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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 TRANSACTION

**ACQUISITION OF THE BUSINESS AND THE BUSINESS ASSETS
OF DRIVETRAIN SYSTEMS INTERNATIONAL PTY LTD
(RECEIVERS AND MANAGERS APPOINTED) (IN LIQUIDATION)
AND
RESUMPTION OF TRADING**

On 27 March 2009, the Vendor, the Purchaser, the Company and the Receivers entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Business as a going concern and the Business Assets for the Consideration.

Pursuant to the Agreement, the Vendor, DSI Korea, the Purchaser and the Company have also entered into the Option Deed pursuant to which the Purchaser has been granted the Option to acquire all or some (at the absolute discretion of the Purchaser) of the Option Assets from the Vendor within the Option Period, subject to several conditions.

The Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Shareholders and potential investors should note that the Acquisition is subject to a number of conditions, which may or may not be fulfilled. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

Resumption of trading

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 27 March 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 30 March 2009.

This announcement is made pursuant to Rule 13.09(1) and Rule 14.34(2) of the Listing Rules.

The Board wishes to announce that on 27 March 2009, the Vendor, the Purchaser, the Company and the Receivers entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Business as a going concern and the Business Assets for the Consideration. Pursuant to the Agreement, the Vendor, DSI Korea, the Purchaser and the Company have also entered into the Option Deed pursuant to which, the Purchaser has been granted the Option to acquire all or some (at the absolute discretion of the Purchaser) of the Option Assets from the Vendor within the Option Period, subject to several conditions.

THE AGREEMENT

1. Date

27 March 2009

2. The parties

- (a) The Vendor;
- (b) The Purchaser, a wholly-owned subsidiary of the Company;
- (c) The Company; and
- (d) The Receivers.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor and the Receivers and their ultimate beneficial owner are third parties independent of the Company and its connected persons as defined under the Listing Rules. There is no previous transaction that requires to be aggregated with the Transaction pursuant to Rule 14.22 of the Listing Rules.

3. Assets to be acquired

Subject to the terms and conditions of the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor, and the Vendor has conditionally agreed to sell to the Purchaser, the Business as a going concern and the Business Assets.

The Business represents the operation carried on by the Vendor of designing, developing and manufacturing automatic and manual automotive transmissions in Victoria and New South Wales, Australia, but excludes the operations and business of the Vendor relating to the supply of automotive transmissions (and related warranty services) to Ssangyong or TagAZ.

The Business Assets primarily include:

- (a) ACIS Receivables;
- (b) the benefit of the Business Contract;
- (c) any authorization, approval, license or exemption as detailed in the Agreement from, by or with a Governmental Agency, which are necessary for the operation of the Business;
- (d) properties in New South Wales and Victoria, Australia as detailed in the Agreement;
- (e) goodwill of the Vendor in and attaching to the Business and its exclusive rights;
- (f) information such as books of accounts, research report, sales and purchase records, list of customers and suppliers, and manufacture information and records owned by the Vendor for the operation of the Business;
- (g) intellectual property, such as business names, domain names, trade marks, patents under the Business; copyright for computer program, software or circuit layout owned and used or not used by the Vendor exclusively in the Business;
- (h) plant, equipment, tooling, furniture and fittings for the Business as detailed in the Agreement;
- (i) Business trading stock;
- (j) Receivership Debtors;
- (k) benefits of the Receivership Contracts;
- (l) all IT software, IT source codes and IT systems; and
- (m) all other assets owned by the Vendor and used exclusively in the Business; but excluding the Excluded Assets.

The Option Assets are excluded at the time of Completion, but are subject to an Option by the Purchaser to acquire them in the future pursuant to an Option Deed. For details, please see section headed “6. Option Deed” of this announcement.

Pursuant to the Agreement, the Purchaser will make an offer of employment to all employees employed by the Business (excluding employees solely employed in Korea, who are covered by the Option Deed) no later than 10 business days before Completion, conditional on Completion.

4. Deposit

The Purchaser shall pay the Deposit of AUS\$4,785,000 (equivalent to approximately HK\$26.0 million) to the Receivers upon the signing of the Agreement and the Receivers shall hold the Deposit in an interest bearing Australian bank account on trust for the Purchaser and the Vendor subject only to the terms of the Agreement.

If:

- (a) Completion occurs, or does not occur on or before 6:00 p.m. (Hong Kong time) on 29 May 2009 due to i) condition precedent (h) not being satisfied due to the Purchaser unreasonably seeking more favourable terms to the Purchaser than those agreed at the date of the Agreement; or ii) the default of the Purchaser (including failure of the Purchaser to use all reasonable endeavours to procure the satisfaction of the conditions precedent (save for condition precedent (g)), the Receivers are authorised to release the Deposit to the Vendor immediately thereafter; or
- (b) Completion does not occur for any other reason, the Receivers are authorised to release the Deposit to the Purchaser.

For further information on the conditions precedent of the Acquisition, see section headed “7. Conditions Precedent” of this announcement.

5. Consideration

Pursuant to the Agreement, the aggregate consideration payable by the Purchaser for the Acquisition (the “Consideration”) will be as follow:

- i) the cash amount of approximately AUS\$47.4 million (equivalent to approximately HK\$257.1 million) (the “Initial Amount”);
- ii) plus the value of the Receivership Debtors;
- iii) plus the amount (if any) by which the Adjustment Amount exceeds the Reference Amount;
- iv) less the amount (if any) by which the Adjustment Amount is less than the Reference Amount.

Items (ii) to (iv) above are collectively referred to as the “Working Capital Adjustment”.

Based on the best estimates of the Company, the final consideration, which will be based on the Initial Amount as adjusted for the Working Capital Adjustment to be determined at Completion, is not expected to exceed approximately AUS\$58 million (equivalent to approximately HK\$314.7 million) (the “Consideration Cap”). In the event that the final consideration exceeds the Consideration Cap, the Company will make a further separate announcement as required by the Listing Rules.

The Consideration has been determined after arm’s length negotiation between the parties thereto with reference to the recent financial performance and condition of the Business and the potential business synergies to be generated between the Business and the operation of the Group. The Directors consider that the Consideration is fair and reasonable so far as the Company and the Shareholders are concerned.

The Consideration will be satisfied by cheque or telegraphic transfer of cleared funds to a bank account nominated by the Receivers. The Group intends to satisfy the Consideration by way of internal resources and bank borrowings.

6. Option Deed

As part of the broader transaction, the Vendor, DSI Korea, the Purchaser and the Company have entered into the Option Deed pursuant to which the Purchaser has been granted the Option to acquire all or some (at the absolute discretion of the Purchaser) of the Option Assets (as defined below) from the Vendor within the Option Period at a nominal Option Fee of AUS\$100 (equivalent to approximately HK\$543). The Purchaser’s right to acquire the Option Assets is conditional on either (i) the Receivers being able to realize a satisfactory level of value from the Excluded Ssangyong Working Capital Balances within the Excluded Assets (or otherwise forming the view that there is no more value to be realized); or (ii) reaching 10 business days before the end of the Option Period. For the avoidance of doubt, the Purchaser has the absolute discretion in determining whether to exercise or not to exercise the Option even if either of or both of the above conditions is/are fulfilled. The Company will comply with the requirements of the relevant Listing Rules governing the exercise of the Option.

The Option Assets primarily consist of:

- 1) physical assets owned by the Vendor located in Korea and used solely in connection with the Korean Business;
- 2) the benefit of the business contracts entered into by DSI and DSI Korea with Ssangyong in connection with the Korean Business, under which DSI and DSI Korea agreed to provide goods or services to Ssangyong, but excludes the right to recover the Excluded Ssangyong Working Capital Balances;

- 3) the benefit of the property lease in respect of the premises located at 388-2 Shinhyeon-ri, Opo-cup, Gwangju-si, Gyeonggi-do, Korea; and
- 4) the benefit of any contract of employment with the employee(s) in Korea (to the extent that benefit is transferable to the Purchaser under the laws of the Republic of Korea).

Pursuant to the Option Deed, the Purchaser has undertaken not to, without the prior consent of the Receivers, during the Option Period, (i) commence any negotiations with Ssangyong for the supply of transmissions or performance of development work to Ssangyong, (ii) provide any written quote to Ssangyong for the supply of transmissions or performance of development work, (iii) enter into any written project management plans with Ssangyong in connection with the supply of transmissions to Ssangyong, (iv) enter into any contract to supply transmissions to Ssangyong, and (v) supply transmissions or perform development or warranty services for Ssangyong. In the event of an unremedied breach of each of the undertakings, the Receivers will have the right to require the Purchaser to acquire the Excluded Ssangyong Working Capital Balances (after which time the Purchaser will be free to deal with Ssangyong in the future).

7. Conditions Precedent

Completion of the Agreement is conditional upon, amongst other things, the fulfillment of the following conditions:

- a) each party to the contracts from two key customers consenting in writing to the assignment of that contract to the Purchaser or a novation of that contract in favor of the Purchaser on terms acceptable to the Purchaser;
- b) the Purchaser entering into a software license, on terms satisfactory to the Purchaser, for an enterprise resource planning software from a software company to enable the Purchaser to continue conducting the Business after Completion in the same way as it is presently being conducted;
- c) the execution of employment or services agreements between the Purchaser or its nominee and key executives in a form acceptable to the Purchaser;
- d) at least 80% of the Vendor's eligible employees accepting the Purchaser's employment offer as detailed in the Agreement;
- e) the execution and completion of finance and security arrangements by the Purchaser or its nominee on terms acceptable to the Purchaser;
- f) the Company having complied with the requirements of the Listing Rules in relation to the Transaction by the Purchaser;
- g) there being no material adverse effect to certain Business Assets as detailed in the Agreement has occurred since the date of the Agreement;

- h) the Vendor and the Purchaser have reached agreement for the sale and purchase of certain business freehold property as detailed in the Agreement; and
- i) release of lenders charges on the Business Assets and discharge of mortgage over the business freehold property as detailed in the Agreement.

Conditions (a), (b), (c), (d), (e) and (f) are for the benefit of the Purchaser and may only be waived by the Purchaser in writing; Conditions (g) and (h) are for the benefit of both the Purchaser and the Vendor and may only be waived by both the Purchaser and the Vendor in writing; and Condition (i) is for the benefit of the Vendor and may only be waived by the Vendor in writing.

If the conditions specified above have not been satisfied or waived on or before 6:00 p.m. (Hong Kong time) on 29 May 2009 (or such other date as the parties may have agreed in writing), the Vendor and the Purchaser may, if not in breach of the Agreement, give written notice to the other to terminate the Agreement.

8. Completion

Completion will take place on the day which is 10 business days after all conditions precedent to the Agreement are satisfied or waived at 10.00 a.m. (Melbourne Time). The parties may agree in writing that Completion should take place at a different time and place.

INFORMATION ON DSI

DSI, a company incorporated in Australia, is principally engaged in the manufacture of automotive transmissions for original equipment manufacturers (OEM). The Business' headquarters and technology centre is located in Springvale, Victoria, with manufacturing carried out in Albury, New South Wales, Australia. DSI's manufacturing facilities in Albury has an annual capacity of around 200,000 units. DSI sells four-speed and six-speed rear wheel drive transmissions. Based on the best understanding of the Company, DSI is well advanced to launch a new six-speed front wheel drive transmission in 2009 and a range of other new products are currently being designed including high torque seven-speed and eight-speed automatic transmissions, hybrid transmissions (for petrol/electric cars), Dual Clutch Transmissions (DCT technology) and Continuously Variable Transmissions (CVT technology).

In recent years, DSI has increased its focus on export sales. Ssangyong, an original equipment manufacturer based in South Korea, has been DSI's largest customer for the year ended 30 June 2008. Largely due to the global financial crisis and the ensuing fall in automotive demand amongst consumers worldwide, particularly in "traditional" automotive producing countries such as Korea, Ssangyong was placed in bankruptcy protection and subsequently in court receivership on 9 January 2009. The subsequent cessation of production at Ssangyong and suspension of its purchasing from DSI has had a material adverse impact on the immediate viability of DSI's business and resulted in the appointment of the Receivers to DSI on 16 February 2009.

As at 30 June 2008, the unaudited net asset value of DSI was approximately AUS\$25.9 million (equivalent to approximately HK\$140.5 million). The audited net profits before and after taxation of DSI for the year ended 30 June 2007 was AUS\$7.9 million (equivalent to approximately HK\$42.9 million) and AUS\$6.8 million (equivalent to approximately HK\$36.9 million) respectively and the unaudited net profits before and after taxation of DSI for the year ended 30 June 2008 was AUS\$5.7 million (equivalent to approximately HK\$30.9 million) and AUS\$5.1 million (equivalent to approximately HK\$27.7 million) respectively.

To the best knowledge of the Company based on the management account of DSI as at 16 February 2009, the unaudited total book value of the Business and Business Assets subject to the Agreement was approximately AUS\$98.4 million (equivalent to approximately HK\$533.8 million) and the unaudited book value of the Option Assets was approximately AUS\$0.08 million (equivalent to approximately HK\$0.4 million).

To the best knowledge of the Company based on information provided by DSI's management, the net profits (before and after taxation and extraordinary items) of DSI for the two years ended 30 June 2008 entirely derived from the Business Assets and the Option Assets.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition represents a good investment opportunity for the Group as the design capabilities of DSI, the Albury manufacturing facility and the associated intellectual property will enhance the Group's technological and manufacturing capabilities in the areas of automatic automotive transmissions. It is the intention of the Group to increase production volumes of the Albury facility which will enhance its manufacturing efficiency and cost competitiveness. It is expected that the automotive transmissions manufactured by the Albury facility will serve the Group's in-house requirements, as well as the requirements of other automobile manufacturers (including those in China).

The Directors are of the view that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Company and the terms of the Acquisition and the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Company will comply with the relevant requirements of the Listing Rules if the Option is exercised.

PRINCIPAL ACTIVITIES OF THE GROUP

Upon completion of the group restructuring on 1 July 2008 as disclosed in the announcement of the Company on 4 July 2008, the Company and its subsidiaries are principally engaged in the research and development, manufacturing and trading of automobile, automobile parts and related automobile components, and investment holding.

The Shareholders and potential investors should note that the Acquisition is subject to a number of conditions, which may or may not be fulfilled. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 27 March 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 30 March 2009.

DEFINITIONS

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

- | | |
|---------------------|--|
| “Acquisition” | the acquisition of the Business as a going concern and the Business Assets by the Purchaser from the Vendor pursuant to the Agreement |
| “ACIS Receivables” | the ACIS (Automotive Competitive and Investment Scheme) duty credits received or which may be receivable by the Vendor in respect of the Business in accordance with the ACIS Administration Act 1999 (Cth), but excluding such credits accrued to the Vendor in respect of the period from 1 January 2009 to the date of Completion |
| “Adjustment Amount” | the sum of the following amounts calculated as at the date of Completion based on a completion account:

(a) the total value as at Completion of expenses and prepayments relating to the Business or Business Assets, to the extent that they have been paid on or prior to Completion and the Purchaser will have the benefit of those expenses and prepayments on and from Completion; plus |

- (b) the value of stocks owned by the Vendor at the date of Completion relating to a certain independent customer, provided that if the value of all such stock is less than AUS\$2,060,000, then the value of that stock is deemed to be AUS\$2,060,000; plus
- (c) the value of stock not included in paragraph (b), provided that if the value of all such stock is less than AUS\$5,246,000, then the value is deemed to be AUS\$5,246,000; less
- (d) the value of the an amount equal to 70% of the sum of i) the aggregate of all unpaid amounts and benefits to which any Transferring Employee is entitled as at the date of Completion as detailed in the Agreement (“Employee Entitlements”); and ii) an amount equal to 15% of the Employee Entitlements

“Agreement” the sale and purchase deed dated 27 March 2009 entered into between the Purchaser, the Vendor, the Company and the Receivers in relation to the Acquisition

“AUS\$” Australian dollar, the lawful currency of Australia

“Board” the board of Directors

“Business” the business carried on by the Vendor of designing, developing and manufacturing automatic and manual automotive transmissions in Victoria and New South Wales, Australia, but excludes the operations and business of the Vendor relating to the supply of automotive transmissions to Ssangyong or TagAZ

“Business Assets” has the same meaning as disclosed in the section headed “3. Assets to be Acquired” of this announcement

“Business Contract” any contract, arrangement or commitment of the Vendor with customers or suppliers of goods and services in connection with the Business, which is not fully performed as at the date of Completion as detailed in the Agreement.

“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

“Consideration” has the same meaning as disclosed in the section headed “5. Consideration” of this announcement

“Completion”	completion of the Agreement
“Deposit”	AUS\$4,785,000 (equivalent to approximately HK\$26.0 million) payable by the Purchaser to the Receivers on the Agreement date, which will be held by the Receivers on trust for the Purchaser and the Vendor, subject only to the terms of the Agreement
“Directors”	the directors of the Company
“DSI Korea”	DSI Korea Pty Ltd (Receivers and Managers Appointed), a wholly owned subsidiary of DSI
“Excluded Assets”	<p>being assets of the Vendor to be excluded from the Acquisition as detailed in the Agreement. The Excluded Assets primarily include:</p> <ul style="list-style-type: none"> (a) any cash on hand or held by a third party by way of security deposit; (b) any amount recoverable in respect of tax relating to the Business attributable to periods and transactions occurring before the date of Completion; (c) any Business information owned by the Vendor which is required by law to retain; (d) insurance policies relating to the Vendor or owned by the Vendor or any related body corporate of the Vendor and any rights under those policies; (e) the shares in each of the Vendor’s and its subsidiaries; (f) the photocopiers as detailed in the Agreement; and (g) consignment stock
“Excluded Ssangyong Working Capital Balances”	all stock owned by the Vendor relating to Ssangyong, and all amounts due to the Vendor from Ssangyong.
“Governmental Agency”	any government, whether federal, state or territory, municipal or local, and any agency, authority, commission, department, instrumentality, regulator or tribunal thereof, including the Commissioner of Taxation, Australian Taxation Office and Australian Competition and Consumer Commission

“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
“Korean Business”	means any operations and business of the DSI Korea relating to the supply of transmissions to Ssangyong and related warranty services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option”	the option granted to the Purchaser pursuant to the Option Deed for the Purchaser to acquire all or some (at the absolute discretion of the Purchaser) of the Option Assets from DSI Korea within the Option Period
“Option Assets”	has the same meaning as disclosed in the section headed “6. Option Deed” of this announcement
“Option Deed”	an option deed dated 27 March 2009 entered into between the Vendor, DSI Korea, the Purchaser and the Company; pursuant to which the Purchaser has been granted the Option
“Option Fee”	AUS\$100 (equivalent to approximately HK\$543), which represents the exercise price of the Option
“Option Period”	the period of time commencing from the date of Completion and ending at 5:00 pm (Melbourne time) on earlier of the day being 6 months after the date of Completion and the day on which the Purchaser provides a notice to exercise in accordance to the Option Deed
“Purchaser”	DSI Holdings Pty Ltd, a company incorporated in Australia, a wholly owned subsidiary of the Company
“Receivers”	Stephen Longley and David McEvoy of PricewaterhouseCoopers, being the joint and several receivers and managers appointed to DSI

“Receivership Contracts”	all contracts, commitments or arrangements in respect of the acquisition of goods or services ordered for consumption in the Business by the Vendor or the Receivers in each case on or after 16 February 2009, but not fully delivered or performed by the date of Completion; and all contracts, commitments, arrangements or orders received in the ordinary course of the Business by the Vendor or the Receivers, in each case on or after 16 February 2009, for the supply of goods or delivery of services by the Vendor to the customers of the Business which have not been fully delivered or performed by the date of Completion
“Receivership Debtors”	the amount due to the Vendor as at the date of Completion pursuant to the Receivership Contracts, but excludes the Excluded Ssangyong Working Capital Balances
“Reference Amount”	the amount of AUS\$4,956,000 (equivalent to approximately HK\$26.9 million)
“Shareholders”	holders of shares of the Company
“Ssangyong”	SsangYong Motors Company and its related body corporates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TagAZ”	TagAZ Korea Co., Ltd, Tagarog Automobile Co and their related body corporates
“Transaction”	the Acquisition and the entering into of the Option Deed, as negotiated between the parties
“Transferring Employee”	any employee of DSI who accepts the Purchaser’s offer of employment and becomes engaged by the Purchaser from the date of Completion or as otherwise agreed pursuant to the Purchaser’s offer
“Vendor” or “DSI”	Drivetrain Systems International Pty Ltd (Receivers and Managers Appointed) (in liquidation), a company incorporated in Australia
“%”	per cent.

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

$$AUS\$1 = HK\$5.425$$

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, 27 March 2009

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, Mr. Zhao Jie and Dr. Zhao Fuquan, the non-executive director of the Company is Mr. Xu Gang and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.