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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

Reference is made to the circular of the Company dated 25 June 2007 in relation to, among others, the Tenancy Agreement which will be expired on 31 December 2009.

As the transactions contemplated under the Tenancy Agreement are expected to continue after the expiration of their respective terms, the Group, on 13 November 2009, entered into the Renewed Tenancy Agreement for a term of three years from 1 January 2010 to 31 December 2012 with Liuzhou Wuling.

LISTING RULES IMPLICATIONS

As the consideration ratio (as defined in the Listing Rules) for the Renewed Tenancy Agreement is, on an annual basis, more than 2.5% and the total consideration is more than HK\$10,000,000, the Renewed Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rule 14A.35 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 Renewed Tenancy Agreement and the transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

Guangdong Securities Limited 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 Renewed Tenancy Agreement and the transactions contemplated thereunder. The circular containing, inter alia, details of the Renewed Tenancy Agreement, the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities Limited in relation to the Renewed Tenancy Agreement will be dispatched to the Shareholders as soon as possible.

Reference is made to the circular of the Company dated 25 June 2007 in relation to, among others, the Tenancy Agreement which will be expired on 31 December 2009.

As the transactions contemplated under the Tenancy Agreement are expected to continue after the expiration of their respective terms, the Group, on 13 November 2009, entered into the Renewed Tenancy Agreement for a term of three years from 1 January 2010 to 31 December 2012 with Liuzhou Wuling.

THE RENEWED TENANCY AGREEMENT

- Date : 13 November 2009
- Landlord : Liuzhou Wuling
- Tenant : Wuling Industrial
- Leased Properties : 12 parcels of land and 69 buildings which are located at the following locations respectively:
- (i) No.18, Hexi Road, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC;
 - (ii) Nos. 6, 13, 17 and 18, Xihuan Road, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC;
 - (iii) No. 16, Jila Road, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC; and
 - (iv) No. 36, Tanzhong West Road, Guangxi Zhuang Autonomous Region, the PRC.

The total floor area of the land and buildings are approximately 731,766.20 square metres and 205,680.22 square metres respectively. The Leased Properties are currently leased by Liuzhou Wuling to Wuling Industrial and are used as offices and production plants of the Wuling Industrial Group and will continue to be used by the Wuling Industrial Group for such purposes under the Renewed Tenancy Agreement.

- Rental and terms : A total of RMB30,204,350.67 per annum shall be payable in arrears at the end of each December for the period of three years from 1 January 2010 to 31 December 2012 (both dates inclusive) and will be calculated in proportion to the number of days of use of the Leased Properties by the Wuling Industrial Group if the Leased Properties are not used by them for a full year under the Renewed Tenancy Agreement.

The rental payable pursuant to the terms of the Renewed Tenancy Agreement was determined by the parties upon arm's length negotiations based on the rentals of the properties in the vicinity to the Leased Properties and the current rental payable by Wuling Industrial for the use of the Leased Properties as mentioned below.

Historical amounts in respect of the use of the Leased Properties

During the years ended 31 December 2007 and 2008 and nine months ended 30 September 2009, the rental paid by Wuling Industrial pursuant to the Tenancy Agreement was approximately RMB9,384,000, RMB28,150,000 and RMB21,161,000 respectively (equivalent to approximately HK\$10,740,000, HK\$32,218,000 and HK\$24,219,000 respectively) and were within the annual cap of RMB16,422,000, RMB28,152,000 and RMB28,152,000 respectively (equivalent to approximately HK\$18,795,000, HK\$32,220,000 and HK\$32,220,000 respectively) as disclosed in the circular of the Company dated 25 June 2007.

Annual cap for the rental payable by Wuling Industrial under the Renewed Tenancy Agreement

It is proposed that the annual cap for the rental payable by Wuling Industrial pursuant to the Renewed Tenancy Agreement for each of the three years ending 31 December 2012 shall be RMB30,205,000 (equivalent to approximately HK\$34,570,000).

The above annual cap is determined based on the rentals of the properties in the vicinity to the Leased Properties.

INFORMATION OF THE GROUP

The Group, including the 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 trading of raw materials, water and power supply services.

INFORMATION OF LIUZHOU WULING

Liuzhou Wuling is a wholly stated-owned limited liability company established in the PRC with the State-owned Assets Supervisions 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 its registered shareholder empowered by the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府). Liuzhou Wuling and its subsidiaries are principally engaged in the manufacturing of motor vehicle engines, parts and special mini-vehicles.

Liuzhou Wuling is also a Substantial Shareholder of the Company which is beneficially interested in approximately 29.93% of the Company, and therefore is a connected person of the Company.

REASONS FOR THE RENEWAL OF TENANCY AGREEMENT

At present, Wuling Industrial has occupied the Leased Properties for its business and operation. The Leased Properties are important for the Wuling Industrial Group in carrying out its business, being the manufacturing of engines, automotive components and specialized vehicles, and other related business. In order to ensure that the business and operation of the Wuling Industrial Group will not be affected, Wuling Industrial and Liuzhou Wuling propose to enter into the Renewed Tenancy Agreement to renew the terms of the Tenancy Agreement for three years from 1 January 2010 to 31 December 2012.

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 execution of the Renewed Tenancy Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole, and the terms of the Renewed Tenancy Agreement (including the annual cap for the transactions contemplated under this agreement) are fair and reasonable.

LISTING RULES IMPLICATIONS

As the consideration ratio (as defined in the Listing Rules) for the Renewed Tenancy Agreement is, on an annual basis, more than 2.5% and the total consideration is more than HK\$10,000,000, the Renewed Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rule 14A.35 of the Listing Rules.

In the event that the annual caps applicable to the transactions contemplated under the Renewed Tenancy Agreement as stated above is exceeded or if the Group enters into any new agreement relating to any continuing connected transaction with any connected person in the future, the Company must re-comply with Chapter 14A 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 Renewed Tenancy Agreement and the transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

Guangdong Securities Limited 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 Renewed Tenancy Agreement and the transactions contemplated thereunder. The circular containing, inter alia, details of the Renewed Tenancy Agreement, the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities Limited in relation to the Renewed Tenancy Agreement will be dispatched 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
“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
“Guangdong Securities Limited” 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 Renewed Tenancy Agreement
“Independent Board Committee”	the independent board committee of the Company to be formed to consider the terms of the Renewed Tenancy Agreement (together with the transactions contemplated thereunder)
“Independent Shareholders”	Shareholders other than Liuzhou Wuling and its associates
“Leased Properties”	12 parcels of land and 69 buildings located in Liuzhou, Guangxi, the PRC, which will be leased by Liuzhou Wuling to Wuling Industrial for the occupancy of such parcels of land and buildings by the Wuling Industrial Group

“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 a Substantial Shareholder of the Company which is beneficially interested in approximately 29.93% of the Company
“PRC”	The People’s Republic of China
“Renewed Tenancy Agreement”	the agreement dated 13 November 2009 entered into between Wuling Industrial and Liuzhou Wuling (as supplemented by the supplemental tenancy agreement dated 13 November 2009) in connection with the lease of the Leased Properties by Wuling Industrial from Liuzhou Wuling for the occupancy of the Leased Properties by the Wuling Industrial Group for a period of three years ending 31 December 2012
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	special general meeting of the Company to be held to approve the Renewed Tenancy Agreement and the transactions contemplated thereunder
“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
“Tenancy Agreement”	the agreement dated 28 August 2007 entered into between Wuling Industrial and Liuzhou Wuling in connection with the lease of the Leased Properties by Wuling Industrial from Liuzhou Wuling for the occupancy of the Leased Properties by the Wuling Industrial Group for a period of three years ending 31 December 2009
“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\$1.1445 to RMB1, 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.

On behalf of the Board
Lee Shing
Chairman and Chief Executive Officer

Hong Kong, 13 November 2009

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. Pei Qingrong, Mr. Wang Shaohua, and Mr. Zhou Sheji as executive Directors, and Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang as independent non-executive Directors.

* *For identification purpose only*