shareholders.

Information on Wuling Industrial

With reference to the Board Letter, Wuling Industrial, a non-wholly-owned subsidiary of the Company, is currently the principal operating subsidiary of the Group in the business segments of (i) automotive components and other industrial services; and (ii) commercial vehicles assembly (formerly known as "specialized vehicles"), and (iii) vehicles' power supply systems (formerly known as "engines and related parts"). In addition, Wuling Industrial will continue to act as the centralized department responsible for arranging and executing the finance and treasury functions of its business segments.

Information on Guangxi Automobile

With reference to the Board Letter, Guangxi Automobile, is the ultimate controlling Shareholder as at the Latest Practicable Date. Guangxi Automobile is a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會), being the registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Guangxi Automobile, together with its subsidiaries, including the Group, is mainly

LETTER FROM GRAM CAPITAL

engaged in the trading, manufacturing and design of (i) various types of vehicles, primarily passenger coaches and mini-buses, automotive components and accessories; (ii) various types of machinery, moulds and tools for production of automobiles, engines, and other relevant parts; (iii) the provision of related services, including the technical advisory, information, production, after sales services and the supply of power and water services, etc., in relation to the aforementioned products and equipment; and (iv) rental of property and other related services.

Reasons for and benefits of the Loans

According to the Board Letter, taking into account the Loans will provide an alternative source of finance (in addition to the general banking facilities) and that the interest rate is the lowest market interest rate available to Wuling Industrial Group and that the provision of the equivalent amount of bills receivables as collateral for the Loans is a normal term and condition in regard to the similar type of facilities offered in the market, the Directors consider that the 2022-2024 Loan Agreement, together with the transactions in relation to the provision of Loans (including but not limited to the Proposed Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable having considered the current market norm in relation to similar transactions and in the interests of the Company and the Shareholders as a whole.

We noted that (i) the Group's bank and other borrowings amounted to approximately RMB1,676 million as at 31 December 2019, approximately RMB1,456 million as at 31 December 2020 and approximately RMB1,590 million as at 30 June 2021; and (ii) the Group's advances drawn on bills receivables discounted with recourse amounted to approximately RMB3,250 million as at 31 December 2019, approximately RMB3,143 million as at 31 December 2020 and approximately RMB2,717 million as at 30 June 2021. The above indicated that the Group's adoption of advances drawn on bills receivables discounted with recourse as alternative source of finance in addition to bank and other borrowings.

Pursuant to the 2022–2024 Loan Agreement, (i) the interest rate(s) of the Loan(s) shall be the lowest interest rate offered by banks as obtained by Wuling Industrial Group, for similar type of facilities pledged with bills receivables at the time of drawdown.

Having considered the above, we concur with the Directors that the Loans are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the 2022–2024 Loan Agreement

Date:

16 November 2021

Parties:

- (a) Borrower: Wuling Industrial, a non-wholly owned subsidiary of the Company; and
- (b) Lender: Guangxi Automobile, being the controlling Shareholder of the Company and a connected person of the Company under the Listing Rules

Term:

Not more than six months from the date of each drawdown

Availability period:

From 1 January 2022 to 31 December 2024

Types of facilities:

Loans and advances pledged with bills receivables

Security:

The drawdown amount of the Loan will be secured by the same amount of bills receivables of the respective borrowing subsidiary in the Wuling Industrial Group to be assigned to Guangxi Automobile

Interest rate and payment:

The lowest interest rate offered by banks as obtained by Wuling Industrial Group, for similar type of facilities pledged with bills receivables at the time of drawdown. At least three offers would be obtained from the banks for reference before the drawdown of the Loans. The interest rate would be determined by reference to the statutory lending rate of the People's Bank of China applicable to loan with a fixed repayment term of six months from the date of drawdown if Wuling Industrial Group fails to obtain any bank offers. We consider that making reference to the statutory lending rate of the People's Bank of China under such circumstance to be reasonable.

Interest will be accrued on a monthly basis and payment of which will be made by the respective borrowing subsidiary in the Wuling Industrial Group to Guangxi Automobile within 10 days upon presentation of the relevant VAT invoice by Guangxi Automobile.

LETTER FROM GRAM CAPITAL

The Group adopted certain internal control procedures in relation to the Loans (the “**Internal Control Procedures**”), details of which are set out in the section headed “Internal Control Procedures In Relation To The Application And Drawdown Of Loan” of the Board Letter. We consider the effective implementation of the Internal Control Procedures would help to ensure fair determination of the interest rates of the Loans.

We obtained from the Company a list of historical Loans provided by Guangxi Automobile to members of Wuling Industrial Group for each of the two years ended 31 December 2020 and the ten months ended 31 October 2021 and randomly selected three sets of previous individual executed loan contracts entered into between Guangxi Automobile and members of Wuling Industrial Group and respective internal records (in particular, the interest rate charged and its basis). We noted that the aforesaid previous individual executed loan contracts were negotiated and entered into based on the pricing policy above and nothing has come to our attention that causes us to believe that such individual loan contracts did not follow the Internal Control Procedures.

Facility amount:

Depending on the production and operation capital requirements of Wuling Industrial Group, each of the subsidiary in the Wuling Industrial Group can apply for a loan with Guangxi Automobile, subject to the fulfilment of the condition precedent (as appropriate) and the approval of Guangxi Automobile (as the lender) from time to time. Maximum limits of RMB5,800 million, RMB6,700 million and RMB7,500 million respectively for the year ended 31 December 2022, 2023 and 2024 respectively (the “**Maximum Limit(s)**”). The Maximum Limits were determined by reference to the estimated bills receivables of Wuling Industrial Group to be utilized as collateral in 2022, 2023 and 2024. The Maximum Limits form the Proposed Annual Caps in respect of the total facility amount under the 2022–2024 Loan Agreement (the “**Facility Caps**”).

With reference to the Board Letter, the maximum limits were determined after discussion with Guangxi Automobile with reference to (i) the total amount of bills receivables obtain from customers and the amount utilized for bills discounted activities for each of the subsidiary of the Wuling Industrial Group for the two years ended 31 December 2020 and ten months ended 31 October 2021. The total amount of bills receivables obtained from customers by Wuling Industrial Group for the two years ended 31 December 2020 and the ten months ended 31 October 2021 were approximately RMB12,211 million, RMB13,424 million and RMB8,908 million respectively, in which approximately RMB6,007 million, RMB11,948 million and RMB6,485 million were utilized for bills discounted activities with the banks and Guangxi Automobile; (ii) the anticipated increases in the production and operation capital requirements of Wuling Industrial Group as the Wuling Industrial Group has initiated various new projects, including automotive components for new customers and the increasing manufacturing and sales of new energy vehicles (primarily electric vehicles) which have been gradually launched to the market since 2019. It is expected that additional working capital are required by Wuling Industrial Group in the coming years for these new business developments.

LETTER FROM GRAM CAPITAL

For our due diligence purpose, we obtained Wuling Industrial Group's "14th 5-year" (covering 2021–2025) business plan (the "**WI Business Plan**") which set out its products development plan (including automotive components and vehicles); budgeting for business development including products research and development, increase in production capacity; and sales targets. Based on the WI Business Plan, Wuling Industrial Group requires working capital to implement the WI Business Plan and the sales targets from 2021 to 2025 represent year-on-year increases from 13% to 18%.

For our due diligence purpose, we also obtained information of Wuling Industrial Group showing the aforesaid amounts of total amount of bills receivables obtained from customers (and those utilized for bills discounted activities with the banks and Guangxi Automobile) for the two years ended 31 December 2020 and the ten months ended 31 October 2021. Based on the above, we noticed that the proportion of bills discounted activities with the banks and Guangxi Automobile (by way of the Loans) were approximately 59:41 for FY2019, 88:12 for FY2020 and 74:26 for the ten months ended 31 October 2021. The proportions of bills discounted activities with Guangxi Automobile (as compared to the banks) were not high. As advised by the Directors, Wuling Industrial Group determines to conduct bills discounted activities with banks or Guangxi Automobile based on the terms offered and according to Wuling Industrial Group's needs. The proportion of bills discounted activities with Guangxi Automobile (as compared to the banks) may vary from time to time. Should such proportion increase, there will be increase in the utilisation of the Facility Caps.

As advised by the Directors, there is no seasonal factor in relation to bills discounted activities. Based on the amount of bills receivables obtained from customers by Wuling Industrial Group of approximately RMB6,485 million which was utilized for bills discounted activities, the annualized amount of bills receivables obtained from customers by Wuling Industrial Group to be utilized for bills discounted activities is expected to be approximately RMB7,783 million for the year ending 31 December 2021 ("**FY2021**").

Assuming similar level of bills discounted activities for FY2021 and the year ending 31 December 2022 ("**FY2022**"), the Maximum Limit of RMB5,800 million for FY2022 can cover around 75% of the expected bills receivables obtained from customers by Wuling Industrial Group to be utilized for bills discounted activities in FY2022.

The Maximum Limit of RMB6,700 million for the year ending 31 December 2023 ("**FY2023**") represents approximately 16% increase as compared to that for FY2022 and the Maximum Limit of RMB7,500 million for the year ending 31 December 2024 ("**FY2024**") represents approximately 12% increase as compared to that for FY2023.

As aforementioned, the Group's total revenue for the six months ended 30 June 2021 increased by approximately 25.47% as compared to the corresponding period in 2020. Having considered the above and (i) that the amount of bills receivables is affected by the Group's total revenue; (ii) the possible increase in proportion of bills discounted activities with Guangxi Automobile (as compared to the banks); and (iii) Wuling Industrial Group requires working capital to implement the WI Business Plan and Wuling Industrial Group's sales targets from 2021 to 2025 represent year-on-year increases from 13% to 18%, we consider the year-on-year increase in Maximum Limit for FY2023 and FY2024 to be justifiable.

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In light of the above, we consider that the Maximum Limits and the Facility Caps for the three years ending 31 December 2024 are justifiable.

Proposed maximum caps of annual interest:

With reference to the Board Letter, in connection with the interest rate to be charged by and the interest payment to be made to Guangxi Automobile, the Board proposed to adopt maximum caps in respect of the Loans for the three years ending 31 December 2024. Details are summarised below:

	Facility Caps <i>RMB'000</i>	Estimated interest rate per annum	Total interest payment <i>RMB'000</i>	Interest Caps <i>RMB'000</i>
For the year ending				
31 December 2022	5,800,000	3.87%	112,230	123,453
31 December 2023	6,700,000	3.87%	129,645	142,610
31 December 2024	7,500,000	3.87%	145,125	159,638

With reference to the Board Letter, Proposed Annual Caps of the interest payment to be made to Guangxi Automobile in respect of the Loans (the “**Interest Caps**”) were determined by reference to (i) the respective maximum limits of the Loans available to be drawn down by Wuling Industrial Group for each of the year ending 31 December 2022, 2023 and 2024; multiplied by (ii) the historical highest interest rate charged by the bank on advances drawn on bills receivables discounted with recourse during the two years ended 31 December 2020, and the ten months ended 31 October 2021, at (iii) a fixed repayment term of six months from the date of drawdown, plus (iv) a buffer of approximately 10% to account for any unforeseeable circumstances which may give rise to an increase in the interest rate to the charged on advances drawn on bills receivables discounted with recourse.

For our due diligence purpose, we obtained record on historical interest rates charged by banks on advances drawn on bills receivables discounted with recourse during the two years ended 31 December 2020, and the ten months ended 31 October 2021 (which listed out all advances drawn from banks on bills receivables discounted with recourse during the aforesaid period) and noticed from such record that the highest historical interest rate was 3.87%. Pursuant to the 2022–2024 Loan Agreement, the interest rate of the Loan shall be the lowest interest rate offered by banks as obtained by Wuling Industrial Group, for similar type of facilities pledged with bills receivables at the time of drawdown. Accordingly, we consider the adoption of the historical highest interest rate charged by the bank on advances drawn on bills receivables discounted with recourse during the two years ended 31 December 2020, and the ten months ended 31 October 2021, for determining the Interest Caps to be justifiable.

LETTER FROM GRAM CAPITAL

We also noted that the calculation of the Interest Caps was consistent with the basis of determining the Interest Caps as set out above.

Having considered the above, we consider the Proposed Annual Caps (including the Facility Caps and the Interest Caps) to be fair and reasonable.

Shareholders should note that as the Proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of drawdown amount or interest payment to be incurred from the Loans. Consequently, we express no opinion as to how closely the actual drawdown amount and the interest payment under the Loans will correspond with the Proposed Annual Caps.

Taking into account the above, we are of the view that the terms of the Loans are on normal commercial terms and are fair and reasonable.

Listing Rules implication

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

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

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Loans are on normal commercial terms and are fair and reasonable; and (ii) the Loans are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Loans (including the Proposed Annual Caps) and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(i) Directors and chief executive of the Company

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

Long Position

Name of Director	Capacity	Number of Shares held	Approximate % of the total number of Shares in issue*
Mr. Lee Shing	Interest in controlled corporation (<i>Note</i>)	356,622,914	10.81%
	Beneficial owner	4,636,350	0.14%
	Interest held by spouse	<u>2,472,720</u>	<u>0.08%</u>
	Sub-total	<u>363,731,984</u>	<u>11.03%</u>
Mr. Yuan Zhijun	Beneficial owner	<u>3,000,000</u>	<u>0.09%</u>
Mr. Ye Xiang	Beneficial owner	<u>1,030,300</u>	<u>0.03%</u>
Mr. Wei Mingfeng	Beneficial owner	<u>270,000</u>	<u>0.01%</u>

Note: This represents the Shares held by Dragon Hill Development Limited (“**Dragon Hill**”), a company wholly-owned by Mr. Lee Shing.

* The percentages above have been rounded up (if any) based on a total of 3,298,161,332 Shares in issue as at the Latest Practicable Date.

(ii) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as it was known to the Directors and chief executive of the Company, no other persons had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO, or who (other than a member of the Group) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long Position

Name of shareholder	Capacity	Nature of interest	Number of Shares held	Approximate % of the total number of Shares in issue*
Dragon Hill (<i>Note 1</i>)	Beneficial owner	Corporate	<u>356,622,914</u>	<u>10.81%</u>
Mr. Lee Shing	Interest in controlled corporation (<i>Note 1</i>)	Corporate	356,622,914	10.81%
	Beneficial owner (<i>Note 2</i>)	Personal	4,636,350	0.14%
	Interest held by spouse (<i>Note 2</i>)	Family	2,472,720	0.08%
	Sub-total		<u>363,731,984</u>	<u>11.03%</u>
Wuling (Hong Kong) Holdings Limited (“ Wuling HK ”) (<i>Note 3</i>)	Beneficial owner	Corporate	1,864,698,780	56.54%
Wuling Motors (Hong Kong) Company Limited (“ Wuling Motors ”) (<i>Note 3</i>)	Interest in controlled corporation	Corporate	1,864,698,780	56.54%
Guangxi Automobile Holdings Limited (“ Guangxi Automobile ”) (<i>Note 3</i>)	Interest in controlled corporation	Corporate	1,864,698,780	56.54%

Notes:

- (1) Mr. Lee Shing, an executive Director is beneficially interested in 356,622,914 Shares, which interests are held by Dragon Hill, a company wholly-owned by Mr. Lee Shing. This parcel of Shares has also been disclosed as long position of Mr. Lee under the above section. Mr. Lee Shing is also the sole director of Dragon Hill.
- (2) These represent the Shares held by Mr. Lee Shing and his spouse as beneficial owners, respectively.
- (3) The entire issued share capital of Wuling HK is currently held by Wuling Motors, whereas the entire issued share capital of Wuling Motors is currently held by Guangxi Automobile. Accordingly, Wuling Motors and Guangxi Automobile are deemed to be interested in the Shares in which Wuling HK is interested under the SFO. 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.

Save for as disclosed above, none of Directors is also a director nor employee of any substantial shareholder of the Company.

* The percentages above have been rounded up (if any) based on a total of 3,298,161,332 Shares in issue as at the Latest Practicable Date.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

In addition to the 2022–2024 Loan Agreement entered into between Wuling Industrial and Guangxi Automobile, details of which were fully disclosed in this circular, the Company and its subsidiaries entered into the following contracts or arrangements which are subsisting and significant in relation to the business to the Group:

- (a) On 23 November 2018, Wuling Industrial, as borrower and Guangxi Automobile as lender, entered into a loan agreement for a loan in a maximum amount (calculated as the aggregate amount of drawdowns) of RMB3,000,000,000, RMB3,300,000,000 and RMB3,600,000,000 respectively for the year ending 31 December 2019, 2020 and 2021 with each drawdown for a term of not more than six (6) months from the date of each drawdown granted by Guangxi Automobile to Wuling Industrial. On the same day, Wuling Liuji, as borrower and Guangxi Automobile as lender, entered into a loan agreement for a loan in a maximum amount (calculated as the aggregate amount of drawdowns) of RMB1,600,000,000, RMB1,800,000,000 and RMB2,000,000,000 respectively for the year ending 31 December 2019, 2020 and 2021 with each drawdown for a term of not more than six (6) months from the date of each drawdown granted by Guangxi Automobile to Wuling Liuji (collectively, the

“**Loan Agreements**”). Details of the Loan Agreements were fully described in the Company’s announcement dated 23 November 2018 and the Company’s circular dated 2 January 2019.

- (b) On 7 December 2018, Wuling Industrial, as tenant, and Guangxi Automobile, as landlord, entered into a master tenancy agreement in respect of, among others, the lease of properties situated in Liuzhou, the PRC, for a term of three years commencing from 1 January 2019 and expiring on 31 December 2021 (the “**Master Tenancy Agreement**”). Details of the Master Tenancy Agreement were fully described in the Company’s announcement dated 7 December 2018 and the Company’s circular dated 14 January 2019.
- (c) On 26 April 2019, Wuling Industrial and Shanghai Yipu Automatic Equipment Co., Limited* (上海詣譜自動化裝備有限公司) (“**Shanghai Yipu**”) entered into an equipment purchase framework agreement (the “**Shanghai Yipu Equipment Purchase Framework Agreement**”) in relation to any purchase of equipment and/or production line/toolings by the Wuling Industrial Group from Shanghai Yipu as well as the modification and/or upgrade of the existing equipment and/or production line/toolings to be undertaken by the Wuling Industrial Group and such other transactions to meet the actual needs of the Wuling Industrial Group (such as after-sale services, installations and testings) pursuant to the Shanghai Yipu Equipment Purchase Framework Agreement and the relevant specific sale and purchase agreements for the period commencing from the 27 June 2019 to 31 December 2021. Details of the Shanghai Yipu Equipment Purchase Framework Agreement were fully described in the Company’s announcement dated 26 April 2019 and the Company’s circular dated 30 May 2019.
- (d) On 22 November 2019, Wuling Industrial and Guangxi Automobile entered into the 2020–2022 Master Agreement in relation to the continuing connected transactions of the Group to be carried out between the Wuling Industrial Group and the Guangxi Automobile Group, including the Sale Transactions (being the GL Sale Transactions, the GB Sale Transactions, the WS Sale Transactions and the WAT Sale Transactions), the Purchase (Materials and Parts) Transactions (being the GL Purchase Transactions, the WS Purchase Transactions and the GXGY Purchase Transactions), the Purchase (Finished Products) Transactions (being the GB Purchase Transactions) and the Utility Supply Transactions (being the GL Utility Supply Transactions and the WRE Utility Supply Transactions) for the term of three years from 1 January 2020 to 31 December 2022. Details of the 2020–2022 Master Agreement were fully described in the Company’s announcement dated 22 November 2019 and the Company’s circular dated 27 December 2019.
- (e) On 29 December 2019, Wuling Industrial and Liuzhou Zhuotong Automotive Parts and Components Company Limited* (柳州卓通汽車部件有限公司) (“**Liuzhou Zhuotong**”), both being subsidiaries of the Company and in the capacity as vendors, and Liuzhou AAM Automotive Driveline System Co., Ltd.* (柳州美橋汽車傳動系統有限公司) (the “**JV Company**”), as purchaser, entered into a sale and purchase agreement (the “**Assets Sale and Purchase Agreement**”), pursuant to

which the parties have conditionally agreed to the sale and purchase of the WL Assets (comprising 4 sets of machinery, 361 sets of station appliances and 1 set of IT equipment) and the LZ Assets (comprising 36 sets of machinery and 6 sets of IT equipment), collectively as the “**Assets**”. The Assets shall then be employed by the JV Company to carry out the business in developing, manufacturing and selling independent rear drive axles assembly, prop shafts, Salisbury drive axles (including drive axles assembly), passenger vehicle e-drive units of new energy vehicles and other driveline components for motor vehicles. Details of the Assets Sale and Purchase Agreement were fully described in the Company’s announcement dated 29 December 2019.

- (f) On 28 April 2020, Wuling Industrial and Wuling Auto Tech, a wholly-owned subsidiary of Guangxi Automobile, entered into an equipment purchase framework agreement (the “**Wuling Auto Tech Equipment Purchase Framework Agreement**”) in relation to any purchase of equipment, machineries and/or toolings by the Wuling Industrial Group from Wuling Auto Tech and such other transactions to meet the actual needs of the Wuling Industrial Group pursuant to the terms of the Wuling Auto Tech Equipment Purchase Framework Agreement and any other sale and purchase agreement(s) to be entered into between the Wuling Industrial Group (as purchaser) and Wuling Auto Tech (as vendor) in the event that Wuling Auto Tech is selected as successful bidder of tender(s) published by the Wuling Industrial Group for supply of equipment, machineries and/or toolings to the Wuling Industrial Group commencing from 28 April 2020 to 31 December 2020. Details of the Wuling Auto Tech Equipment Purchase Framework Agreement were fully described in the Company’s announcement dated 28 April 2020.
- (g) the Supplemental Agreement entered into between Wuling Industrial and Guangxi Automobile on 7 September 2020 to amend certain terms of the 2020–2022 Master Agreement and to adopt New Annual Caps for the GX Purchase Transactions, from which the annual caps for the Purchase (Materials and Parts) Transactions were increased by RMB106,000,000, RMB298,000,000 and RMB384,000,000 for the three years ending 31 December 2020, 2021 and 2022, respectively to RMB273,600,000, RMB486,200,000 and RMB617,300,000 for the three years ending 31 December 2020, 2021 and 2022, respectively. Details of the Supplemental Agreement were disclosed in the Company’s announcement dated 7 September 2020 and the Company’s circular dated 9 October 2020.
- (h) On 19 February 2021, the Company and Wuling Industrial, entered into a loan agreement, pursuant to which the Company agreed to make available to Wuling Industrial the loan in principal amount of RMB250,000,000 (equivalent to approximately HK\$300,000,000) at an interest rate of 2.5% per annum, for a term of one (1) year from the drawdown date, with an option to the Company (subject to conditions and exercisable at the discretion of the Company) to convert the loan into equity interest in Wuling Industrial. Details of the loan agreement were fully described in the Company’s announcement dated 17 February 2021.

- (i) the Second Supplemental Agreement dated 18 March 2021 entered into between Wuling Industrial and Guangxi Automobile to amend certain terms of the 2020–2022 Master Agreement and to revise the annual Caps for the aggregate Sale Transactions, which include the annual Caps for GL Sale Transactions, and WS Sale Transactions and hence revision of the aggregate annual caps for the Sale Transactions for the two years ending 31 December 2021 and 2022. Details of the Second Supplemental Agreement were disclosed in the Company’s announcement dated 18 March 2021 and the Company’s circular dated 26 April 2021.
- (j) the equipment purchase framework agreement dated 13 May 2021 entered between Wuling Industrial and Wuling Auto Tech to amend certain terms of the 2020 Equipment Purchase Framework Agreement and to revise the annual Caps for the equipment purchase transactions. Details of the equipment purchase framework agreement were disclosed in the Company’s announcement dated 13 May 2021.

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 senior executive of Guangxi Automobile. Mr. Yang Jianyong is also currently a director of 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 2020 (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 上汽通用五菱汽車股份有限公司 (SAIC-GM-Wuling Automobile Co., Limited*) (“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 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. CONSENT AND QUALIFICATION OF EXPERT

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

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

As at the Latest Practicable Date, Gram Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2020, being the date to which the latest published consolidated audited financial statements of the Group were made up.

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

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.wuling.com.hk>) from the date of this circular up to and including 14 days (except public holidays):

- (a) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of this circular;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (c) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from Gram Capital” of this circular;
- (d) the written consent from Gram Capital referred to in the section headed “6. Consent and Qualification of Expert” in this appendix;
- (e) the 2019–2021 Loan Agreements;
- (f) the 2022–2024 Loan Agreement; and
- (g) this circular.

NOTICE OF THE SGM



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

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

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wuling Motors Holdings Limited (the “Company”) will be held at Unit 1901, 19/F., Beautiful Group Tower, 77 Connaught Road Central, Hong Kong on Wednesday, 12 January 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

Words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular of the Company dated 21 December 2021 (the “Circular”).

“THAT:

- (a) the 2022–2024 Loan Agreement (copy of which have been tabled at the meeting and signed by the chairman of the meeting for identification purpose), in relation to the terms of the 2022–2024 Loan Agreement, together with the transaction in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps) be and are hereby approved, ratified and confirmed;
- (b) the Directors be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors in their discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the 2022–2024 Loan Agreement, together with the transaction in relation to the provision of the Loans (including but not limited to the Proposed Annual Caps) and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided under 2022–2024 Loan Agreement) as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 21 December 2021

NOTICE OF THE SGM

Notes:

- (1) Any member of the Company entitled to attend and vote at the above meeting convened by this notice is entitled to appoint one or, if he/she is the holder of two or more shares of the Company, more than one proxy to attend and vote his/her stead. A proxy need not be a shareholder of the Company.
- (2) Where there are joint holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the registers of members of the Company in respect of such share will alone be entitled to vote in respect thereof.
- (3) The register of members of the Company will be closed from Friday, 7 January 2022 to Wednesday, 12 January 2022 (both dates inclusive), for the purpose of determining the Shareholders' eligibility to attend and vote at the SGM and during which period no transfer of the Shares 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 6 January 2022.
- (4) 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).
- (5) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of authority must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) All resolutions 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.
- (7) In view of the travelling restrictions imposed by various jurisdictions including Hong Kong to prevent the spread of the COVID-19, certain Director(s) may attend the SGM through telephone/video conference or similar electronic means.
- (8) Shareholders are advised to read the Circular which contains information concerning the resolutions to be proposed in this notice.

NOTICE OF THE SGM

PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE SGM

The holding of the SGM in order to comply with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the bye-laws of the Company could potentially create a significant risk in terms of the spread of the coronavirus (COVID-19) because of large crowds coming together.

To reduce the risk of spreading the COVID-19 and for the health and safety of the attendees of the SGM, the Company wishes to remind the Shareholders and their proxies as follows:

No attendance

Those individual Shareholders who have any symptoms of upper respiratory system diseases or are under any quarantine requirements are advised not to attend the SGM in person.

Not later than 48 hours before the time of the SGM

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish. Shareholders may appoint the chairman of the SGM to attend and vote on their behalf by completing and depositing the forms of proxy enclosed with the circular with the Company's Hong Kong branch share registrar below:

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

At the venue of the SGM

Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the SGM with a view to addressing the risk to attendees of infection, including without limitation: (i) all attendees being required to (a) undergo compulsory body temperature check; (b) complete a health declaration (a copy of the form is enclosed with this circular), which may be used for contact tracing, if required; and (c) wear surgical masks prior to admission to the SGM venue; (ii) attendees who are subject to health quarantine prescribed by the HK Government not being admitted to the SGM venue; (iii) all attendees being required to wear surgical masks throughout the SGM; (iv) each attendee being assigned a designated seat at the time of registration to ensure social distancing; (v) no refreshment packs or coffee/tea being provided; and (vi) the management will be available either in person or through video conference facilities to host the SGM and answer questions from Shareholders.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM.

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



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)
(於百慕達註冊成立之有限公司) (股份代號 Stock Code : 305)

將於二零二二年一月十二日召開之股東特別大會(「股東特別大會」) SPECIAL GENERAL MEETING TO BE HELD ON 12 JANUARY 2022 (“SGM”) 健康申報表 HEALTH DECLARATION FORM

經考慮近期冠狀病毒 (COVID-19) 的爆發情況，本公司將於股東特別大會實施防疫措施及特別安排旨在針對出席人士受感染的風險。敬請閣下如實填寫以下表格，並交回於股東特別大會股東登記櫃檯的工作人員。

Considering the recent outbreak of the coronavirus (COVID-19), the Company will implement precautionary measures and special arrangements at the SGM with a view to addressing the risk to attendees of infection. **Please complete this form to the best of your knowledge and return it to the staff at the registration counters at the SGM venue.**

如閣下(i)出現甲部所列出的任何一項症狀或(ii)於乙部的任何問題的回答為「是」，閣下可能不會獲准進入股東特別大會會場。

If (i) you have any of the symptoms as set out in Part A, or (ii) your answer to any of the questions under Part B is “YES”, you may not be admitted to the SGM venue.

甲部 Part A (請圈選適用的症狀 Please circle as appropriate)

閣下是否有以下任何症狀？Do you have any of the following symptoms?		
發燒 Fever	咽喉痛 Sore Throat	氣促 Shortness of Breath
咳嗽 Cough	呼吸困難 Breathing Difficulty	

乙部 Part B (請圈選適用的答案 Please circle as appropriate)

在過去14日內，In the past 14 days,		
(i) 閣下曾否到訪香港以外地方？ Did you travel outside Hong Kong?	是 Yes	否 No
(ii) 閣下是否曾經或現正接受香港衛生署的強制檢疫或醫學監察安排？ Have you ever been under compulsory quarantine or medical surveillance order by the Department of Health of Hong Kong?	是 Yes	否 No
(iii) 閣下是否與COVID-19的確診者及／或疑似確診者曾有或現有密切接觸的人士#？ Have you ever been in close contact# with confirmed case(s) and/or probable case(s) of COVID-19 patient(s)?	是 Yes	否 No
(iv) 閣下是否曾經或現在與正在接受家居檢疫的人士同住？ Have you ever lived with any person under home quarantine?	是 Yes	否 No

指從(a)疑似病例或確診病例症狀出現前2天開始；或(b)無症狀感染者標本採樣前2天開始，未採取有效防護與其有近距離接觸的人士。
Refers to any person who has not taken effective protection and has been in close contact with (a) probable case(s) or confirmed case(s) 2 days before the symptoms onset; or (b) asymptomatic infected person(s) 2 days before the sampling.

本人聲明以上申報內容全部屬實。I declare that all the above information is true.

姓名：
Name in full: _____

簽名：_____
Signature: _____

日期：_____
Date: _____

收集個人資料聲明：閣下須提供在此表格中收集的所有資料，以用於本公司預防傳染病發生或傳播相關之工作。若閣下未能提供所有資料，本公司將無法評估閣下是否適合出席股東特別大會，而閣下將可能不會獲准進入股東特別大會會場。所有資料只會在閣下同意或在《個人資料(私隱)條例》允許的情況下，向其他人士或機構作出披露。所有收集的資料將在股東特別大會結束後21天內銷毀。有關存取及／或更正相關個人資料的要求可按照《個人資料(私隱)條例》條文提出，而有關要求均須以書面形式郵寄至本公司／卓佳登捷時有限公司。

Personal Information Collection Statement: Your supply of all information collected in this form is required for the purpose of the Company's prevention of the occurrence or spread of Infectious Diseases. If you fail to provide the information, the Company will not be able to assess your suitability to attend the SGM and you may not be granted access to the SGM venue. The information will only be disclosed to other parties or authorities with your consent or where it is permitted under the Personal Data (Privacy) Ordinance. All information collected will be destroyed in 21 days after the SGM. Request for access to and/or correction of the relevant personal data can be made in accordance with the provisions of the Personal Data (Privacy) Ordinance and any such request should be in writing by mail to the Company/Tricor Tengis Limited.