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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 TRANSACTIONS –
GL TRADING TRANSACTIONS,
GB TRADING TRANSACTIONS AND
BAOMALI PURCHASE TRANSACTIONS**

GL TRADING TRANSACTIONS

References are made to the announcement and circular of the Company dated 2 July 2008 and 22 July 2008 respectively in relation to the GL Trading Agreement which expired on 31 December 2010. As the GL Trading Transactions are continuing after the expiration, on 31 January 2011, Wuling Industrial and Guangling entered into the Revised GL Trading Agreement for a term of three years from 1 January 2011 to 31 December 2013.

GB TRADING TRANSACTIONS

References are made to the announcement and circular of the Company dated 15 October 2008 and 3 November 2008 respectively in relation to the GB Trading Agreement which expired on 31 December 2010. As the GB Trading Transactions are continuing after the expiration, on 31 January 2011, Wuling Industrial and Guilin Bus entered into the Revised GB Trading Agreement for a term of three years from 1 January 2011 to 31 December 2013.

As one of the applicable percentage ratios for both of the Revised GL Trading Agreement and the Revised GB Trading Agreement on an annual basis exceeds 5% and each of the annual caps of the GL Trading Transactions and the GB Trading Transactions under the Revised GL Trading Agreement and the Revised GB Trading Agreement is more than HK\$10 million, such transactions 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 requirements under Rules 14A.48 to 14A.54 of the Listing Rules 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.

BAOMALI PURCHASE TRANSACTIONS

Reference is made to the announcement of the Company dated 12 November 2010 in relation to the Baomali Purchase Agreement which expired on 31 December 2010. As the Baomali Purchase Transactions are continuing after the expiration, on 31 January 2011, Wuling Industrial and Baomali entered into the Revised Baomali Purchase Agreement for a term of three years from 1 January 2011 to 31 December 2013.

As one of the applicable percentage ratios for the Revised Baomali Purchase Agreement on an annual basis exceeds 0.1% but is less than 5% and the annual caps of the Baomali Purchase Transactions under the Revised Baomali Purchase Agreement is more than HK\$1 million, such transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are 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 GL Trading Agreement, the Revised GB Trading Agreement, and the respective transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

The Board has appointed Guangdong Securities Limited as the independent financial adviser to the Independent Board Committee (which has been formed and comprises all independent non-executive Directors) and the Independent Shareholders to consider the terms of the Revised GL Trading Agreement and the Revised GB Agreement, as well as the transactions contemplated thereunder respectively. A circular (the "Circular") containing, inter alia, details of the Revised GL Trading Agreement, the Revised GB Trading Agreement, and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities Limited in relation to the Revised GL Trading Agreement and the Revised GB Trading Agreement will be despatched to the Shareholders on or before 21 February 2011 pursuant to Rule 14A.56(10) of the Listing Rules.

THE REVISED GL TRADING AGREEMENT

References are made to the announcement and circular of the Company dated 2 July 2008 and 22 July 2008 respectively in relation to the GL Trading Agreement which expired on 31 December 2010. As the GL Trading Transactions (being the sales of parts and raw materials to and purchases of automotive components and related accessories from Guangling by the Wuling Industrial Group) are continuing after the expiration, on 31 January 2011, Wuling Industrial and Guangling entered into the Revised GL Trading Agreement for a term of three years from 1 January 2011 to 31 December 2013. Pursuant to the Revised GL Trading Agreement, the parties thereto have conditionally agreed that during each of the three years ending 31 December 2013,

- (1) the maximum aggregate value of the GL Purchase Transactions shall be RMB62 million (equivalent to approximately HK\$73.37 million), RMB74 million (equivalent to approximately HK\$87.57 million) and RMB96 million (equivalent to approximately HK\$113.61 million) respectively; and
- (2) the maximum aggregate value of the GL Sale Transactions shall be RMB75 million (equivalent to approximately HK\$88.76 million), RMB80 million (equivalent to approximately HK\$94.67 million) and RMB82 million (equivalent to approximately HK\$97.04 million) respectively.

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

- a. each GL Trading 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 GL 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 GL Trading Transactions, will be set out in the Company's next annual report following the occurrence of the relevant GL Trading Transactions; 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 Trading Transactions.

The Revised GL Trading Agreement, together with the transactions contemplated thereunder (including the GL Trading Transactions), is subject to approval by the Independent Shareholders at the SGM.

Annual Caps

Set out below is a summary of the GL Trading Transactions which took place during each of the years ended 31 December 2008, 2009 and 2010 between the Group (through Wuling Industrial Group) and Guangling and the proposed annual caps in respect of the Revised GL Trading Agreement for each of the years ending 31 December 2011, 2012 and 2013:

GL Purchase Transactions

	Historical amounts for the year ended 31 December			Proposed annual cap for the year ending 31 December		
	2008	2009	2010	2011	2012	2013
	RMB'000	29,348	47,715	45,149	62,000	74,000
(equivalent to HK\$'000)	34,731	56,468	53,431	73,373	87,574	113,609
% of increment	–	–	–	–	19.4%	29.7%

GL Sale Transactions

	Historical amount for the year ended 31 December			Proposed annual cap for the year ending 31 December		
	2008	2009	2010	2011	2012	2013
	RMB'000	26,972	41,477	59,350	75,000	80,000
(equivalent to HK\$'000)	31,920	49,085	70,236	88,757	94,675	97,041
% of increment	–	–	–	–	6.7%	2.5%

The basis of the above annual caps are determined with reference to (a) the respective historical annual amounts of the GL Purchase Transactions and the GL Sales Transactions for the three years ended 31 December 2010 as set out in the table above; (b) the anticipated growth in the respective aggregate values of the GL Purchase Transactions and the GL Sale Transactions, due to the expected growth in the Wuling Industrial Group's business over the three years ending 31 December 2013; and (c) the anticipated inflation in the price of raw materials in the PRC in the three years ending 31 December 2013.

Reasons for the Revised GL Trading Agreement

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

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 50.1% of the equity interest of Guangling. In this regard, Guangling is a connected person of the Company under the Listing Rules.

The Group, in its ordinary and usual course of business, purchases raw materials, mainly steel, from its suppliers for the production of engines, automotive components and specialised vehicles through Wuling Industrial Group. In addition, as ancillary services provided to its customers and suppliers throughout the course of provision of its ordinary and usual course of business for the purposes of strengthening the Group's business relationship with them and to enrich the source of income, the Group, through Wuling Industrial Group, also engages in the trading of raw materials and provision of a centralised procurement service in the supply chain. Guangling, in its ordinary and usual course of business, needs to purchase raw materials for the production of the mould tools and parts. In consideration of the income generated from the trading activities, the Group considers it will be in the best interests for the Group in entering into the GL Sale Transactions. Furthermore, having taken into account the effect and benefit of bulk purchases, the Group and Guangling consider that by capitalising on Wuling Industrial Group's merchandising channel and consolidating the purchase orders of the Group and Guangling, the Group will have greater bargaining power with its suppliers and lower the purchase price of raw materials. Besides, as mentioned below, part of the raw materials purchased by Guangling from the Group will be processed into automotive components and related accessories which will be sold to Wuling Industrial Group. The Directors consider that the price of such automotive components and related accessories may be lowered if Guangling is able to source its raw materials at a lower price, in which case it will be in the interests of the Group.

Guangling purchases the parts and raw materials, mainly steel, from the Group for processing into mould tools and parts. Part of these products, being the automotive components and related accessories, are sold to the Group for assembling into the motor vehicles. Guangling is a sino-foreign joint venture established in January 2006 by Liuzhou Wuling and Hirotec Corporation (日本廣島技術有限公司) ("Hirotec"), a company incorporated in Japan and specialises in the businesses of the manufacturing of metal mould tools and parts. As certain parts and components of the manufacturing businesses of the Wuling Industrial Group requires the technology, know-how originated from Hirotec, the Group has to purchase such components from Guangling.

None of the Directors had a material interest in the GL Trading Transactions. 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 GL Trading Transactions will be conducted in the ordinary and usual course of the business of the Group. In addition, each GL Trading Transaction will be negotiated on an arm's length basis or will be conducted on normal commercial terms and 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 who will express their opinion in a separate letter to be included in the Circular, consider that the terms, including the annual caps, of the GL 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 REVISED GB TRADING AGREEMENT

References are made to the announcement and circular of the Company dated 15 October 2008 and 3 November 2008 respectively in relation to the GB Trading Transactions which expired on 31 December 2010. As the GB Trading Transactions (being the sales of parts and raw materials to and purchases of passenger mini-buses from Guilin Bus by Wuling Industrial Group) are continuing after the expiration, on 31 January 2011, Wuling Industrial and Guilin Bus entered into the Revised GB Trading Agreement for a term of three years from 1 January 2011 to 31 December 2013. Pursuant to the Revised GB Trading Agreement, the parties thereto have conditionally agreed that during each of the three years ending 31 December 2013,

- (1) the maximum aggregate value of the GB Purchase Transactions shall be RMB50 million (equivalent to approximately HK\$59.17 million), RMB58 million (equivalent to approximately HK\$68.64 million) and RMB66 million (equivalent to approximately HK\$78.11 million) respectively; and
- (2) the maximum aggregate value of the GB Sale Transactions shall be RMB55 million (equivalent to approximately HK\$65.09 million), RMB62 million (equivalent to approximately HK\$73.37 million) and RMB70 million (equivalent to approximately HK\$82.84 million) respectively.

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

- a. each GB Trading 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 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.

The Revised GB Trading Agreement, together with the transactions contemplated thereunder (including the GB Trading Transactions), is subject to approval by the Independent Shareholders at the SGM.

Annual Caps

Set out below is a summary of the GB Trading Transactions which took place during each of the years ended 31 December 2008, 2009 and 2010 between the Group (through Wuling Industrial Group) and Guilin Bus and the proposed annual caps in respect of the Revised GL Trading Agreement for each of the years ending 31 December 2011, 2012 and 2013:

GB Purchase Transactions

	Historical amounts for the year ended 31 December			Proposed annual cap for the year ending 31 December		
	2008	2009	2010	2011	2012	2013
	RMB'000	25,928	23,496	51,403	50,000	58,000
(equivalent to HK\$'000)	30,684	27,806	60,832	59,172	68,639	78,107
% of increment	–	–	–	–	16.0%	13.8%

GB Sale Transactions

	Historical amounts for the year ended 31 December			Proposed annual cap for the year ending 31 December		
	2008	2009	2010	2011	2012	2013
	RMB'000	16,009	42,310	23,189	55,000	62,000
(equivalent to HK\$'000)	18,946	50,071	27,443	65,089	73,373	82,840
% of increment	–	–	–	–	12.7%	12.9%

The basis of the above annual caps are determined with reference to (a) the respective historical annual amounts of the GB Purchase Transactions and the GB Sales Transactions for the three years ended 31 December 2010 as set out in the table above; (b) the expected growth in the sales of Guilin Bus in the coming three years ending 31 December 2013; and (c) the anticipated inflation in the price of raw materials in the PRC in the three years ending 31 December 2013.

Reasons for 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 70% of the equity interest of Guilin Bus. In this regard, Guilin Bus is a connected person of 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 specialised vehicles in the PRC as well as the trading of raw materials, water and power supply services. As mentioned in the paragraph headed “Reasons for the Revised GL Trading Agreement” above, it is the Group’s intention to be engaged in the trading of raw materials and provision of a centralised procurement service in the supply chain to enjoy the benefit of bulk purchases with its customers and suppliers, the Group, through Wuling Industrial Group, would like to supply the parts and raw materials to Guilin Bus for its vehicles production, and in order to further develop and expand its product portfolio, the Group would also like to act as a sale agent of the vehicles produced by Guilin Bus.

None of the Directors had a material interest in the GB Trading Transactions. 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 Transactions 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, who will express their opinion in a separate letter to be included in the Circular, 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 REVISED BAOMALI PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 12 November 2010 in relation to the Baomali Purchase Agreement which expired on 31 December 2010. As the Baomali Purchase Transactions (being purchase of certain automotive air-conditioning parts and accessories by Wuling Industrial Group from Baomali) are continuing after the expiration, on 31 January 2011, Wuling Industrial and Baomali entered into the Revised Baomali Purchase Agreement for a term of three years from 1 January 2011 to 31 December 2013.

Pursuant to the Revised Baomali Purchase Agreement, the parties thereto have agreed that during each of the three years ending 31 December 2013, the maximum aggregate value of the Baomali Purchase Transactions shall be RMB3.2 million (equivalent to approximately HK\$3.79 million), RMB4.0 million (equivalent to approximately HK\$4.73 million) and RMB5.8 million (equivalent to approximately HK\$6.86 million) respectively.

It was also set out in the Revised 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 Caps

Set out below is a summary of the Baomali Purchase Transactions which took place during each of the years ended 31 December 2008, 2009 and 2010 between the Group (through Wuling Industrial Group) and Baomali and the proposed annual caps in respect of the Revised Baomali Purchase Agreement for each of the years ending 31 December 2011, 2012 and 2013:

Baomali Purchase Transactions

	Historical amounts for the year ended 31 December			Proposed annual cap for the year ending 31 December		
	2008	2009	2010	2011	2012	2013
	RMB'000	110	501	1,718	3,200	4,000
(equivalent to HK\$'000)	130	593	2,033	3,787	4,734	6,864
% of increment	–	–	–	–	25.0%	45.0%

The basis of the above annual caps are determined with reference to (a) the historical annual amounts of the Baomali Purchase Transactions for the three years ended 31 December 2010 as set out in the table above; (b) the anticipated growth in the purchase values of the Baomali Purchase Transactions which will be placed to and delivered from Baomali in the coming three years ending 31 December 2013, due to the expected growth in the Wuling Industrial Group's business; and (c) the anticipated inflation in the price of raw materials in the PRC in the three years ending 31 December 2013.

Reasons for Revised 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.

The Group, including Wuling Industrial Group, is principally engaged in the business of manufacturing and trading of engines, automotive components and specialised 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 Baomali Purchase 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 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 caps, 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 Revised GL Trading Agreement and the Revised GB Trading Agreement

As one of the applicable percentage ratios for both of the Revised GL Trading Agreement and the Revised GB Trading Agreement on an annual basis exceeds 5% and each of the annual caps of the GL Trading Transactions and the GB Trading Transactions under the Revised GL Trading Agreement and the Revised GT Trading Agreement is more than HK\$10 million, such transactions constitute non-exempt continuing connected transactions for the Company under Chapter 14 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 requirements under Rules 14A.48 to 14A.54 of the Listing Rules 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 Revised Baomali Purchase Agreement

As one of the applicable percentage ratios for the Revised Baomali Purchase Agreement on an annual basis exceeds 0.1% but is less than 5% and each of the annual caps of the Baomali Purchase Transactions under the Revised Baomali Purchase Agreement is more than HK\$1 million, such transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are only 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 Revised GL Trading Agreement, the Revised GB Trading Agreement and the Revised Baomali Purchase Agreement are not conditional upon each other.

In the event that any of the respective annual caps applicable to the GL Trading Transactions, the GB Trading Transactions and Baomali Purchase Transactions as stated above exceeds 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 of the Listing.

GENERAL

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the Revised GL Trading Agreement, the Revised GB Trading Agreement, and the respective transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM. None of the Directors had a material interest in the GL Trading Transactions and GB Trading Transactions.

The Board has appointed Guangdong Securities Limited as the independent financial adviser to the Independent Board Committee (which has been formed and comprises all independent non-executive Directors) and the Independent Shareholders to consider the terms of the Revised GL Trading Agreement and the Revised GB Trading Agreement, as well as the transactions contemplated thereunder respectively. The Circular containing, inter alia, details of the Revised GL Trading Agreement and the Revised GB Trading Agreement, and the recommendation of the Independent Board Committee as well as the advice of Guangdong Securities Limited in relation to the Revised GL Trading Agreement and the Revised GB Trading Agreement will be despatched to the Shareholders on or before 21 February 2011 pursuant to Rule 14A.56(10) of the Listing Rules.

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*), a company established in the PRC of which Liuzhou Wuling is beneficially interested in approximately 42% of its total issued share capital
“Baomali Purchase Agreement”	the agreement dated 12 November 2010 entered into between Wuling Industrial and Baomali in relation to the Baomali Purchase Transactions for a term of 1 year from 1 January 2010 to 31 December 2010
“Baomali Purchase Transactions”	purchase of certain automotive air-conditioning parts and accessories by the 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
“GB Purchase Transactions”	purchases of passenger mini-buses by the Wuling Industrial Group from Guilin Bus which are regarded as continuing connected transactions under the Listing Rules
“GB Sale Transactions”	sale of parts and raw materials by the Wuling Industrial Group to Guilin Bus which are regarded as continuing connected transactions under the Listing Rules
“GB Trading Agreement”	the agreement dated 15 October 2008 entered into between Wuling Industrial and Guilin Bus in relation to the GB Trading Transactions for a term of 3 years from 1 January 2008 to 31 December 2010
“GB Trading Transactions”	the GB Purchase Transactions and the GB Sale Transactions
“GL Purchase Transactions”	purchases of automotive components and related accessories by the Wuling Industrial Group from Guangling which are regarded as continuing connected transactions under the Listing Rules
“GL Sale Transactions”	sales of parts and raw materials by the Wuling Industrial Group to Guangling which are regarded as continuing connected transactions under the Listing Rules
“GL Trading Agreement”	the agreement dated 2 July 2008 entered into by Wuling Industrial and Guangling in relation to the GL Trading Transactions for a term of 3 years from 1 January 2008 to 31 December 2010
“GL Trading Transactions”	the GL Purchase Transactions and the GL Sale Transactions
“Group”	the Company and its subsidiaries

“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 50.1% of its total issued share capital
“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 70% of its total issued share capital
“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 GL Trading Agreement and 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) (as defined under the Listing Rules) 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 Automobile Company Limited*), a wholly state-owned limited enterprise established in the PRC and a substantial Shareholder which is beneficially interested in approximately 29.93% of the total issued share capital of the Company
“PRC”	The People’s Republic of China
“Revised Baomali Purchase Agreement”	the agreement dated 31 January 2011 entered into by the Wuling Industrial and Baomali in relation to the Baomali Purchase Transactions for a term of 3 years from 1 January 2011 to 31 December 2013
“Revised GB Trading Agreement”	the conditional agreement dated 31 January 2011 entered into by the Wuling Industrial and Guilin Bus in relation to the GB Trading Transactions for a term of 3 years from 1 January 2011 to 31 December 2013

“Revised GL Trading Agreement”	the conditional agreement dated 31 January 2011 entered into by Wuling Industrial and Guangling in relation to the GL Trading Transactions for a term of 3 years from 1 January 2011 to 31 December 2013
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	special general meeting of the Company to be held to approve the Revised GL Trading Agreement, the Revised GB Trading Agreement and the respective 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
“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 RMB0.845, 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, 31 January 2011

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