



## [Press Release]

### Geely Automobile Holdings Limited ACQUISITION OF AUTOMATIC TRANSMISSION MANUFACTURER

(HONG KONG, 27 March 2009)--- Geely Automobile Holdings Limited ("Geely Automobile"/the "Group")(Stock code: 175) announced that the Group has conditionally agreed to acquire the key operating assets of Drivetrain Systems International PTY Ltd ("DSI", currently in court receivership) for a consideration of A\$47.4 million, subject to adjustments.

DSI, one of the only two independent automatic transmissions manufacturers globally, is principally engaged in the design, development and manufacture of automotive transmissions, focusing on supplying automatic transmission for original equipment manufacturers ("OEM") like Ford Australia, Mahindra and Mahindra, SsangYong Motor and Taganrog Automobile. DSI's Headquarters and Technology Centre are located in Springvale, Victoria of Australia and its manufacturing facilities are located in Albury, New South Wales of Australia, with a production capacity of 200,000 units per annum. DSI's key products are four-speed and six-speed rear wheel drive automatic transmissions. In addition to a new six-speed front wheel drive transmissions, which are scheduled to be launched in 2009, DSI is also developing a range new products including high torque seven-speed and eight-speed automatic transmissions, hybrid transmissions, Dual Clutch Transmissions ("DCT") and Continuously Variable Transmission ("CVT"). DSI was placed under bankruptcy protection on 9 January 2009 and is subsequently in court receivership after its major customer SsangYong Motor was placed in bankruptcy protection early this year. Despite this, DSI has been profitable over the past few years with net profit of A\$6.8 million for the year ended 30 June 2007 and net profit of A\$5.1 million for the year ended 30 June 2008.

The Spokesman of Geely Automobile said, "The Acquisition is strategically important to the Group given DSI's design and manufacturing capabilities in automatic transmissions, which should significantly enhance the Group's technological and manufacturing capabilities in the areas of automatic transmissions. The Group plans to use DSI to supply some of the Group's in-house requirements for automatic transmissions as well as the requirements of other automobile manufacturers. The management believes that there is substantial room for growth in the Group's sales once more vehicle models equipped with automatic transmissions could be offered. At present, models equipped with automatic transmission only accounted for a few percentages of the Group's total sales volume, compared with close to 40% for total sedan sales volume in China last year." The Group intends to fund the acquisition by way of bank borrowings and its internal resources.

For more details about the Acquisition, please refer to the Group's announcement dated 27 March 2009.

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### **About Geely Automobile Holdings Limited (175)**

The Group is principally engaged in automobile manufacturing. Geely Automobile entered into the Joint Venture Agreement to establish the JV Company with the subsidiary of Zhejiang Geely Holding Group Ltd., Zhejiang Geely Automobiles, on 30 March 2003. The JV Company is named "Zhejiang Geely Guorun Automobile Company Limited" and engages in the manufacture of economic class sedans in Beilun Economic and Technological Development Zone, Ningbo, Zhejiang Province. Geely Automobile owned 46.8% of the share capital of the JV Company. The company's name was subsequently changed to Zhejiang Geely Automobile Company Limited on 23 March 2004. In October 2003, the Group also entered into an agreement with Zhejiang Geely Holding Group Ltd. to establish "Shanghai Maple Guorun Automobile Company Limited". Geely Automobile was interested in 46.8% of the shareholdings. In May 2004, the Group's 46.8%-owned associate Zhejiang Geely Automobile Co. Limited agreed to acquire 90% shareholdings of the Zhejiang Haoqing Automobile Manufacturing Company Limited and the paid research and development cost of car model CK-1. At the same time, its another 46.8%-owned associate Shanghai Maple Guorun Automobile Co. Ltd. also agreed to acquire 90% shareholdings of Zhejiang Geely Automobile Research Institute Ltd. and 90% shareholdings of Ningbo Geely Engine Research Institute Ltd. In October 2006, the Group set up another two 46.8%-owned joint-venture with Geely Holding Limited through transferring the production facilities in Linhai and Luqiao from Zhejiang Geely to the two new associates called Zhejiang Kingkong Automobile Company Limited and Zhejiang Ruhoo Automobile Company Limited. The Group's interests in these JV Companies were raised to 91% on 1 July 2008.

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