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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 — BAOMALI PURCHASE TRANSACTIONS

Baomali Purchase Transactions

On 12 November 2010, Wuling Industrial and Baomali entered into the Baomali Purchase Agreement in relation to the Baomali Purchase Transactions to purchase certain automotive air-conditioning parts and accessories by Wuling Industrial Group from Baomali for the year ending 31 December 2010.

As one of the applicable percentage ratios for the Baomali Purchase Agreement on an annual basis exceeds 0.1% but is less than 5% and the annual cap of the Baomali Purchase Transactions is more than HK\$1 million, accordingly, the Baomali Purchase Transactions contemplated under the Baomali 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 BAOMALI PURCHASE AGREEMENT

The Board announces that on 12 November 2010, Wuling Industrial, which is a non-wholly owned subsidiary of the Company, and Baomali, which is an associate of Liuzhou Wuling, entered into the Baomali Purchase Agreement in relation to the Baomali Purchase Transactions to purchase certain automotive air-conditioning parts and accessories by Wuling Industrial Group from Baomali for the year ending 31 December 2010. Pursuant to the Baomali Purchase Agreement, the parties thereto have agreed that during the year ending 31 December 2010, the maximum aggregate value of the Baomali Purchase Transactions shall be RMB4,200,000 (equivalent to approximately HK\$4,912,000).

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

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

Annual Cap

It is proposed that the annual cap in respect of the Baomali Purchase Transactions for the year ending 31 December 2010 shall be RMB 4,200,000 (equivalent to approximately HK\$4,912,000). During the years ended 31 December 2008 and 2009 and the ten months period ended 31 October 2010, the Baomali Purchase Transactions supplied by Baomali to the Group (through purchases by the Wuling Industrial Group) amounted to approximately RMB110,000, RMB501,000 and RMB 600,000 respectively (equivalent to approximately HK\$129,000, HK\$586,000 and HK\$702,000 respectively).

The basis of the above annual cap is determined with reference to (a) the historical amounts of the Baomali Purchase Transactions during the ten months ended 31 October 2010; and (b) the expected purchase values of the Baomali Purchase Transactions which will be placed to and delivered from Baomali before end of the year 2010.

Reasons for the Baomali Purchase Agreement

Baomali is principally engaged in: (i) the design, manufacture and sale of automotive air-conditioning parts and accessories and related services; (ii) the import and export of ironware, plastics and merchandises; and (iii) the import and export of technologies. Liuzhou Wuling, a substantial Shareholder, is beneficially interested in approximately 42% of the equity interest of Baomali. In this regard, Baomali is a connected person of the Company under the Listing Rules and the transactions entered between the Group and Baomali constitute continuing connected transactions for the Company under the Listing Rules.

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 trading of raw materials, water and power supply services. As certain products of the Group require the parts and accessories designed and produced by Baomali, the Group has to purchase such parts and accessories from Baomali.

None of the Directors had a material interest in the transactions. The Directors, including the independent non-executive Directors, consider that the Baomali Purchase Transactions are conducted in the ordinary and usual course of business of the Group.

In addition, each transaction under the Baomali 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 Baomali 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 Baomali Purchase Agreement

As one of the applicable percentage ratios for the Baomali Purchase Agreement on an annual basis exceeds 0.1% but is less than 5% and the annual cap under the Baomali Purchase Agreement is more than HK\$1 million, accordingly the Baomali Purchase Transactions contemplated under the Baomali 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 Baomali 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
“Baomali”	柳州五菱寶馬利汽車空調有限公司(Liuzhou Wuling Baomali Automotive Air-Conditioner Co., Limited*, formerly known as 柳州五菱易通汽車空調有限公司(Liuzhou Wuling Yitong Automotive Air-Conditioner Co., Limited*)), a company established in the PRC of which Liuzhou Wuling is beneficially interested in approximately 42%
“Baomali Purchase Agreement”	the agreement dated 12 November 2010 entered into between Wuling Industrial and Baomali in relation to the Baomali Purchase Transactions
“Baomali Purchase Transactions”	purchases of certain automotive air-conditioning parts and accessories by Wuling Industrial Group from Baomali which are regarded as continuing connected transactions 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
“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 RMB0.855, 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
Sun Shaoli
Chairman

Hong Kong, 12 November 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*