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**吉利汽車控股有限公司**  
**GEELY AUTOMOBILE HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 175)

**CONNECTED TRANSACTION**

**Financial adviser to Geely Automobile Holdings Limited**



**CIMB Securities (HK) Limited**

On 8 September 2011, Chengdu Gaoyuan, a subsidiary of the Company, entered into the Land Disposal Agreement with Zhongjia Auto pursuant to which the Group agrees to sell and Zhongjia Auto agrees to purchase the land use rights of the Land for a consideration of RMB80,897,800 (equivalent to approximately HK\$97,467,200).

Zhongjia Auto is a company which is owned as to 50.62% by Mr. Li and his associates. Accordingly, the transaction contemplated under the Land Disposal Agreement constitutes a connected transaction of the Company pursuant to Rule 14A.13 of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) for the Land Disposal Agreement are less than 5%, the Connected Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under the Listing Rules.

**THE LAND DISPOSAL AGREEMENT**

**Date:** 8 September 2011

**Parties:** Chengdu Gaoyuan, a subsidiary of the Company, as the vendor;  
Zhongjia Auto, as the purchaser

Zhongjia Auto is a company which is owned as to 50.62% by Mr. Li and his associates. Mr. Li is an executive Director and a substantial shareholder holding approximately 50.32% interest in the issued share capital of the Company. Zhongjia Auto is therefore an associate of Mr. Li and a connected person of the Company for the purpose of the Listing Rules.

**Subject matter:** Zhongjia Auto conditionally agrees to purchase the land use rights of the Land from the Group.

The Land is for industrial use and has a term of 50 years expiring in years from 2059 to 2061.

The Land is currently idle for future development. No profit was attributable to the Land for the two financial years ended 31 December 2009 and 2010.

**Consideration:** RMB80,897,800 (equivalent to approximately HK\$97,467,200)

The consideration has been arrived at after arm's length negotiations between the Group and Zhongjia Auto with reference to the appraised value of the Land as at 30 June 2011 plus relevant PRC taxes totaling RMB80,897,800 (equivalent to approximately HK\$97,467,200). The original acquisition cost of the Land by the Group was RMB75,779,600 (equivalent to approximately HK\$91,300,700) in years from 2009 to 2010.

Subject to final audit, it is expected that the pre-tax gain on disposal for the Land will amount to approximately RMB7,679,000 (equivalent to approximately HK\$9,251,800). Such gain was calculated based on the difference between the consideration paid and the net book value of the Land as at 30 June 2011 of RMB73,218,800 (equivalent to approximately HK\$88,215,400) as shown in the unaudited management accounts prepared in accordance with the PRC GAAPs. The proceeds from the disposal of the Land will be applied towards the general working capital of the Group.

As the Group has surplus land in Chengdu and the consideration for the disposal of the Land (i.e. arrived at after arm's length negotiations with reference to the appraised value of the Land by an independent valuer, using the method of benchmark land price coefficient revision (基準地價係數修正法) and market comparison approach (市場比較法) plus relevant PRC taxes) is higher than the net book value of RMB73,218,800 (equivalent to approximately HK\$88,215,400) of the Land as at 30 June 2011, the Directors consider that the terms of the Land Disposal Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent for the Land Disposal Agreement**

Completion of the Land Disposal Agreement is conditional upon the Company's compliance with the relevant regulatory requirements of connected transaction under the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONNECTED TRANSACTION**

The Group is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding. Zhongjia Auto is principally engaged in the research & development, manufacture & sales of automobile-related parts and components for Volvo's models.

Taking into account (a) the availability of surplus land of the Group in Chengdu; (b) the consideration for the disposal of the Land (i.e. arrived at after arm's length negotiations with reference to the appraised value of the Land by an independent valuer plus relevant PRC taxes) is higher than the net book value of the Land; (c) Zhongjia Auto's need of the Land as manufacturing base in Chengdu in view of their expected production timetable of Volvo's models; and (d) subsequent to the completion of the Land Disposal Agreement, the closer proximity of the manufacturing facilities of the Group and Zhongjia Auto should be beneficial to their future cooperation, if any, the Directors consider that the disposal contemplated under the Land Disposal Agreement provides a good opportunity for the Group to realize the Land at a reasonable price and further enhance the financial position of the Group.

Given the above, the Directors consider that the terms of the Land Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Zhongjia Auto is a company which is owned as to 50.62% by Mr. Li and his associates. Mr. Li is an executive Director and a substantial shareholder holding approximately 50.32% interest in the issued share capital of the Company. Zhongjia Auto is therefore an associate of Mr. Li and a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Land Disposal Agreement constitutes a connected transaction of the Company pursuant to Rule 14A.13 of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) for the Land Disposal Agreement are less than 5%, the Connected Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under the Listing Rules. Mr. Li is considered to have a material interest in the Connected Transaction by virtue of his interests in Zhongjia Auto, and has abstained from voting on the Board resolution to approve the transaction contemplated under the Land Disposal Agreement.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Chengdu”	Chengdu, Sichuan Province, the PRC
“Chengdu Gaoyuan”	成都高原汽車工業有限公司 (Chengdu Gaoyuan Automobile Industries Company Limited), a sino-foreign joint venture company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company as at the date of this announcement; Chengdu Gaoyuan, is principally engaged in the research, development, production, marketing and sales of sedans and related automobile components in the PRC
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange
“Connected Transaction”	the transaction contemplated under the Land Disposal Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholders”	shareholder(s) other than Mr. Li and his associates
“Land”	3 parcels of land located at Chenghuan Lu, Chengdu Economic & Technological Development Zone, Longquanyi District, Chengdu City, Sichuan Province, the PRC (中國四川省成都市龍泉驛區成都經濟技術開發區成環路), comprising a total area of 375,991.27 square meters
“Land Disposal Agreement”	a sales and purchase agreement dated 8 September 2011 entered into between Chengdu Gaoyuan and Zhongjia Auto pursuant to which Zhongjia Auto conditionally agrees to purchase the land use rights of the Land from Chengdu Gaoyuan

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial shareholder holding 50.32% interest in the issued share capital of the Company as at the date of this announcement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“PRC GAAPs”	PRC generally accepted accounting principles
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongjia Auto”	中嘉汽車製造(成都)有限公司 (Zhongjia Automobile Manufacturing (Chengdu) Company Limited), a private limited liability company incorporated in the PRC, and is beneficiary owned as to 50.62% by Mr. Li and his associates as at the date of this announcement; Zhongjia Auto is principally engaged in the research & development, manufacture & sales of automobile-related parts and components for Volvo’s models
“%”	per cent.

*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK\$ as follows:*

$$RMB1 = HK\$1.2048$$

*No representation is made that any amount in HK\$ could have been or could be converted at the above rate or at any other rates or at all.*

By order of the Board of  
**Geely Automobile Holdings Limited**  
**David C.Y. Cheung**  
*Company Secretary*

Hong Kong, 8 September 2011

*As at the date of this announcement, the executive Directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Yang Jian (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. Ang Siu Lun, Lawrence, Mr. Yin Da Qing, Richard, Mr. Liu Jin Liang, Dr. Zhao Fuquan, Ms. Wei Mei and Mr. Li Dong Hui, Daniel, the non-executive Director of the Company is Mr. Wang Yang and the independent non-executive Directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.*