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Dragon Hill Wuling Automobile Holdings Limited
(俊山五菱汽車集團有限公司*)

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

**REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS –
GB TRADING TRANSACTIONS
AND
ENTERING INTO NEW CONTINUING CONNECTED TRANSACTIONS –
WE SALE TRANSACTIONS AND
PROVISIONS OF GL WATER AND POWER SUPPLY SERVICES**

REVISED ANNUAL CAPS OF GB TRADING TRANSACTIONS

Reference is made to the July Announcement. Due to an increase in the sale volume of Guilin Bus, it is expected that the existing annual cap for the GB Sale Transactions will not be sufficient for the year ending 31 December 2008. As a result, on 15 October 2008, Wuling Industrial and Guilin Bus entered into the Revised GB Trading Agreement, which governs the GB Trading Transactions (the sales of parts and raw materials to and purchases of passenger mini-buses from Guilin Bus by the Wuling Industrial Group) for the three years ending 31 December 2010, to replace the GB Trading Agreement. Pursuant to the Revised GB Trading Agreement, the annual cap for the GB Sale Transactions is increased from RMB22 million (equivalent to approximately HK\$25 million) to RMB30 million (equivalent to approximately HK\$34 million) for the year ending 31 December 2008. It is further proposed that the terms of the GB Trading Agreement be extended to the year ending 31 December 2010.

As two of the applicable percentage ratios for the Revised GB Trading Agreement on an annual basis exceed 2.5% and each of the revised and new annual caps of the GB Trading Transactions is more than HK\$10 million, accordingly the GB Trading Transactions contemplated under the Revised GB Trading Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the Independent Shareholders' approval under Rules 14A.48 to 14A.54 of the Listing Rules at the Company's general meeting and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 to 14A.41 of the Listing Rules.

* For identification purpose only

WE SALE TRANSACTIONS

On 15 October 2008, Wuling Industrial and Wuling Export entered into the WE Sale Agreement in relation to the WE Sale Transactions (the sales of cars, engines and parts by Wuling Industrial Group to Wuling Export for export purpose) for the year ending 31 December 2008.

As all of the applicable percentage ratios for the WE Sale Agreement on an annual basis exceed 0.1% but are less than 2.5% and the annual cap of the WE Sale Transactions is more than HK\$1 million, the WE Sale Transactions contemplated in the WE Sale Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the Independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

GL WATER AND POWER SUPPLY SERVICES

On 15 October 2008, Wuling Industrial and Guangling entered into the GL Supply Agreement, which governs the GL Water and Power Supply Services (the provision of water and power supply services by Wuling Industrial Group to Guangling) for the year ending 31 December 2008.

As one of the applicable percentage ratios for the GL Supply Agreement on an annual basis exceeds 0.1% but is less than 2.5% and the annual cap under the GL Supply Agreement is more than HK\$1 million, accordingly the GL Water and Power Supply Services contemplated in the GL Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the Independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

GENERAL

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Revised GB Trading Agreement. Liuzhou Wuling and its associates will abstain from voting at the SGM.

Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors) and the Independent Shareholders to consider the terms of the Revised GB Trading Agreement. The Circular containing, inter alia, details of the Revised GB Trading Agreement and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities in relation to the Revised GB Trading Agreement will be despatched to the Shareholders as soon as possible.

THE REVISED GB TRADING AGREEMENT

Reference is made to the July Announcement in relation to, among others, the GB Trading Agreement. Pursuant to the GB Trading Agreement, the existing annual caps for the GB Sale Transactions and the GB Purchase Transactions are RMB22 million (equivalent to approximately HK\$25 million) for the year ending 31 December 2008 respectively. Due to an increase in the sale volume of Guilin Bus (an associate of Liuzhou Wuling), the Directors anticipate that the existing annual caps under the GB Trading Agreement will not be sufficient. As a result, on 15 October 2008, the Directors announce that Wuling Industrial and Guilin Bus entered into the Revised GB Trading Agreement in relation to the GB Trading Transactions (the sales of parts and raw materials to and purchases of passenger mini-buses from Guilin Bus by Wuling Industrial Group for the year ending 31 December 2008) for the three years ending 31 December 2010. Pursuant to the Revised GB Trading Agreement, the parties thereto have conditionally agreed that,

- (1) the annual cap for the GB Sale Transactions is increased from RMB22 million (equivalent to approximately HK\$25 million) to RMB30 million (equivalent to approximately HK\$34 million) for the year ending 31 December 2008;
- (2) the annual cap for the GB Purchase Transactions is remained unchanged as RMB22 million (equivalent to approximately HK\$25 million) for the year ending 31 December 2008;
- (3) the terms of the GB Trading Agreement is extended to the year ending 31 December 2010;
- (4) the annual caps for the GB Sale Transactions are RMB77 million and RMB110 million respectively (equivalent to approximately HK\$87 million and HK\$125 million respectively) for the years ending 31 December 2009 and 2010; and
- (5) the annual caps for the GB Purchase Transactions are RMB35 million and RMB70 million respectively (equivalent to approximately HK\$40 million and HK\$79 million respectively) for the years ending 31 December 2009 and 2010.

Save for (i) the revision to the annual cap for the year ending 31 December 2008, (ii) the setting of the annual caps for the years ending 31 December 2009 and 2010, and (iii) the condition to obtain Independent Shareholders' approval at the SGM, all other terms and conditions of the Revised GB Trading Agreement remain unchanged.

The Directors confirm that they will closely monitor the GB Sales Transactions and the existing annual cap of RMB22 million (equivalent to approximately HK\$25 million) for such transactions will not be exceeded before the approval of the Independent Shareholders is sought at the SGM in respect of the Revised GB Trading Agreement.

It was also set out in the Revised GB Trading Agreement that Wuling Industrial and Guilin Bus have agreed that:

- a. each GB Trading Transactions will be conducted (i) in the ordinary and usual course of the business of the Group; (ii) on an arm's length basis; and (iii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms to the Group no less favourable than terms available to or from (as appropriate) Independent Third Parties;
- b. the GB Trading Transactions 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 the GB Trading Transactions, will be set out in the Company's next annual report following the occurrence of the relevant GB Trading Transactions; and
- c. Guilin Bus will provide its relevant records for the auditors of the Company and Wuling Industrial during their course of review of the GB Trading Transactions.

Revised Annual Caps For The Year Ending 31 December 2008 and The New Annual Caps For The Years Ending 31 December 2009 and 2010

Set out below is a summary of the GB Trading Transactions which took place during each of the years ended 31 December 2006 and 2007 between the Group (through Wuling Industrial Group) and Guilin Bus and the proposed revised and new annual caps in respect of the Revised GB Trading Agreement for each of the years ending 31 December 2008, 2009 and 2010:

GB Sale Transactions

	Year ended		Eight months	Proposed annual cap for		
	31 December	31 December	ended	the year ending 31 December		
	2006	2007	31 August	2008	2009	2010
			2008			
RMB'000	200	1,400	17,350	30,000	77,000	110,000
(equivalent to HK\$'000)	227	1,588	19,682	34,033	87,351	124,787
% of increment	-	-	-	20.43 times	157%	43%

GB Purchase Transactions

	Year ended		Eight months	Proposed annual cap for		
	31 December	31 December	ended	the year ending 31 December		
	2006	2007	31 August	2008	2009	2010
			2008			
RMB'000	-	-	10,732	22,000	35,000	70,000
(equivalent to HK\$'000)	-	-	12,175	24,957	39,705	79,410
% of increment	-	-	-	N/A	59%	100%

The basis of the above annual caps are determined with reference to a revised business plan formulated between Wuling Industrial and Guilin Bus in relation to a new model passenger mini-buses recently launched in the market, whereby Guilin Bus would like to source key components from the Wuling Industrial Group for its production of a new model passenger mini-buses, while the Wuling Industrial Group would also like to act as a sale agent of such new model passenger mini-buses of Guilin Bus. The amounts of the above annual caps are calculated based on (a) the estimated number of vehicles planned to be produced and/or sold by Guilin Bus in the stated period of the Revised GB Trading Agreement; (b) the historical amounts of the GB Purchase Transactions and the GB Sale Transactions during the eight months ended 31 August 2008 (amounted to approximately RMB10.7 million (equivalent to approximately HK\$12.2 million) and RMB17.4 million (equivalent to approximately HK\$19.7 million) respectively); and (c) a contingent buffer of approximately 10% provided for the unanticipated fluctuations in the price of raw materials in the years ending 31 December 2009 and 2010.

Reasons for the Revised GB Trading Agreement

Guilin Bus is principally engaged in manufacturing and trading of vehicles, primarily passenger coaches and buses. Liuzhou Wuling is beneficially interested in 50% of the equity interest of Guilin Bus.

The Group, including Wuling Industrial Group, is principally engaged in the business of manufacturing and trading of engines, automotive components and specialized vehicles in the PRC as well as the procurement services of raw materials, water and power supply. In order to enrich its product portfolio for the purpose of further developing and expanding its business, the Group, through Wuling Industrial Group, would like to supply the parts and raw materials to Guilin Bus for its production of a new model passenger mini-buses, and to further act as a sale agent of such new model passenger mini-buses of Guilin Bus.

An initial business plan was formulated between Guilin Bus and Wuling Industrial in relation to the execution of GB Trading Agreement in which the GB Sale Transactions was calculated based on a production forecast provided by Guilin Bus, in particular for the number of the new model passenger mini-buses expected to be ordered by the customers (including Wuling Industrial Group) for the year ending 31 December 2008. Recently, due to an increase in the orders from the customers (excluding Wuling Industrial Group) which amounted to approximately 25% of the original forecast and the increase of the automotive components and accessories planned to be sourced from Wuling Industrial Group, Guilin Bus amended the forecast and formulated a revised business plan with Wuling Industrial.

In addition, in view of the successful launch of the new model passenger mini-buses in the market since May 2008, Guilin Bus is confident on the continuous growth in business in the coming years. As a result, the revised business plan between Guilin Bus and Wuling Industrial was being extended to cover the three years ending 31 December 2010. Based on the revised business plan, it is estimated the number of production of the new model passenger mini-buses will be increased by approximately 100% and 33% respectively for the years ending 31 December 2009 and 2010.

On the other hand, as a sale agent of the new model passenger mini-buses, Wuling Industrial anticipates that the purchases of such mini-buses from Guilin Bus for the year ending 31 December 2008 is remained unchanged, the GB Purchase Transactions as stipulated under the GB Trading Agreement was not amended under the Revised GB Trading Agreement. However, in view of the favourable market response to the new model passenger mini-buses, Wuling Industrial expects the sales of such mini-buses will continue to grow and therefore extends the business plan for the GB Purchase Transactions to cover the three years ending 31 December 2010. Based on the revised business plan, it is estimated the number of the new model passenger minibuses to be purchased from Guilin Bus will be increased by approximately 67% and 100% respectively for the years ending 31 December 2009 and 2010.

The Directors, other than the independent non-executive Directors, who will express their opinion in a separate letter to be included in the Circular, consider that the GB Trading Transactions will be conducted in the ordinary and usual course of the business of the Group. In addition, each GB Trading Transaction will be negotiated on an arm's length basis and will be conducted on normal commercial terms or on terms to the Group no less favourable than those available to or from (as appropriate) Independent Third Parties. Therefore, the Directors, other than the independent non-executive Directors, consider that the terms, including the annual caps, of the GB Trading Transactions are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

THE WE SALE AGREEMENT

The Directors further announced that on 15 October 2008, Wuling Industrial and Wuling Export (a wholly owned subsidiary of Liuzhou Wuling) entered into the WE Sale Agreement in relation to the WE Sale Transactions (the sales of cars, engines and parts by Wuling Industrial Group to Wuling Export for export purpose) for the year ending 31 December 2008. Pursuant to the WE Sale Agreement, the parties thereto have agreed that during the year ending 31 December 2008, the maximum aggregate value for the WE Sale Transactions shall be RMB10 million (equivalent to approximately HK\$11 million).

It was also set out in the WE Sale Agreement that Wuling Industrial and Wuling Export have agreed that:

- a. each WE Sale Transactions will be conducted (i) in the ordinary and usual course of the business of the Group; (ii) on an arm's length basis; and (iii) either on normal commercial terms or, if there are no sufficient comparable services to judge whether they are on normal commercial terms, on terms to the Group no less favourable than terms available to Independent Third Parties;
- b. the WE Sale Transactions 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 the WE Sale Transactions, will be set out in the Company's next annual report following the occurrence of the relevant WE Sale Transactions; and
- c. Wuling Export will provide its relevant records for the auditors of the Company and Wuling Industrial during their course of review of the WE Sale Transactions.

Annual Cap

The Company would now like to enter into the WE Sale Transactions for the year ending 31 December 2008 with an annual cap of RMB10 million (equivalent to approximately HK\$11 million).

The Group did not enter into any exporting business prior to the WE Sale Transactions.

The basis of the above annual cap is determined with reference to the expected exporting sales of Wuling Industrial Group for the year ended 31 December 2008, which consists primarily the export of certain number of specialized vehicles which have been ordered through Wuling Export and will take place before end of the year 2008.

Reasons for the WE Sale Agreement

Wuling Export is principally engaged in the export and import of various types of merchandises and technical know-how. Liuzhou Wuling is beneficially interested in 100% of the equity interest of Wuling Export.

The Group, including Wuling Industrial Group, is principally engaged in the business of manufacturing and trading of engines, automotive components and specialized vehicles in the PRC as well as the procurement services of raw materials, water and power supply. In order to promote its products to overseas market, the Group would like to engage Wuling Export as an export agent of its cars, engines and parts.

The Directors, including the independent non-executive Directors, consider that the WE Sale Transactions will be conducted in the ordinary and usual course of the business of the Group. In addition, each WE Sale Transaction will be negotiated on an arm's length basis and will be conducted on normal commercial terms or on terms to the Group no less favourable than those available to Independent Third Parties. Therefore, the Directors, including the independent non-executive Directors, consider that the terms, including the annual cap, of the WE Sale Transactions are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

THE GL SUPPLY AGREEMENT

The Directors announce that on 15 October 2008, Wuling Industrial (a subsidiary of the Company) and Guangling (an associate of Liuzhou Wuling) entered into the GL Supply Agreement in relation to the GL Water and Power Supply Services (the provision of water and power supply services by Wuling Industrial Group to Guangling) for the year ending 31 December 2008. Pursuant to the GL Supply Agreement, the parties thereto have agreed that during the year ending 31 December 2008, the maximum aggregate value of the GL Water and Power Supply Services shall be RMB1.3 million (equivalent to approximately HK\$1.5 million).

It was also set out in the GL Supply Agreement that Wuling Industrial and Guangling have agreed that:

- a. each GL Water and Power Supply Services will be conducted (i) in the ordinary and usual course of the business of the Group; (ii) on an arm's length basis; and (iii) either on normal commercial terms or, if there are no sufficient comparable services to judge whether they are on normal commercial terms, on terms to the Group no less favourable than terms available to Independent Third Parties;
- b. the GL Water and Power Supply Services 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 the GL Water and Power Supply Services, will be set out in the Company's next annual report following the occurrence of the relevant GL Water and Power Supply Services; and
- c. Guangling will provide its relevant records for the auditors of the Company and Wuling Industrial during their course of review of the GL Water and Power Supply Services.

Annual Cap

It is proposed that the annual cap in respect of the GL Water and Power Supply Services for the year ending 31 December 2008 is RMB 1.3 million (equivalent to approximately HK\$1.5 million. During the year ended 31 December 2007 (the first year Wuling Industrial commenced this particular business activity) and the eight months ended 31 August 2008, the GL Water and Power Supply Services provided by the Group (through Wuling Industrial Group) to Guangling amounted to approximately RMB352,000 and RMB765,000 respectively (equivalent to approximately HK\$399,000 and HK\$868,000 respectively).

The basis of the above annual cap is determined with reference to (a) the historical amounts of the GL Water and Power Supply Services during the year ended 31 December 2007 and the eight months ended 31 August 2008; and (b) the expected increase in production volume of Guangling for the year ending 31 December 2008.

Reasons for the GL Supply Agreement

Guangling is principally engaged in (i) trading and manufacturing and sale of mould tools and parts, including the pressing moulds and pressing parts for automotive components and other related products; and (ii) provision of maintenance service on related equipment and facilities. Liuzhou Wuling, a Substantial Shareholder, is beneficially interested in 50% of the equity interest of Guangling.

Wuling Industrial Group, the principal subsidiaries of the Group, is principally engaged in the business of manufacturing and trading of engines, automotive components and specialized vehicles in the PRC as well as the procurement services of raw materials, water and power supply.

Besides acting as the holding company, Wuling Industrial itself also provides centralized procurement services to its group companies, customers and suppliers for the supply of raw materials, water and power. This centralized procurement mechanism strengthens the business relationships among the entities and enhances the efficiency and productivity of the entities' operations through the benefits of bulk purchases and scale operations. As a supplier to Wuling Industrial Group, Guangling also participates in and enjoy the benefits from this centralized procurement mechanism.

The Directors, including the independent non-executive Directors, consider the GL Water and Power Supply Services will be negotiated on an arm's length basis and will be provided on normal commercial terms or on terms to the Group no less favourable than those available to Independent Third Parties. Therefore, the Directors, including the independent non-executive Directors, consider that the terms, including the annual cap, of the GL Water and Power Supply Services are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

Apart from the GL Water and Power Supply Services, the Group, through Wuling Industrial Group, is also engaged in the sales of raw materials to and purchases of automotive components and related accessories from Guangling by the Wuling Industrial Group for the three years ending 31 December 2010. Details of which has been announced by the Company on 2 July 2008 and Independent Shareholders' approval has also been obtained on 7 August 2008. Please refer to the July Announcement for details.

LISTING RULES IMPLICATIONS

The Revised GB Trading Agreement

As two of the applicable percentage ratios for the Revised GB Trading Agreement on an annual basis exceed 2.5% and each of the revised and new annual caps of the GB Trading Transactions is more than HK\$10 million, accordingly the GB Trading Transactions contemplated under the Revised GB Trading Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the Independent Shareholders' approval under Rules 14A.48 to 14A.54 of the Listing Rules at the Company's general meeting and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 to 14A.41 of the Listing Rules.

The WE Sale Agreement

As all of the applicable percentage ratios for the WE Sale Agreement on an annual basis exceed 0.1% but are less than 2.5% and the annual cap of the WE Sale Transactions is more than HK\$1 million, the WE Sale Transactions contemplated in the WE Sale Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the Independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

The GL Supply Agreement

As one of the applicable percentage ratios for the GL Supply Agreement on an annual basis exceeds 0.1% but is less than 2.5% and the annual cap under the GL Supply Agreement is more than HK\$1 million, accordingly the GL Water and Power Supply Services contemplated in the GL Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the Independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

The Revised GB Trading Agreement, the WE Sale Agreement and the GL Supply Agreement are not conditional upon each other.

In the event that any of the respective annual caps applicable to the GL Water and Power Supply Services, the GB Trading Transactions and the WE Sale Transactions as stated above is exceeded or if the Group enters into any new agreement relating to any continuing connected transactions with any connected persons in the future, the Company must re-comply with Rules 14A.35(3) and 14A.35(4) of the Listing Rules dealing with continuing connected transactions.

GENERAL

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Revised GB Trading Agreement. Liuzhou Wuling and its associates will abstain from voting at the SGM. All of the independent non-executive Directors do not have any material interests in the GB Trading Transactions.

Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors) and the Independent Shareholders to consider the terms of the Revised GB Trading Agreement and the transactions contemplated thereunder. The Circular containing, inter alia, details of the Revised GB Trading Agreement, and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities in relation to the Revised GB Trading Agreement will be despatched to the Shareholders as soon as possible.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Circular”	a circular containing, inter alia, details of the Revised GB Trading Agreement, and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities in relation to the Revised GB Trading Agreement to be despatched to the Shareholders
“Company”	Dragon Hill Wuling Automobile Holdings Limited (俊山五菱汽車集團有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“GB Purchase Transactions”	purchases of passenger mini-buses by Wuling Industrial Group from Guilin Bus which are regarded as continuing connected transactions under the Listing Rules
“GB Sale Transactions”	sales of parts and raw materials by Wuling Industrial to Guilin Bus which are regarded as continuing connected transactions under the Listing Rules
“GB Trading Agreement”	the agreement dated 2 July 2008 entered into between Wuling Industrial and Guilin Bus in relation to the GB Trading Transactions
“GB Trading Transactions”	the GB Purchase Transactions and the GB Sale Transactions
“GL Supply Agreement”	the agreement dated 15 October 2008 entered into between Wuling Industrial and Guangling in relation to the GL Water and Power Supply Services
“GL Water and Power Supply Services”	the provisions of water and power supply services by Wuling Industrial Group to Guangling which are regarded as continuing connected transactions under the Listing Rules

“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities); type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised GB Trading Agreement
“Guangling”	柳州廣菱模具技術有限公司 (Liuzhou Guangling Moulds & Tools Technology Limited), a company established in the PRC of which Liuzhou Wuling is beneficially interested in approximately 50%
“Guilin Bus”	桂林客車發展有限公司 (Guilin Bus Development Co., Ltd.), a company established in the PRC of which Liuzhou Wuling is beneficially interested in approximately 50%
“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 to be formed to consider the terms of the Revised GB Trading Agreement (together with the transactions contemplated thereunder)
“Independent Shareholders”	Shareholders other than Liuzhou Wuling and its associates
“Independent Third Party(ies)”	a person(s) or entity(ies) who/which is(are) not a connected person(s) of the Company
“July Announcement”	the announcement of the Company dated 2 July 2008 in relation to, among others, the GB Trading Transactions
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Wuling”	柳州五菱汽車有限責任公司 (Liuzhou Wuling Motors Company Limited), a wholly state-owned limited enterprise established in the PRC and the Substantial Shareholder which is beneficially interested in approximately 29.05% of the Company
“PRC”	The People’s Republic of China

“Revised GB Trading Agreement”	the conditional agreement dated 15 October 2008 entered into between Wuling Industrial and Guilin Bus in relation to the GB Trading Transactions to replace the GB Trading Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	special general meeting of the Company to be held to approve the Revised GB Trading Agreement and the transactions contemplated thereunder
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“WE Sale Transactions”	sales of cars, engines and parts by the Wuling Industrial Group to Wuling Export for export purpose which are regarded as continuing connected transactions under the Listing Rules
“WE Sale Agreement”	the agreement dated 15 October 2008 entered into between Wuling Industrial and Wuling Export in relation to the WE Sale Transactions
“Wuling Export”	柳州五菱進出口有限公司 (Liuzhou Wuling Import and Export Company Limited), a company established in the PRC and a wholly owned subsidiary of Liuzhou Wuling
“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 subsidiary of the Company
“Wuling Industrial Group”	Wuling Industrial and its subsidiaries
“%”	per cent

Translations of RMB into Hong Kong dollars are, based on the exchange rate of HK\$1 to RMB0.8815, for information purpose only. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

By order of the Board

Lee Shing

Chairman and Chief Executive Officer

Hong Kong, 15 October 2008

As at the date of this announcement, the Board comprises Mr Lee Shing (Chairman and Chief Executive Officer), Mr He Shiji (Vice Chairman), Mr Sun Shaoli, Mr Wei Hongwen, Ms Liu Yaling, Mr Wang Shaohua, Mr Pei Qingrong and Mr Zhou Sheji as executive Directors, and Mr Yu Xiumin, Mr Zuo Duofu, Mr Cheng Kin Wah, Thomas and Mr Ye Xiang as independent non-executive Directors.