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俊山五菱汽車集團有限公司
Dragon Hill Wuling Automobile Holdings Ltd.

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

ENTERING INTO NEW CONTINUING CONNECTED TRANSACTIONS
– KE PURCHASE TRANSACTIONS

KE Purchase Transactions

On 18 December 2008, Wuling Industrial and KE Digital entered into the KE Purchase Agreement in relation to the KE Purchase Transactions to purchase certain electronic devices and components by Wuling Industrial Group from KE Digital for the year ending 31 December 2008.

As one of the applicable percentage ratios for the KE Purchase Agreement on an annual basis exceeds 0.1% but is less than 2.5% and the annual cap of the KE Purchase Transactions is more than HK\$1 million, accordingly, the KE Purchase Transactions contemplated under the KE Purchase 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 are exempted from the independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

THE KE PURCHASE AGREEMENT

The Board announces that on 18 December 2008, Wuling Industrial, which is a non-wholly owned subsidiary of the Company, and KE Digital, which is an associate of Liuzhou Wuling, entered into the KE Purchase Agreement in relation to the KE Purchase Transactions to purchase certain electronic devices and components by Wuling Industrial Group from KE Digital for the year ending 31 December 2008. Pursuant to the KE Purchase Agreement, the parties thereto have agreed that during the year ending 31 December 2008, the maximum aggregate value of the KE Purchase Transactions shall be RMB1.8 million (equivalent to approximately HK\$2 million).

It was also set out in the KE Purchase Agreement that Wuling Industrial and KE Digital have agreed that:

- a. each KE Purchase Transaction 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 KE Purchase 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 KE Purchase Transactions, will be set out in the Company's next annual report following the occurrence of the relevant KE Purchase Transactions; and
- c. KE Digital will provide its relevant records for the auditors of the Company and Wuling Industrial during their course of review of the KE Purchase Transactions.

Annual Cap

It is proposed that the annual cap in respect of the KE Purchase Transactions for the year ending 31 December 2008 shall be RMB 1.8 million (equivalent to approximately HK\$2 million). During the year ended 31 December 2007 (the first year when Wuling Industrial became a subsidiary of the Group) and the nine months ended 30 September 2008, the KE Purchase Transactions supplied by KE Digital to the Group (through purchases by the Wuling Industrial Group) amounted to approximately RMB 409,000 and RMB 849,000 respectively (equivalent to approximately HK\$ 457,000 and HK\$ 949,000 respectively).

The basis of the above annual cap is determined with reference to (a) the historical amounts of the KE Purchase Transactions for the year ended 31 December 2007 and the nine months ended 30 September 2008; and (b) the expected purchase values of the KE Purchase Transactions which have been ordered through KE Digital and will take place before end of the year 2008.

Reasons for the KE Purchase Agreement

KE Digital is principally engaged in: (i) the research, development and the provision of various kinds of services involving the digital technology as well as other computer hardware and software knowhow and technology; (ii) the design and production of various kinds of specialized moulds and equipment; and (iii) the design and production of various kinds of electronic devices and components for motor vehicles. Liuzhou Wuling, a substantial Shareholder, is beneficially interested in approximately 42% of the equity interest of KE Digital.

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. As certain products of the Group require the specific electronic devices and components designed and produced by KE Digital, the Group has to purchase such electronic devices and components from KE Digital.

The Directors, including the independent non-executive Directors, consider the KE Purchase Transactions 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 or from (as appropriate) Independent Third Parties. Therefore, the Directors, including the independent non-executive Directors, consider that the terms, including the annual cap, of the KE Purchase 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.

LISTING RULES IMPLICATIONS

The KE Purchase Agreement

As one of the applicable percentage ratios for the KE Purchase Agreement on an annual basis exceeds 0.1% but is less than 2.5% and the annual cap under the KE Purchase Agreement is more than HK\$1 million, accordingly the KE Purchase Transactions contemplated under the KE Purchase 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 are exempted from the independent Shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

In the event that the annual cap applicable to the KE Purchase Transactions as stated above is exceeded or if the Group enters into any new agreements 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.

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
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person(s) or entity(ies) who/which is(are) not a connected person(s) of the Company
“KE Digital”	柳州科爾數字化製造技術有限公司(Liuzhou Keer Digital Manufacturing Co., Limited*), a company established in the PRC of which Liuzhou Wuling is beneficially interested in approximately 42%
“KE Purchase Agreement”	the agreement dated 18 December 2008 entered into between Wuling Industrial and KE Digital in relation to the KE Purchase Transactions
“KE Purchase Transactions”	purchases of certain electronic devices and components by Wuling Industrial Group from KE Digital which are regarded as continuing connected transactions under the Listing Rules

“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 29.93% of the Company
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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
“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 its subsidiaries
“%”	per cent

Translations of RMB into Hong Kong dollars are, based on the exchange rate of HK\$1 to RMB0.8948, 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, 18 December 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.

** For identification purpose only*