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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Dragon Hill Wuling Automobile Holdings Limited (the “Company”), you should at once hand this circular, together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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A letter from the Board (as defined herein) is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee (as defined herein) to the Independent Shareholders (as defined herein) is set out on page 9 of this circular. A letter from the Independent Financial Adviser (as defined herein), containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 16 of this circular.

A notice convening the SGM (as defined herein) to be held at 35th Floor, Morrison Plaza, 9 Morrison Hill Road, Wanchai, Hong Kong, on Friday, 18 December 2009 at 11:00 a.m. is set out on pages 24 and 25 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and deposit with the Company's Hong Kong branch share registrar and transfer office at Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

30 November 2009

\* For identification purpose only

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b>	
1. Introduction .....	4
2. The Renewed Tenancy Agreement .....	5
3. Annual caps .....	6
4. Information of the Group .....	6
5. Information of Liuzhou Wuling .....	6
6. Reasons for the renewal of Tenancy Agreement .....	7
7. Listing Rules implications .....	7
8. The SGM .....	7
9. Recommendation .....	8
10. Further information .....	8
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	9
<b>LETTER FROM GUANGDONG SECURITIES</b> .....	10
<b>APPENDIX – GENERAL INFORMATION</b> .....	17
<b>NOTICE OF SGM</b> .....	24

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall 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
“Guangdong Securities” 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 Independent Shareholders in respects of the terms of the Renewed Tenancy Agreement
“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 committee of the Board comprising three independent non-executive Directors 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
“Latest Practicable Date”	25 November 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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

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## DEFINITIONS

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“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 liability 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
“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 on 18 December 2009 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 majority of the Leased Properties by Wuling Industrial from Liuzhou Wuling for occupancy by the Wuling Industrial Group with expiry on 31 December 2009

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## DEFINITIONS

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“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

*In this circular, unless otherwise specified, amounts in RMB are converted to HK\$ at the conversion rate at HK\$1.1445 = RMB1 for illustration only. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at such rate or any other rates.*

*Certain English translation of Chinese names or words in this circular are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Lee Shing  
Mr. He Shiji  
Mr. Sun Shaoli  
Mr. Wei Hongwen  
Ms. Liu Yaling  
Mr. Pei Qingrong  
Mr. Wang Shaohua  
Mr. Zhou Sheji

*Independent non-executive Directors:*

Mr. Yu Xiumin  
Mr. Zuo Duofu  
Mr. Ye Xiang

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Head office and principal place of  
business in Hong Kong:*

35th Floor, Morrison Plaza  
9 Morrison Hill Road  
Wanchai  
Hong Kong

30 November 2009

*To the Shareholders, and for information only,  
holders of options of the Company and holders  
of convertible notes issued by the Company*

Dear Sir or Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION

#### 1. INTRODUCTION

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. Reference is also made to the announcement of the Company dated 13 November 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 purpose of this circular is to provide the Shareholders with further information in respect of the Renewed Tenancy Agreement.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### 2. 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, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC.

The total floor area of the land and buildings are approximately 731,766 square metres and 205,680 square metres respectively. The Leased Properties are currently leased or to be leased by Liuzhou Wuling to Wuling Industrial and are used or to be 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 majority of the Leased Properties as mentioned below.

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## LETTER FROM THE BOARD

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### 3. ANNUAL CAPS

#### (i) Historical amounts in respect of the use of the majority 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.

#### (ii) Annual caps for the rental payable by Wuling Industrial under the Renewed Tenancy Agreement

It is proposed that the annual caps 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 caps are determined based on the rentals of the properties in the vicinity to the Leased Properties.

### 4. 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.

### 5. 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 as at the Latest Practicable Date, and therefore is a connected person of the Company.

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## **LETTER FROM THE BOARD**

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### **6. REASONS FOR THE RENEWAL OF TENANCY AGREEMENT**

At present, Wuling Industrial has occupied or shall occupy 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 which is included in this 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 thereunder) are fair and reasonable.

### **7. 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 cap 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.

### **8. THE SGM**

The SGM will be convened at 35th Floor, Morrison Plaza, 9 Morrison Hill Road, Wanchai, Hong Kong on Friday, 18 December 2009 at 11:00 a.m. to approve the Renewed Tenancy Agreement and the transactions contemplated thereunder. Liuzhou Wuling and its associates will abstain from voting at the SGM.

The Independent Board Committee comprising all of the independent non-executive Directors had been established to consider and advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Renewed Tenancy Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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Guangdong Securities has been appointed to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as regards to the terms of the Renewed Tenancy Agreement and the transactions contemplated thereunder. The appointment of Guangdong Securities as the Independent Financial Adviser has been approved by the Independent Board Committee.

A form of proxy is enclosed with this circular for use at the SGM. Whether or not you intended to be present at the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to Tricor Tengis Limited, the Company's Hong Kong branch share registrar and transfer office, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time required for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Bye-law 69 of the bye-laws of the Company and Rule 13.39(4) of the Listing Rules, all votes at the SGM will be taken by poll. The Company will announce the results of the poll in accordance with the Listing Rules following the SGM.

### 9. RECOMMENDATION

The Directors consider that the terms of the Renewed Tenancy Agreement (including the annual caps for the transactions contemplated thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Renewed Tenancy Agreement (including the annual caps for the transactions contemplated thereunder) to be proposed at the SGM.

Your attention is drawn to the letter from the Independent Board Committee set out on page 9 of this circular and the letter from Guangdong Securities set out on pages 10 to 16 of this circular containing their respective recommendations and advice in relation to the Renewed Tenancy Agreement and the transactions contemplated thereunder.

### 10. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**Dragon Hill Wuling Automobile Holdings Limited**  
**Lee Shing**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

30 November 2009

*To the Independent Shareholders*

Dear Sir or Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

We refer to the circular of the Company dated 30 November 2009 (the “Circular”) to the Shareholders of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you on the terms of the Renewed Tenancy Agreement (including the annual caps for the transactions contemplated thereunder), details of which are set out in the letter from the Board contained in the Circular. Guangdong Securities has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation thereto. Details of the advice and recommendation of Guangdong Securities, together with the principal factors taken into consideration by Guangdong Securities in arriving its advice and recommendation, are set out in the letter from Guangdong Securities on pages 10 to 16 of the Circular.

Having considered the respective terms of the Renewed Tenancy Agreement and the transactions contemplated thereunder, and the relevant advice and recommendation of Guangdong Securities, we are of the view that the terms of the Renewed Tenancy Agreement (including the annual cap for the transactions contemplated thereunder) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Renewed Tenancy Agreement (including the annual cap for the transactions contemplated thereunder) to be proposed at the SGM.

Yours faithfully,

For and on behalf of the Independent Board Committee  
**Yu Xiumin                      Zuo Duofu                      Ye Xiang**  
*Independent non-executive Directors*

\* *For identification purpose only*

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## LETTER FROM GUANGDONG SECURITIES

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*Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Renewed Tenancy Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.*



Units 2505-06, 25/F.  
Low Block of Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

30 November 2009

*To: The independent board committee and the independent shareholders of Dragon Hill Wuling Automobile Holdings Limited*

Dear Sirs,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Renewed Tenancy Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 November 2009 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the circular of the Company dated 25 June 2007, the Tenancy Agreement will expire 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 and Liuzhou Wuling entered into the Renewed Tenancy Agreement on 13 November 2009 for a term of three years commencing from 1 January 2010 and up to 31 December 2012.

Since Liuzhou Wuling is a Substantial Shareholder of the Company which was beneficially interested in approximately 29.93% of the Company as at the date of the Renewed Tenancy Agreement, the Renewed Tenancy Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Given that 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.

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## LETTER FROM GUANGDONG SECURITIES

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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.

An Independent Board Committee comprising Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Ye Xiang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Renewed Tenancy Agreement (including its annual caps (the “**Annual Caps**”) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Renewed Tenancy Agreement is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Renewed Tenancy Agreement (together with the Annual Caps) and the transactions contemplated thereunder at the SGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Wuling Industrial Group, Liuzhou Wuling or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Renewed Tenancy Agreement. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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## LETTER FROM GUANGDONG SECURITIES

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Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Renewed Tenancy Agreement and the Annual Caps, we have taken into consideration the following principal factors and reasons:

#### (1) Background of the Renewed Tenancy Agreement

##### *Information on the Group*

As referred to in the Board Letter, 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.

##### *Information on Wuling Industrial Group*

As advised by the Directors, Wuling Industrial, a sino-foreign joint venture enterprise established in the PRC, became a non wholly-owned subsidiary of the Company on 28 August 2007. The principal activities of Wuling Industrial Group are the manufacturing and trading of engines, automotive components and specialised vehicles in the PRC as well as trading of raw materials, water and power supply services.

##### *Information on Liuzhou Wuling*

As referred to in the Board Letter, 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 was beneficially interested in approximately 29.93% of the Company as at the date of the Renewed Tenancy Agreement, and therefore is a connected person of the Company.

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## LETTER FROM GUANGDONG SECURITIES

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### *Information on the Leased Properties*

With reference to the Board Letter, the Leased Properties include 12 parcels of land and 69 buildings located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC. The total floor area of the land and buildings of the Leased Properties are approximately 731,766 square metres and 205,680 square metres respectively. The Leased Properties are currently leased or to be leased by Liuzhou Wuling to Wuling Industrial and are used or to be used as offices and production plants of Wuling Industrial Group and will continue to be used by Wuling Industrial Group for such purposes under the Renewed Tenancy Agreement.

### **(2) Reasons for entering into of the Renewed Tenancy Agreement**

According to the Board Letter and as further confirmed by the Directors, Wuling Industrial has been leasing the majority of the Leased Properties since 1 January 2007 for its business and operation. The Leased Properties, as represented by the Directors, are important for Wuling Industrial Group in carrying out its business, being the manufacturing of engines, automotive components and specialised vehicles, and other related businesses. In order to ensure that the business and operation of Wuling Industrial Group will not be affected, Wuling Industrial and Liuzhou Wuling propose to enter into the Renewed Tenancy Agreement to renew the term of the Tenancy Agreement for three years commencing from 1 January 2010 and up to 31 December 2012.

In light of the prolonged history of rental of the majority of the Leased Properties by Wuling Industrial and that the Leased Properties as represented by the Directors are important for Wuling Industrial Group in carrying out its business, we concur with the Directors that the Renewed Tenancy Agreement is conducted in the ordinary and usual course of the Company and is in the interests of the Company and the Shareholders as a whole.

### **(3) Principal terms of the Renewed Tenancy Agreement**

The table below summarises the major terms of the Renewed Tenancy Agreement dated 13 November 2009 (as supplemented by the supplemental tenancy agreement dated 13 November 2009):

<b>Date:</b>	13 November 2009
<b>Landlord:</b>	Liuzhou Wuling
<b>Tenant:</b>	Wuling Industrial
<b>Leased Properties:</b>	12 parcels of land and 69 buildings located in Liuzhou, Guangxi Zhuang Autonomous Region, the PRC (detailed locations are set out in the Board Letter)

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## LETTER FROM GUANGDONG SECURITIES

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**Rental and terms:** A total of RMB30,204,350.67 per annum (equivalent to approximately RMB2,517,029 per month) (the “**Renewed Rental**”) 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 Wuling Industrial Group if the Leased Properties are not used by it for a full year under the Renewed Tenancy Agreement.

According to the Board Letter, the Renewed Rental was determined by the parties thereto after arm’s length negotiations based on the rentals of the land and properties in the vicinity to the Leased Properties and the current rental payable by Wuling Industrial for the use of the Leased Properties. As referred to in the circular of the Company dated 25 June 2007, the monthly rental payable pursuant to the terms of the Tenancy Agreement is RMB2,346,000 (approximately RMB0.7 per square metre for land and approximately RMB9 per square metre for properties) (the “**Existing Monthly Rental**”).

As confirmed by the Directors, the Renewed Rental reflects a fair and reasonable rental for such type of properties and land in the property market in Liuzhou. In this regard, we have requested the Company to provide us with the recent market statistics as prepared by the Company in relation to the industrial-use land and properties rentals in Liuzhou with reference to the quotations from the property management units within the industrial development zones in Liuzhou during the second half of 2009. After reviewing the same, we noted that the monthly rentals of land and properties in the vicinity to the Leased Properties are ranging from approximately RMB0.5 per square metre to RMB2 per square metre and approximately RMB8 per square metre to RMB12 per square metre respectively. Whereas in the case of the Renewed Tenancy Agreement, we were advised by the Company that the Renewed Rental was set based on the monthly rental of land and properties of approximately RMB0.91 per square metre and RMB9 per square metre respectively. Accordingly, they are within the market ranges of the land and properties rentals.

In addition, we noted that the monthly rental for land of approximately RMB0.91 under the Renewed Rental represents an increase of 30% as compared to the monthly rental for land of RMB0.70 under the Existing Monthly Rental. As confirmed by the Directors, such increase was entirely due to the effect of an increase in the land use tax. For our due diligence purpose, we have reviewed the official document in relation to the aforesaid increase in the land use tax as published by Guangxi Zhuang Autonomous Region Liuzhou Local Taxation Bureau (廣西壯族自治區柳州市地方稅務局) in September 2008. In light of the above, we are of the view that the increase in monthly rental is justifiable.

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## LETTER FROM GUANGDONG SECURITIES

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After taking into consideration that (i) the Leased Properties as represented by the Directors are important for Wuling Industrial Group in carrying out its business; (ii) the Renewed Rental reflects a fair and reasonable market rental for such type of land and properties in the market and was comparable to the open market rent as at the date of the Renewed Tenancy Agreement; and (iii) the monthly rental for land under the Renewed Rental representing an increase of 30% as compared to that under the Existing Monthly Rental was entirely due to the effect of an increase in the land use tax, we are of the opinion that the Renewed Rental is fair and reasonable so far as the Independent Shareholders are concerned.

Besides the aforementioned terms, we have also reviewed the other major terms of the Renewed Tenancy Agreement and are not aware of any other major terms which are unusual. Based on the above, we consider the terms of the Renewed Tenancy Agreement to be on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

#### **(4) The Annual Caps**

The Annual Caps for the rental payable by Wuling Industrial to Liuzhou Wuling pursuant to the Renewed Tenancy Agreement for each of the three years ending 31 December 2012 shall be RMB30,205,000, which was determined based on the Renewed Rental of RMB30,204,350.67 per annum.

Having considered the basis for determining the Renewed Rental as set out in the above section, we consider that the Annual Caps which was determined based on the Renewed Rental for each of the three years ending 31 December 2012 are justifiable and are fair and reasonable so far as the Independent Shareholders are concerned.

#### **(5) Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.37 to 14A.41 of the Listing Rules pursuant to which (i) the values of the transactions contemplated under the Renewed Tenancy Agreement must be restricted by the Annual Caps for the three years ending 31 December 2012; (ii) the terms of the transactions contemplated under the Renewed Tenancy Agreement (including the Annual Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the Renewed Tenancy Agreement (including the Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Renewed Tenancy Agreement are carried out in accordance with the pricing policies of the Company and the Annual Caps are not being exceeded. In the event that the total amounts of transactions contemplated under the Renewed Tenancy Agreement exceed the Annual Caps, or that there is any material amendment to the terms of the Renewed Tenancy Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

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## LETTER FROM GUANGDONG SECURITIES

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Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Renewed Tenancy Agreement (including the Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Renewed Tenancy Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Renewed Tenancy Agreement is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Renewed Tenancy Agreement (together with the Annual Caps) and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Guangdong Securities Limited**  
**Graham Lam**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors and chief executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company held any interest or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules:

#### Long Positions

In respect of the Shares:

Name of Directors	Capacity	Number of Shares held	Approximate % of the issued share capital
Mr. Lee Shing ("Mr. Lee")	Interest in controlled corporate ( <i>Note 1</i> )	259,959,613	28.34%
Mr. Zhou Sheji ("Mr. Zhou")	Interest in controlled corporate ( <i>Note 2</i> )	44,770,000	4.88%

*Notes:*

- (1) The 259,959,613 Shares are owned by Dragon Hill Development Limited ("Dragon Hill"), a company wholly-owned by Mr. Lee. Reference is made to the circular of the Company issued on 25 June 2007 and unless the context herewith otherwise requires, terms used in this note shall have the same meanings as in the circular dated 25 June 2007. A share charge has been created on 280,959,613 Shares held by Dragon Hill in favour of Liuzhou Wuling pursuant to the execution of the Share Charge Documents on 28 August 2007 in which Dragon Hill has agreed to guarantee and undertake to procure (i) the due performance of the Company under the JV Agreements, and (ii) the Company not to allot and issue any of the new shares of the Company without the prior written consent of Liuzhou Wuling during the Guarantee Period (i.e., the 36 month-period from the date of the Share Charge). According to the Share

Sale Agreement, the Share Charge Documents should be executed simultaneously with the completion of the Share Sale Agreement and that if the Company fails to duly perform its obligations pursuant to any of the JV Agreements or if the Company issues any of the new shares in breach of its undertaking, Liuzhou Wuling (or its wholly-owned subsidiary(ies)) shall have the right to acquire the Charged Shares (i.e., the 280,959,613 Shares held by Dragon Hill, being all of the shares of the Company held by Dragon Hill upon completion of the Share Sale Agreement which are agreed to be charged to Liuzhou Wuling (or its wholly-owned subsidiary(ies)) by Dragon Hill under the Share Charge) from Dragon Hill at the price of HK\$0.29 per Charged Shares during the Guaranteed Period. With effect from 2 November 2009 and pursuant to a consent letter issued by Liuzhou Wuling, the number of Charged Shares has been reduced to 254,659,613 Shares.

- (2) Mr. Zhou is beneficially interested in 44,770,000 Shares, which interests are held by his controlled corporation, Gao Bao Development Limited.

In respect of the share options issued by the Company pursuant to the Company's share option scheme:

Name of Directors	Capacity	Number of options granted	Exercise period	Price of grant	Subscription price per Share
Ms. Liu Yaling	Beneficial Owner	350,000	From 21 January 2008 to 31 December 2009	HK\$1	HK\$2.318
Mr. Pei Qingrong	Beneficial Owner	350,000	From 21 January 2008 to 31 December 2009	HK\$1	HK\$2.318
Mr. Wang Shaohua	Beneficial Owner	350,000	From 21 January 2008 to 31 December 2009	HK\$1	HK\$2.318
Mr. Yu Xiumin	Beneficial Owner	180,000	From 21 January 2008 to 31 December 2009	HK\$1	HK\$2.318
Mr. Zuo Duofu	Beneficial Owner	180,000	From 21 January 2008 to 31 December 2009	HK\$1	HK\$2.318

### Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, no other persons had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital:

## Long Positions

Name of Shareholders	Capacity	Nature of interest	Number of ordinary shares	Approximate % of the issued share capital
Dragon Hill (Notes 1 and 2)	Beneficial Owner	Corporate	259,959,613	28.34%
Wuling (Hong Kong) Holdings Limited ("Wuling HK Holdings") (Notes 2, 3 and 4)	Beneficial Owner	Corporate	274,500,000	29.93%
		Unlisted derivatives	135,135,130	14.73%
		Security interest in shares	254,659,613	27.76%
		Sub-total	<u>664,294,743</u>	<u>72.42%</u>
Wuling Motors (Hong Kong) Company Limited ("Wuling HK") (Notes 2, 3 and 4)	Interest in controlled corporate	Corporate	664,294,743	72.42%
Liuzhou Wuling (Notes 2, 3 and 4)	Interest in controlled corporate	Corporate	664,294,743	72.42%
Chow Tai Fook Nominee Limited ("CTF Nominee") (Note 5)	Beneficial owner	Security interest in shares	73,000,000	7.96%
Cheng Yu Tong ("Mr. Cheng") (Note 5)	Interest in controlled corporate	Individual	73,000,000	7.96%

*Notes:*

- (1) The entire issued share capital of Dragon Hill is legally and beneficially owned by Mr. Lee, a director and the controlling Shareholder. Accordingly, this parcel of shares of the Company has also been disclosed as long position of Mr. Lee under the above section.
- (2) Reference is made to the circular of the Company issued on 25 June 2007 and unless the context herewith otherwise requires, terms used in this note shall have the same meanings as in the circular dated 25 June 2007. A share charge has been created on 280,959,613 Shares held by Dragon Hill in favour of Liuzhou Wuling pursuant to the execution of the Share Charge Documents on 28 August 2007 in which Dragon Hill has agreed to guarantee and undertake to procure (i) the due performance of the Company under the JV Agreements, and (ii) the Company not to allot and issue any of the new shares of the Company without the prior written consent of Liuzhou Wuling during the Guarantee Period (i.e., the 36 month-period from the date of the Share Charge). According to the Share Sale Agreement, the Share Charge Documents should be executed simultaneously with the completion of the Share Sale Agreement and that if the Company fails to duly perform its obligations pursuant to any of the JV Agreements or if the Company issues any of the new shares in breach of its undertaking, Liuzhou Wuling (or its wholly-owned subsidiary(ies) shall have the right to acquire the Charged Shares (i.e., the 280,959,613 Shares held by Dragon Hill, being all of the shares of the Company held by Dragon Hill upon completion of the Share Sale Agreement which are agreed to be charged to Liuzhou Wuling (or its wholly-owned subsidiary(ies) by Dragon Hill under the Share Charge) from Dragon Hill at the price of HK\$0.29 per Charged Shares during the Guaranteed Period. With effect from 2 November 2009 and pursuant to a consent letter issued by Liuzhou Wuling, the number of Charged Shares has been reduced to 254,659,613 Shares.
- (3) The entire issued share capital of Wuling HK Holdings is held by Wuling HK, whereas the entire issued share capital of Wuling HK is held by Liuzhou Wuling. Accordingly, Wuling HK and Liuzhou Wuling are deemed to have an interests in the Shares in which Wuling HK Holdings is interested under the SFO.
- (4) The long positions held by the substantial shareholders include: (i) the 274,500,000 Shares beneficially owned by Wuling HK Holding as at the Latest Practicable Date; (ii) the 254,659,613 Shares held as security interest pursuant to Note 2 above; and (iii) the 135,135,130 Shares issuable to Wuling HK Holdings upon exercise in full the conversion rights attaching to a convertible notes issued by the Company to Wuling HK Holdings on 12 January 2009 according to a subscription agreement dated 28 November 2008, details of which have been fully disclosed in the circular of the Company dated 16 December 2008.
- (5) These refer to the same parcel of Shares, as CTF Nominee is reported to be wholly-owned by Mr. Cheng.

### 3. COMPETING INTEREST

Mr. Lee Shing (“Mr. Lee”), the chairman and chief executive officer of the Company, is a director and a substantial shareholder of Shandong Jun Shan Automobile Company Limited (山東俊山汽車有限公司) (“Shandong JS”), a company formed in October 2009 in the PRC with principal business scopes of the design, trading and manufacturing of automotive components, engines, and other mould and tool parts. Since its formation and up to the Latest Practicable Date, Shandong JS has not yet commenced operation and it is expected that its operation will not commence in the near future. There may be a possibility that the business of Shandong JS will compete with that of the Group in the future when Shandong JS commences operation.

The Directors are satisfied that the Group functions independently of and on arm’s lengths basis from Shandong JS on the basis that the majority of the executive Directors, the senior management and operations of the Group are independent of those of Shandong JS. Other than the common director, Mr. Lee, there is no overlap of management personnel for the operations within the Group and Shandong JS. In addition, Mr. Lee also confirmed that he will abstain from voting in the relevant board of directors’ meeting if there is any potential conflict of interests.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Company.

### 4. MATERIAL ADVERSE CHANGE

Save as disclosed below, the Directors confirmed that there was no material adverse change in the financial or trading prospect of the Group since 31 December 2008, the date to which the latest published audited consolidated accounts of the Group were made up, up to the Latest Practicable Date.

As disclosed in the interim report 2009 of the Company, the unaudited consolidated net profit of the Group decreased from approximately RMB89,088,000 (equivalent to approximately HK\$101,961,000) for the six months ended 30 June 2008 to approximately RMB29,867,000 (equivalent to approximately HK\$34,183,000) for the six months ended 30 June 2009 and an unaudited loss of approximately RMB41,440,000 (equivalent to approximately HK\$47,428,000) attributable to Shareholders was reported for the six months ended 30 June 2009, which was mainly attributable to the fair value adjustment of RMB61,437,000 made on the convertible notes issued by the Company in January 2009. The Directors considered that the fair value adjustment was a non-cash item and will not have any impact on the operating cash flows of the Group. On the basis of the exclusion of the aforementioned fair value adjustment, the unaudited consolidated net profit of the Group and the unaudited profit attributable to the Shareholders was RMB91,304,000 (equivalent to approximately HK\$104,497,000) and RMB19,997,000 (equivalent to approximately HK\$22,887,000) respectively, representing respective increases of approximately 2.5% and 137.9% as compared to the corresponding period in 2008.

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered, or proposed to enter, into a service contract with any member of the Group, which did not expire or was not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

**6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest in any assets which had been since 31 December 2008 (being the date to which the latest published accounts of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

**7. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**8. QUALIFICATION, CONSENT AND INTEREST OF EXPERT**

The following is the qualification of the expert who has given opinion or advice which is included in this circular:

<b>Name</b>	<b>Qualification</b>
Guangdong Securities	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

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included in this circular in the form and context in which they respectively included.

As at the Latest Practicable Date, Guangdong Securities did not have any shareholding interest in any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Guangdong Securities did not have any direct or indirect interest in any asset which has been, since 31 December 2008 being the date to which the latest audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

## **9. GENERAL**

- (i) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company in Hong Kong is situated at 35th Floor, Morrison Plaza, 9 Morrison Hill Road, Wanchai, Hong Kong.
- (ii) The company secretary and qualified accountant of the Company, Mr. Lai Shi Hong, Edward, is a member of the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales, and a fellow member of the Association of Chartered Certified Accountants.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iv) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the office of the Company at 35th Floor, Morrison Plaza, 9 Morrison Hill Road, Wanchai, Hong Kong during normal business hours on any weekdays other than public holidays between the period from 30 November 2009 to 18 December 2009 (both days inclusive):

- (i) the Renewed Tenancy Agreement;
- (ii) the Tenancy Agreement;
- (iii) the letter from the Independent Board Committee, the text of which is set out on page 9 of this circular;
- (iv) the letter from Guangdong Securities, the text of which is set out on pages 10 to 16 of this circular; and
- (v) the written consent of Guangdong Securities referred to under the section headed "Qualification, consent and interest of expert" in this appendix.

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## NOTICE OF SGM

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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)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Special General Meeting of Dragon Hill Wuling Automobile Holdings Limited (“the Company”) will be held at 35/F, Morrison Plaza, 9 Morrison Hill Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 18 December 2009, for the following purposes:

To consider, and if thought fit, passing with or without modification the following resolutions as **ORDINARY RESOLUTION**:

**“THAT**

1. the Renewed Tenancy Agreement (copy of which has been produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder and the proposed annual caps of the Renewed Tenancy Agreement be and are hereby approved, confirmed and ratified.
2. the Board be and is hereby authorized to take all such actions as it considers necessary or desirable to implement and give effect to the Renewed Tenancy Agreement and the transactions contemplated thereunder.

For the purposes of this resolution, the term “Renewed Tenancy Agreement” shall have the same definition as defined in the circular to the shareholders of the Company dated 30 November 2009.”

By Order of the Board  
**Dragon Hill Wuling Automobile Holdings Limited**  
**Lee Shing**  
*Chairman*

Hong Kong, 30 November 2009

*As at the date of this notice, 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*

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## NOTICE OF SGM

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*Notes:*

1. Any member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote, on a poll, on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use in connection with the above meeting is enclosed and such form is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of authority must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the above meeting (or at any adjournment thereof). Completion and return of the forms of proxy will not preclude a member from attending the meeting and voting in person if he so wishes. In this event that a member attends the meeting after having lodged his form of proxy, his form of proxy will be deemed to have been revoked.
4. Shareholders are advised to read the circular to the Shareholders of the Company dated 30 November 2009 which contains information concerning the resolution to be proposed in this notice.
5. The Resolution to be proposed at the meeting shall be decided by way of poll.