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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)*

**COMPLETION OF PLACING OF NEW SHARES AND  
CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION FOR  
NEW SHARES BY A SUBSTANTIAL SHAREHOLDER  
AND  
ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTES**

**COMPLETION OF PLACING AND SUBSCRIPTION**

The Board is pleased to announce that the respective conditions precedent to the Placing Agreements and the Subscription Agreement were satisfied in full on 9 March 2010. Contemporaneous completion of the Placing and the Subscription took place on 12 March 2010, at which time the Final Number of Placing Shares of 58,220,000 Shares and the Final Number of Subscription Shares of 25,788,000 Shares have been allotted and issued to the Placees, who are Independent Third Parties, and Wuling HK respectively.

**ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTES**

As at the date of this announcement, there are outstanding Convertible Notes. As a result of the completion of the Placing and the Subscription, adjustment has to be made to the Conversion Price as well as the number of Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes.

Reference is made to the circular of Dragon Hill Wuling Automobile Holdings Limited (the “Company”) dated 8 February 2010 (the “Circular”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as defined in the Circular.

## **COMPLETION OF PLACING AND SUBSCRIPTION**

The Board is pleased to announce that the respective conditions precedent to the Placing Agreements and the Subscription Agreement were satisfied in full on 9 March 2010.

The Final Number of Placing Shares amounts to 58,220,000 new Shares in total which have been placed to not less than six Placees who are Independent Third Parties, whereby 37,600,000 Shares and 20,620,000 Shares have been placed through SBI-E2 Capital Securities Limited and Celestial Securities Limited respectively.

According to the terms of the Subscription Agreement, based on the Final Number of Placing Shares of 58,220,000 Shares, the Final Number of Subscription Shares subscribed by Wuling HK amounts to 25,788,000 new Shares.

Contemporaneous completion of the Placing and the Subscription took place on 12 March 2010, at which time the Final Number of Placing Shares of 58,220,000 Shares and the Final Number of Subscription Shares of 25,788,000 Shares were allotted and issued to the Placees and Wuling HK respectively.

Set out below are the shareholding structure of the Company (i) immediately before the contemporaneous completion of the Placing and the Subscription; (ii) immediately after the contemporaneous completion of the Placing and the Subscription; and (iii) immediately after the contemporaneous completion of the Placing and the Subscription and assuming the exercise in full of the conversion rights attached to

the outstanding convertible notes issued by the Company (“**Convertible Notes**”) and the subscription rights attached to the outstanding options granted by the Company (“**Options**”):

	Immediately before contemporaneous completion of the Placing and the Subscription		Immediately upon contemporaneous completion of the Placing of 58,220,000 Placing Shares and the Subscription of 25,788,000 Subscription Shares but before the exercise in full of the respective conversion rights and subscription rights attached to the outstanding Convertible Notes and Options		Immediately upon contemporaneous completion of the Placing of 58,220,000 Placing Shares and Subscription of 25,788,000 Subscription Shares and assuming the exercise in full of the respective conversion rights and subscription rights attached to the outstanding Convertible Notes and Options (Notes 4 and 5)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dragon Hill Development Limited (Note 1)	259,959,613	28.34	259,959,613	25.96	259,959,613	21.36
Wuling HK (Note 2)	274,500,000	29.93	300,288,000	29.99	437,274,300	35.93
Mr. Zhou Sheji (Note 3)	44,770,000	4.88	44,770,000	4.47	44,770,000	3.68
Directors and employees of the Company (Note 5)	–	–	–	–	78,900,000	6.48
Public Places	–	–	58,220,000	5.82	58,220,000	4.78
Other Public	338,058,436	36.85	338,058,436	33.76	338,058,436	27.77
Total	<u>917,288,049</u>	<u>100.00</u>	<u>1,001,296,049</u>	<u>100.00</u>	<u>1,217,182,349</u>	<u>100.00</u>

*Notes:*

1. The entire issued share capital of Dragon Hill Development Limited is beneficially owned by Mr. Lee Shing, an executive Director, the chief executive officer and the vice-chairman of the Company.
2. The entire issued share capital of Wuling HK is held by Wuling Motors, whereas the entire issued share capital of Wuling Motors is held by Liuzhou Wuling.
3. Mr. Zhou Sheji, an executive Director, through his controlled corporation, Gao Bao Development Limited, is interested in 44,770,000 Shares.
4. As at the date of this announcement, Wuling HK held outstanding Convertible Notes in the principal amount of HK\$100 million which are convertible into Shares during the four-year period commencing from 12 January 2010 at the conversion price of HK\$0.73 per Share (as adjusted as a result of the completion of the Placing and Subscription) (please refer to the paragraph headed “Adjustment to the conversion price of the Convertible Notes” below). Wuling HK has undertaken not to exercise the conversion rights attached to the Convertible Notes if it would result in the shareholding of it, together with parties acting

in concert (has the meaning ascribed thereto under the Takeovers Code) with it, in the Company being 30% or more unless the respective applicable rules under the Takeovers Code and the Listing Rules are complied with. Details of the Convertible Notes are set out in the Company's circular dated 16 December 2008. The above table is set out for illustration only.

5. The Company has outstanding Options granted under the Company's share option scheme entitling the grantees to subscribe for a maximum of 78,900,000 Shares at an exercise price of HK\$1.07 per Share of which Options to subscribe for 39,450,000 Shares shall expire on 31 December 2012, and the remaining Options to subscribe for 39,450,000 Shares shall expire on 31 December 2013.

As disclosed in the Circular, the Company shall apply the aggregate net proceeds from the Placing and Subscription, which amounts to approximately HK\$67,800,000 in total based on the Final Number of Placing Shares of 58,220,000 Shares and the Final Number of Subscription Shares of 25,788,000 Shares, to finance the settlement of the Outstanding JV Subscription Money of RMB225,860,000. The balance of the Outstanding JV Subscription Money will be financed by the Company through other financial means, and the Company will make an announcement in relation thereto in compliance with the Listing Rules accordingly.

#### **ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTES**

As at the date of this announcement, the outstanding aggregate principal amount of the Convertible Notes amounted to HK\$100 million which are convertible into Shares during the four-year period commencing from 12 January 2010 at the prevailing conversion price ("**Conversion Price**") in force at the time of conversion (if any). As a result of the completion of the Placing and the Subscription, the Conversion Price will be adjusted from HK\$0.74 per Share to HK\$0.73 per Share (subject to further adjustment, if any), and the Convertible Notes will be convertible into 136,986,300 Shares upon the exercise in full of the conversion rights attached thereto at the adjusted Conversion Price of HK\$0.73 per Share. The adjustment to the Conversion Price, which has been certified by the financial adviser appointed by the Company for such purpose, should become effective on the date of allotment and issue of the Final Number of Placing Shares and the Final Number of Subscription Shares, i.e. 12 March 2010.

On behalf of the Board

**Lee Shing**

*Vice-Chairman and Chief Executive Officer*

Hong Kong, 12 March 2010

*As at the date of this announcement, the Board comprises Mr. Sun Shaoli (Chairman), Mr. Lee Shing (Vice-Chairman and Chief Executive Officer), Mr. Wei Hongwen, Mr. Zhong Xianhua, Ms. Liu Yaling 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*