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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)

## DISCLOSEABLE AND CONNECTED TRANSACTIONS

Financial adviser to Geely Automobile Holdings Limited



On 25 November 2011, the Group entered into the following agreements:

**(A) THE ZHEJIANG JIRUN AGREEMENT**

an equity transfer agreement between Zhejiang Geely and Zhejiang Kingkong R&D pursuant to which Zhejiang Geely conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Jirun to Zhejiang Kingkong R&D for a consideration of RMB350,477,000 (equivalent to approximately HK\$427,411,000);

**(B) THE SHANGHAI MAPLE GUORUN AGREEMENT**

an equity transfer agreement between Shanghai Maple and Zhejiang Kingkong R&D pursuant to which Shanghai Maple conditionally agrees to transfer an 8% interest in the registered capital of Shanghai Maple Guorun to Zhejiang Kingkong R&D for a consideration of RMB116,590,900 (equivalent to approximately HK\$142,184,000);

**(C) THE ZHEJIANG KINGKONG AGREEMENT**

an equity transfer agreement between Zhejiang Haoqing and Zhejiang Fulin Guorun pursuant to which Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Kingkong to Zhejiang Fulin Guorun for a consideration of RMB162,805,100 (equivalent to approximately HK\$198,542,800);

#### **(D) THE ZHEJIANG RUHOO AGREEMENT**

an equity transfer agreement between Zhejiang Haoqing and Zhejiang Fulin Guorun pursuant to which Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Ruhoo to Zhejiang Fulin Guorun for a consideration of RMB52,581,400 (equivalent to approximately HK\$64,123,700);

#### **(E) THE HUNAN GEELY AGREEMENT**

an equity transfer agreement between Zhejiang Haoqing and Zhejiang Fulin Guorun pursuant to which Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Hunan Geely to Zhejiang Fulin Guorun for a consideration of RMB135,009,700 (equivalent to approximately HK\$164,646,000);

As at the date of this announcement, each of the Group's five key operating subsidiaries, namely Zhejiang Jirun, Shanghai Maple Guorun, Zhejiang Kingkong, Zhejiang Ruhoo and Hunan Geely, is an indirect 91%-owned subsidiary of the Company. Therefore, upon completion of the Agreements, each of Zhejiang Jirun, Shanghai Maple Guorun, Zhejiang Kingkong, Zhejiang Ruhoo and Hunan Geely will be indirectly owned as to 99% by the Group, and will continue to be accounted for as an indirect non wholly-owned subsidiary of the Company.

Each of Zhejiang Geely, Shanghai Maple and Zhejiang Haoqing is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in each of them and therefore, each of them is an associate of a connected person of the Company. Accordingly, the transactions contemplated under the Agreements constitute connected transactions of the Company pursuant to Rule 14A.13 of the Listing Rules. Under Chapter 14A of the Listing Rules, as the applicable percentage ratios (other than the profits ratio) for the Agreements in aggregate exceed 5%, the Connected Transactions are subject to the reporting, announcement and the independent shareholders' approval requirements under the Listing Rules. Mr. Li is considered to have a material interest in the Connected Transactions by virtue of his interests in Zhejiang Geely, Shanghai Maple and Zhejiang Haoqing, and has abstained from voting on the Board resolution for approving the transactions contemplated under the Agreements. Further, as the applicable percentage ratios for the Agreements in aggregate exceed 5% but are less than 25%, the Acquisitions also constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

An Independent Board Committee has been appointed to advise the Independent Shareholders in respect of the terms of the Agreements. An independent financial adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Agreements; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the EGM will be despatched to the Shareholders on or before 12 December 2011.

## (I) THE ZHEJIANG JIRUN AGREEMENT

**Date:** 25 November 2011

**Parties:** Zhejiang Kingkong R&D, as the transferee;  
Zhejiang Geely, as the transferor

Zhejiang Kingkong R&D is an indirect wholly-owned subsidiary of the Company.

Zhejiang Geely is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in it and therefore, it is an associate of a connected person of the Company.

**Subject matter:** Zhejiang Geely conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Jirun to Zhejiang Kingkong R&D.

Zhejiang Jirun was set up in 2003 with a registered capital of USD330,715,081 (equivalent to approximately HK\$2,575,278,300) and was owned as to 91% by the Group and as to 9% by Zhejiang Geely, respectively.

**Consideration:** A cash consideration of RMB350,477,000 (equivalent to approximately HK\$427,411,000) is payable to Zhejiang Geely for the 8% interest in Zhejiang Jirun.

The consideration has been arrived at after arm's length negotiations between Zhejiang Kingkong R&D and Zhejiang Geely with reference to the net asset value of the 8% interest in the registered capital of Zhejiang Jirun of RMB350,477,000 (representing approximately HK\$427,411,000) as at 30 September 2011. The Group intends to finance the acquisition out of its internal resources and the consideration is payable in cash within two months after the completion of the Zhejiang Jirun Agreement.

As the consideration for the Zhejiang Jirun Acquisition is based on the net asset value of the 8% interest in the registered capital of Zhejiang Jirun as at 30 September 2011, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Zhejiang Jirun 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 Zhejiang Jirun Agreement**

Completion of the Zhejiang Jirun Agreement is conditional upon satisfaction of the following conditions precedent:

- (a) the PRC government or the appropriate authorised state agency having irrevocably or unconditionally approved or accepted the transaction contemplated under the Zhejiang Jirun Agreement for filing pursuant to the applicable laws and regulations;
- (b) the change in the shareholding structure of Zhejiang Jirun has been registered with the relevant approval department for foreign investment enterprise and State Administration for Industry and Commerce with jurisdiction over Zhejiang Jirun;
- (c) Zhejiang Jirun being issued with the approval certificate of foreign investment enterprise and the new corporate business license;
- (d) the approval of the transaction contemplated under the Zhejiang Jirun Agreement by all other relevant government authorities and third parties (such as the relevant commercial lender, etc.);
- (e) the approval of the Independent Shareholders of the Company in the EGM for the transaction contemplated under the Zhejiang Jirun Agreement; and
- (f) the representations and warranties remaining true and accurate in all material aspects.

Zhejiang Kingkong R&D may at any time waive condition (f) by written notice to Zhejiang Geely before completion of the Zhejiang Jirun Agreement.

If the above conditions are not satisfied or waived by 31 March 2012 (or such later date as the parties may agree in writing), the Zhejiang Jirun Agreement will terminate and none of the parties to the Zhejiang Jirun Agreement will have any claim or liability hereunder to the other party to the Zhejiang Jirun Agreement.

## **(II) THE SHANGHAI MAPLE GUORUN AGREEMENT**

**Date:** 25 November 2011

**Parties:** Zhejiang Kingkong R&D, as the transferee;  
Shanghai Maple, as the transferor

Zhejiang Kingkong R&D is an indirect wholly-owned subsidiary of the Company.

Shanghai Maple is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in it and therefore, it is an associate of a connected person of the Company.

**Subject matter:** Shanghai Maple conditionally agrees to transfer an 8% interest in the registered capital of Shanghai Maple Guorun to Zhejiang Kingkong R&D.

Shanghai Maple Guorun was set up in 2003 with a registered capital of USD121,363,600 (equivalent to approximately HK\$945,058,400) and was owned as to 91% by the Group and as to 9% by Shanghai Maple, respectively.

**Consideration:** A cash consideration of RMB116,590,900 (equivalent to approximately HK\$142,184,000) is payable to Shanghai Maple for the 8% interest in Shanghai Maple Guorun.

The consideration has been arrived at after arm's length negotiations between Zhejiang Kingkong R&D and Shanghai Maple with reference to the net asset value of the 8% interest in the registered capital of Shanghai Maple Guorun of RMB116,590,900 (representing approximately HK\$142,184,000) as at 30 September 2011. The Group intends to finance the acquisition out of its internal resources and the consideration is payable in cash within two months after the completion of the Shanghai Maple Guorun Agreement.

As the consideration for the Shanghai Maple Guorun Acquisition is based on the net asset value of the 8% interest in the registered capital of Shanghai Maple Guorun as at 30 September 2011, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Shanghai Maple Guorun 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 Shanghai Maple Guorun Agreement**

Completion of the Shanghai Maple Guorun Agreement is conditional upon satisfaction of the following conditions precedent:

- (a) the PRC government or the appropriate authorised state agency having irrevocably or unconditionally approved or accepted the transaction contemplated under the Shanghai Maple Guorun Agreement for filing pursuant to the applicable laws and regulations;

- (b) the change in the shareholding structure of Shanghai Maple Guorun has been registered with the relevant approval department for foreign investment enterprise and State Administration for Industry and Commerce with jurisdiction over Shanghai Maple Guorun;
- (c) Shanghai Maple Guorun being issued with the approval certificate of foreign investment enterprise and the new corporate business license;
- (d) the approval of the transaction contemplated under the Shanghai Maple Guorun Agreement by all other relevant government authorities and third parties (such as the relevant commercial lender, etc.);
- (e) the approval of the Independent Shareholders of the Company in the EGM for the transaction contemplated under the Shanghai Maple Guorun Agreement; and
- (f) the representations and warranties remaining true and accurate in all material aspects.

Zhejiang Kingkong R&D may at any time waive condition (f) by written notice to Shanghai Maple before completion of the Shanghai Maple Guorun Agreement.

If the above conditions are not satisfied or waived by 31 March 2012 (or such later date as the parties may agree in writing), the Shanghai Maple Guorun Agreement will terminate and none of the parties to the Shanghai Maple Guorun Agreement will have any claim or liability hereunder to the other party to the Shanghai Maple Guorun Agreement.

### **(III) THE ZHEJIANG KINGKONG AGREEMENT**

**Date:** 25 November 2011

**Parties:** Zhejiang Fulin Guorun, as the transferee;  
Zhejiang Haoqing, as the transferor

Zhejiang Fulin Guorun is an indirect wholly-owned subsidiary of the Company.

Zhejiang Haoqing is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in it and therefore, it is an associate of a connected person of the Company.

**Subject matter:** Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Kingkong to Zhejiang Fulin Guorun.

Zhejiang Kingkong was set up in 2006 with a registered capital of RMB413,000,000 (equivalent to approximately HK\$503,658,500) and was owned as to 91% by the Group and as to 9% by Zhejiang Haoqing, respectively.

**Consideration:**

A cash consideration of RMB162,805,100 (equivalent to approximately HK\$198,542,800) is payable to Zhejiang Haoqing for the 8% interest in Zhejiang Kingkong.

The consideration has been arrived at after arm's length negotiations between Zhejiang Fulin Guorun and Zhejiang Haoqing with reference to the net asset value of the 8% interest in the registered capital of Zhejiang Kingkong of RMB162,805,100 (representing approximately HK\$198,542,800) as at 30 September 2011. The Group intends to finance the acquisition out of its internal resources and the consideration is payable in cash within two months after the completion of the Zhejiang Kingkong Agreement.

As the consideration for the Zhejiang Kingkong Acquisition is based on the net asset value of the 8% interest in the registered capital of Zhejiang Kingkong as at 30 September 2011, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Zhejiang Kingkong 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 Zhejiang Kingkong Agreement**

Completion of the Zhejiang Kingkong Agreement is conditional upon satisfaction of the following conditions precedent:

- (a) the PRC government or the appropriate authorised state agency having irrevocably or unconditionally approved or accepted the transaction contemplated under the Zhejiang Kingkong Agreement for filing pursuant to the applicable laws and regulations;
- (b) the change in the shareholding structure of Zhejiang Kingkong has been registered with the relevant approval department for foreign investment enterprise and State Administration for Industry and Commerce with jurisdiction over Zhejiang Kingkong;
- (c) Zhejiang Kingkong being issued with the approval certificate of foreign investment enterprise and the new corporate business license;
- (d) the approval of the transaction contemplated under the Zhejiang Kingkong Agreement by all other relevant government authorities and third parties (such as the relevant commercial lender, etc.);

- (e) the approval of the Independent Shareholders of the Company in the EGM for the transaction contemplated under the Zhejiang Kingkong Agreement; and
- (f) the representations and warranties remaining true and accurate in all material aspects.

Zhejiang Fulin Guorun may at any time waive condition (f) by written notice to Zhejiang Haoqing before completion of the Zhejiang Kingkong Agreement.

If the above conditions are not satisfied or waived by 31 March 2012 (or such later date as the parties may agree in writing), the Zhejiang Kingkong Agreement will terminate and none of the parties to the Zhejiang Kingkong Agreement will have any claim or liability hereunder to the other party to the Zhejiang Kingkong Agreement.

#### **(IV) THE ZHEJIANG RUHOO AGREEMENT**

**Date:** 25 November 2011

**Parties:** Zhejiang Fulin Guorun, as the transferee;  
Zhejiang Haoqing, as the transferor

Zhejiang Fulin Guorun is an indirect wholly-owned subsidiary of the Company.

Zhejiang Haoqing is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in it and therefore, it is an associate of a connected person of the Company.

**Subject matter:** Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Ruhoo to Zhejiang Fulin Guorun.

Zhejiang Ruhoo was set up in 2006 with a registered capital of RMB418,677,000 (equivalent to approximately HK\$510,581,700) and was owned as to 91% by the Group and as to 9% by Zhejiang Haoqing, respectively.

**Consideration:** A cash consideration of RMB52,581,400 (equivalent to approximately HK\$64,123,700) is payable to Zhejiang Haoqing for the 8% interest in Zhejiang Ruhoo.

The consideration has been arrived at after arm's length negotiations between Zhejiang Fulin Guorun and Zhejiang Haoqing with reference to the net asset value of the 8% interest in the registered capital of Zhejiang Ruhoo of RMB52,581,400 (representing approximately HK\$64,123,700) as at 30 September 2011. The Group intends to finance the acquisition out of its internal resources and the consideration is payable in cash within two months after the completion of the Zhejiang Ruhoo Agreement.

As the consideration for the Zhejiang Ruhoo Acquisition is based on the net asset value of the 8% interest in the registered capital of Zhejiang Ruhoo as at 30 September 2011, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Zhejiang Ruhoo 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 Zhejiang Ruhoo Agreement**

Completion of the Zhejiang Ruhoo Agreement is conditional upon satisfaction of the following conditions precedent:

- (a) the PRC government or the appropriate authorised state agency having irrevocably or unconditionally approved or accepted the transaction contemplated under the Zhejiang Ruhoo Agreement for filing pursuant to the applicable laws and regulations;
- (b) the change in the shareholding structure of Zhejiang Ruhoo has been registered with the relevant approval department for foreign investment enterprise and State Administration for Industry and Commerce with jurisdiction over Zhejiang Ruhoo;
- (c) Zhejiang Ruhoo being issued with the approval certificate of foreign investment enterprise and the new corporate business license;
- (d) the approval of the transaction contemplated under the Zhejiang Ruhoo Agreement by all other relevant government authorities and third parties (such as the relevant commercial lender, etc.);
- (e) the approval of the Independent Shareholders of the Company in the EGM for the transaction contemplated under the Zhejiang Ruhoo Agreement; and
- (f) the representations and warranties remaining true and accurate in all material aspects.

Zhejiang Fulin Guorun may at any time waive condition (f) by written notice to Zhejiang Haoqing before completion of the Zhejiang Ruhoo Agreement.

If the above conditions are not satisfied or waived by 31 March 2012 (or such later date as the parties may agree in writing), the Zhejiang Ruhoo Agreement will terminate and none of the parties to the Zhejiang Ruhoo Agreement will have any claim or liability hereunder to the other party to the Zhejiang Ruhoo Agreement.

## (V) THE HUNAN GEELY AGREEMENT

**Date:** 25 November 2011

**Parties:** Zhejiang Fulin Guorun, as the transferee;  
Zhejiang Haoqing, as the transferor

Zhejiang Fulin Guorun is an indirect wholly-owned subsidiary of the Company.

Zhejiang Haoqing is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in it and therefore, it is an associate of a connected person of the Company.

**Subject matter:** Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Hunan Geely to Zhejiang Fulin Guorun.

Hunan Geely was set up in 2007 with a registered capital of USD88,516,570 (equivalent to approximately HK\$689,278,500) and was owned as to 91% by the Group and as to 9% by Zhejiang Haoqing, respectively.

**Consideration:** A cash consideration of RMB135,009,700 (equivalent to approximately HK\$164,646,000) is payable to Zhejiang Haoqing for the 8% interest in Hunan Geely.

The consideration has been arrived at after arm's length negotiations between Zhejiang Fulin Guorun and Zhejiang Haoqing with reference to the net asset value of the 8% interest in the registered capital of Hunan Geely of RMB135,009,700 (representing approximately HK\$164,646,000) as at 30 September 2011. The Group intends to finance the acquisition out of its internal resources and the consideration is payable in cash within two months after the completion of the Hunan Geely Agreement.

As the consideration for the Hunan Geely Acquisition is based on the net asset value of the 8% interest in the registered capital of Hunan Geely as at 30 September 2011, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Hunan Geely 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 Hunan Geely Agreement**

Completion of the Hunan Geely Agreement is conditional upon satisfaction of the following conditions precedent:

- (a) the PRC government or the appropriate authorised state agency having irrevocably or unconditionally approved or accepted the transaction contemplated under the Hunan Geely Agreement for filing pursuant to the applicable laws and regulations;
- (b) the change in the shareholding structure of Hunan Geely has been registered with the relevant approval department for foreign investment enterprise and State Administration for Industry and Commerce with jurisdiction over Hunan Geely;
- (c) Hunan Geely being issued with the approval certificate of foreign investment enterprise and the new corporate business license;
- (d) the approval of the transaction contemplated under the Hunan Geely Agreement by all other relevant government authorities and third parties (such as the relevant commercial lender, etc.);
- (e) the approval of the Independent Shareholders of the Company in the EGM for the transaction contemplated under the Hunan Geely Agreement; and
- (f) the representations and warranties remaining true and accurate in all material aspects.

Zhejiang Fulin Guorun may at any time waive condition (f) by written notice to Zhejiang Haoqing before completion of the Hunan Geely Agreement.

If the above conditions are not satisfied or waived by 31 March 2012 (or such later date as the parties may agree in writing), the Hunan Geely Agreement will terminate and none of the parties to the Hunan Geely Agreement will have any claim or liability hereunder to the other party to the Hunan Geely Agreement.

**FINANCIAL INFORMATION ON ZHEJIANG JIRUN, SHANGHAI MAPLE GUORUN,  
ZHEJIANG KINGKONG, ZHEJIANG RUHOO AND HUNAN GEELY**

The audited financial information of Zhejiang Jirun for the two financial years ended 31 December 2010 prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) is set out below:

	<b>For the year ended 31 December 2010 (RMB)</b>	<b>For the year ended 31 December 2009 (RMB)</b>
<b>Profit before taxation and extraordinary items</b>	795,925,900 (Approximately HK\$970,641,300)	514,239,500 (Approximately HK\$627,121,300)
<b>Profit after taxation and extraordinary items</b>	666,897,800 (Approximately HK\$813,290,000)	456,697,000 (Approximately HK\$556,947,600)
	<b>As at 31 December 2010 (RMB)</b>	<b>As at 31 December 2009 (RMB)</b>
<b>Net asset value as at 31 December 2009 and 2010, respectively</b>	4,006,249,800 (Approximately HK\$4,885,670,500)	2,625,809,200 (Approximately HK\$3,202,206,300)

The audited financial information of Shanghai Maple Guorun for the two financial years ended 31 December 2010 prepared in accordance with the HKFRSs is set out below:

	<b>For the year ended 31 December 2010 (RMB)</b>	<b>For the year ended 31 December 2009 (RMB)</b>
<b>Profit before taxation and extraordinary items</b>	299,867,800 (Approximately HK\$365,692,400)	101,297,600 (Approximately HK\$123,533,700)
<b>Profit after taxation and extraordinary items</b>	264,109,900 (Approximately HK\$322,085,200)	73,828,600 (Approximately HK\$90,034,900)

	As at 31 December 2010 (RMB)	As at 31 December 2009 (RMB)
<b>Net asset value as at 31 December 2009 and 2010, respectively</b>	1,271,414,200 (Approximately HK\$1,550,505,100)	859,843,000 (Approximately HK\$1,048,589,000)

The audited financial information of Zhejiang Kingkong for the two financial years ended 31 December 2010 prepared in accordance with the HKFRSs is set out below:

	For the year ended 31 December 2010 (RMB)	For the year ended 31 December 2009 (RMB)
<b>Profit before taxation and extraordinary items</b>	505,033,600 (Approximately HK\$615,894,600)	599,302,200 (Approximately HK\$730,856,300)
<b>Profit after taxation and extraordinary items</b>	440,075,500 (Approximately HK\$536,677,400)	523,904,400 (Approximately HK\$638,907,800)
	As at 31 December 2010 (RMB)	As at 31 December 2009 (RMB)
<b>Net asset value as at 31 December 2009 and 2010, respectively</b>	1,818,795,700 (Approximately HK\$2,218,043,500)	1,200,537,500 (Approximately HK\$1,464,070,100)

The audited financial information of Zhejiang Ruhoo for the two financial years ended 31 December 2010 prepared in accordance with the HKFRSs is set out below:

	For the year ended 31 December 2010 (RMB)	For the year ended 31 December 2009 (RMB)
<b>Profit before taxation and extraordinary items</b>	70,439,700 (Approximately HK\$85,902,100)	29,768,500 (Approximately HK\$36,303,000)
<b>Profit after taxation and extraordinary items</b>	57,648,300 (Approximately HK\$70,302,800)	26,482,200 (Approximately HK\$32,295,400)

	As at 31 December 2010 (RMB)	As at 31 December 2009 (RMB)
<b>Net asset value as at 31 December 2009 and 2010, respectively</b>	575,380,400 (Approximately HK\$701,683,400)	493,702,100 (Approximately HK\$602,075,700)

The audited financial information of Hunan Geely for the two financial years ended 31 December 2010 prepared in accordance with the HKFRSs is set out below:

	For the year ended 31 December 2010 (RMB)	For the year ended 31 December 2009 (RMB)
<b>Profit before taxation and extraordinary items</b>	642,183,800 (Approximately HK\$783,151,000)	401,432,700 (Approximately HK\$489,552,100)
<b>Profit after taxation and extraordinary items</b>	575,061,200 (Approximately HK\$701,294,100)	350,803,600 (Approximately HK\$427,809,300)
	As at 31 December 2010 (RMB)	As at 31 December 2009 (RMB)
<b>Net asset value as at 31 December 2009 and 2010, respectively</b>	1,539,582,300 (Approximately HK\$1,877,539,400)	530,301,700 (Approximately HK\$646,709,400)

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

The Group is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

Geely Holding and its subsidiaries are principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses.

Each of Zhejiang Geely, Shanghai Maple and Zhejiang Haoqing is principally engaged in the manufacturing and sales of automobiles and related components, and manufacturing of air-conditioning related parts.

The Group has been focusing on manufacturing and sales of automobile and automobile parts and streamlining its corporate structure over the past few years, aiming at further improving its operating efficiency and enhancing the transparency of the Group. As at the date of this announcement, each of the Group's five key operating subsidiaries, namely Zhejiang Jirun, Shanghai Maple Guorun, Zhejiang Kingkong, Zhejiang Ruhoo and Hunan Geely, is an indirect 91%-owned subsidiary of the Company. Upon completion of the Agreements, each of these five key operating subsidiaries will be accounted for as an indirect 99%-owned subsidiary of the Group. As the consideration for the Acquisitions is determined based on the aggregated net asset values of the 8% interests in these five key operating subsidiaries, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) believe that this is an attractive opportunity for the Group to increase its interests in these five key operating subsidiaries which will further improve profitability of the Group and thus return to the Shareholders.

Given the above, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS AND APPROVAL BY INDEPENDENT SHAREHOLDERS**

Each of Zhejiang Geely, Shanghai Maple and Zhejiang Haoqing is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Mr. Li, an executive Director and a substantial shareholder holding approximately a 50.30% interest in the issued share capital of the Company as at the date of this announcement, has more than 30% interest in each of them and therefore, each of them is an associate of a connected person of the Company. Accordingly, the transactions contemplated under the Agreements constitute connected transactions of the Company pursuant to Rule 14A.13 of the Listing Rules. Under Chapter 14A of the Listing Rules, as the applicable percentage ratios (other than the profits ratio) for the Agreements in aggregate exceed 5%, the Connected Transactions are subject to the reporting, announcement and the independent shareholders' approval requirements under the Listing Rules. Mr. Li is considered to have a material interest in the Connected Transactions by virtue of his interests in Zhejiang Geely, Shanghai Maple and Zhejiang Haoqing, and has abstained from voting on the Board resolution for approving the transactions contemplated under the Agreements. Further, as the applicable percentage ratios for the Agreements in aggregate exceed 5% but are less than 25%, the Acquisitions also constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

An Independent Board Committee has been appointed to advise the Independent Shareholders in respect of the terms of the Agreements. An independent financial adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Agreements; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the EGM will be despatched to the Shareholders on or before 12 December 2011.

## **DEFINITIONS**

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

“Acquisitions”	together, the Zhejiang Jirun Acquisition, the Shanghai Maple Guorun Acquisition, the Zhejiang Kingkong Acquisition, the Zhejiang Ruhoo Acquisition and the Hunan Geely Acquisition
“Agreements”	together, the Zhejiang Jirun Agreement, the Shanghai Maple Guorun Agreement, the Zhejiang Kingkong Agreement, the Zhejiang Ruhoo Agreement and the Hunan Geely Agreement
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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 Transactions”	collectively, the transactions contemplated under the Zhejiang Jirun Agreement, the Shanghai Maple Guorun Agreement, the Zhejiang Kingkong Agreement, the Zhejiang Ruhoo Agreement and the Hunan Geely Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Agreements
“Geely Holding”	浙江吉利控股集团有限公司 (Zhejiang Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 90% by Mr. Li and as to 10% by Mr. Li Xing Xing, the son of Mr. Li, respectively as at the date of this announcement; Geely Holding and its subsidiaries are principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses

“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
“Hunan Geely”	湖南吉利汽車部件有限公司 (Hunan Geely Automobile Components Company Limited), a sino-foreign joint venture company established in the PRC with limited liability and is an indirect 91%-owned subsidiary of the Company as at the date of this announcement; Hunan Geely is principally engaged in the research, development, production, marketing and sales of sedans and related automobile components in the PRC
“Hunan Geely Acquisition”	the transactions contemplated under the Hunan Geely Agreement
“Hunan Geely Agreement”	an equity transfer agreement dated 25 November 2011 entered into between Zhejiang Haoqing and Zhejiang Fulin Guorun pursuant to which Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Hunan Geely to Zhejiang Fulin Guorun
“Independent Board Committee”	the independent committee of the Board comprising only the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Agreements
“Independent Shareholders”	Shareholders other than Mr. Li and his associates
“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 a 50.30% 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)
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Maple”	上海華普汽車有限公司 (Shanghai Maple Automobile Company Limited), a limited liability company incorporated in the PRC and is owned as to 90.00% by Geely Holding and as to 10.00% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Company Limited) respectively, which is in turn owned by the senior management of Geely Holding. Shanghai Maple is principally engaged in manufacturing and sales of automobile and related components, and manufacturing of air conditioning related parts
“Shanghai Maple Guorun”	上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited), a sino-foreign joint venture established in the PRC with limited liability and is an indirect 91%-owned subsidiary of the Company as at the date of this announcement; Shanghai Maple Guorun is principally engaged in the research, development, production, marketing and sales of sedans and related automobile components in the PRC
“Shanghai Maple Guorun Acquisition”	the transactions contemplated under the Shanghai Maple Guorun Agreement
“Shanghai Maple Guorun Agreement”	the equity transfer agreement dated 25 November 2011 entered into between Shanghai Maple and Zhejiang Kingkong R&D pursuant to which Shanghai Maple conditionally agrees to transfer an 8% interest in the registered capital of Shanghai Maple Guorun to Zhejiang Kingkong R&D
“Shareholders”	holders of shares of the Company
“USD”	United States dollar, the lawful currency of United States of America
“Zhejiang Fulin Guorun”	浙江福林國潤汽車零部件有限公司 (Zhejiang Fulin Guorun Automobile Parts and Components Company Limited), a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement; Zhejiang Fulin Guorun is principally engaged in the research, development, production, marketing and sales of automobile parts and related components in the PRC

“Zhejiang Geely”

浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited) (formerly known as 「浙江吉利美日汽車有限公司」 (Zhejiang Geely Merrie Automobile Company Limited)), a limited liability company incorporated in the PRC and is owned as to 90.00% by Geely Holding and as to 10.00% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Company Limited) respectively, which is in turn owned by the senior management of Geely Holding as at the date of this announcement; Zhejiang Geely is principally engaged in the manufacturing and sales of automobile and related components, and manufacturing of air-conditioning related parts

“Zhejiang Haoqing”

浙江豪情汽車製造有限公司 (Zhejiang Haoqing Automobile Manufacturing Company Limited), a company incorporated in the PRC with limited liability, and is beneficially owned as to 90% by Geely Holding and as to 10% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Co. Ltd) respectively, which is in turn owned by the senior management of Geely Holding. Zhejiang Haoqing is principally engaged in the manufacturing and sales of automobiles and related components, and manufacturing of air-conditioning related parts

“Zhejiang Jirun”

浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited) (formerly known as 「浙江吉利汽車有限公司」 (Zhejiang Geely Automobile Company Limited)), a sino-foreign joint venture company established in the PRC with limited liability and is an indirect 91%-owned subsidiary of the Company as at the date of this announcement; Zhejiang Jirun is principally engaged in the research, development, production, marketing and sales of sedans and related automobile components in the PRC

“Zhejiang Jirun Acquisition”

the transactions contemplated under the Zhejiang Jirun Agreement

“Zhejiang Jirun Agreement”

an equity transfer agreement dated 25 November 2011 entered into between Zhejiang Geely and Zhejiang Kingkong R&D pursuant to which Zhejiang Geely conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Jirun to Zhejiang Kingkong R&D

“Zhejiang Kingkong”	浙江金剛汽車有限公司 (Zhejiang Kingkong Automobile Company Limited), a sino-foreign joint venture company established in the PRC with limited liability and is an indirect 91%-owned subsidiary of the Company as at the date of this announcement; Zhejiang Kingkong is principally engaged in the research, development, production, marketing and sales of sedans and related automobile components in the PRC
“Zhejiang Kingkong Acquisition”	the transactions contemplated under the Zhejiang Kingkong Agreement
“Zhejiang Kingkong Agreement”	an equity transfer agreement dated 25 November 2011 entered into between Zhejiang Haoqing and Zhejiang Fulin Guorun pursuant to which Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Kingkong to Zhejiang Fulin Guorun
“Zhejiang Kingkong R&D”	浙江金剛汽車零部件研究開發有限公司 (Zhejiang Kingkong Automobile Parts and Components R&D Company Limited), a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement; Zhejiang Kingkong R&D is principally engaged in the research and development of automobile parts and related components in the PRC
“Zhejiang Ruhoo”	浙江陸虎汽車有限公司 (Zhejiang Ruhoo Automobile Company Limited), a sino-foreign joint venture company established in the PRC with limited liability and is an indirect 91%-owned subsidiary of the Company as at the date of this announcement; Zhejiang Ruhoo is principally engaged in the research, development, production, marketing and sales of sedans and related automobile components in the PRC
“Zhejiang Ruhoo Acquisition”	the transactions contemplated under the Zhejiang Ruhoo Agreement
“Zhejiang Ruhoo Agreement”	an equity transfer agreement dated 25 November 2011 entered into between Zhejiang Haoqing and Zhejiang Fulin Guorun pursuant to which Zhejiang Haoqing conditionally agrees to transfer an 8% interest in the registered capital of Zhejiang Ruhoo to Zhejiang Fulin Guorun

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

*RMB1 = HK\$1.2195*

*USD1 = HK\$7.787*

*No representation is made that any amount in HK\$ could have been or could be converted at the above rates 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, 25 November 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, Dennis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.*