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GEELY

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)

EXEMPTED CONNECTED TRANSACTION

On 10 December 2013, the Company entered into the Assets Purchase Agreement with Geely Holding pursuant to which the Group agrees to purchase and Geely Holding Group agrees to sell the Assets at a total consideration of RMB80,390,061 (representing approximately HK\$101,757,739).

Geely Holding is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that it is an associate of Mr. Li, an executive Director and a substantial shareholder holding approximately 42.62% interest in the issued share capital of the Company as at the date of this announcement.

Accordingly, the Assets Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Rule 14A.13 of the Listing Rules.

As the applicable percentage ratios for the Assets Purchase Agreement are more than 0.1% but less than 5%, the Assets Purchase Agreement is subject to the reporting and announcement requirements, but is exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Li, Mr. Yang Jian, Mr. An Cong Hui and Mr. Li Dong Hui, Daniel are considered to have material interests in the Assets Purchase Agreement by virtue of their directorship and/or interest in Geely Holding and they had abstained from voting on the Board resolution to approve the Assets Purchase Agreement.

INTRODUCTION

On 10 December 2013, the Company entered into the Assets Purchase Agreement with Geely Holding pursuant to which the Group agrees to purchase and Geely Holding Group agrees to sell the Assets at a total consideration of RMB80,390,061 (representing approximately HK\$101,757,739).

ASSETS PURCHASE AGREEMENT

Date: 10 December 2013

Parties: The Company; and
Geely Holding

Geely Holding is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Geely Holding is wholly-owned by Mr. Li and his associate, and Mr. Li is an executive Director and a substantial shareholder holding approximately 42.62% interest in the issued share capital of the Company.

Subject matter: Pursuant to the Assets Purchase Agreement, the Group agrees to purchase the Assets from Geely Holding Group.

No profit was attributable to the Assets for the two financial years ended 31 December 2012.

The Assets comprise certain spot welding machines, hydraulic punching machines, molding machines and lathe used for the production of vehicles. The Assets were originally purchased in years from 2007 to 2008 at the cost of RMB200,935,316 (equivalent to approximately HK\$254,343,923).

Consideration: RMB80,390,061 (equivalent to approximately HK\$101,757,739).

The consideration has been arrived at after arm's length negotiations between the Company and Geely Holding with reference to the net book values of the Assets of RMB80,390,061 (equivalent to approximately HK\$101,757,739) as at 31 October 2013 and the appraised value of the Assets of RMB80,390,570 (equivalent to approximately HK\$101,758,384) as at 31 October 2013 prepared by an independent valuer using the replacement cost method and will be satisfied by the Group in cash within 30 days after the title of the relevant assets having been transferred to the Group. The Group intends to finance the acquisition out of its internal resources.

As the consideration for the acquisition of the Assets is based on the net book value of the Assets as at 31 October 2013 which is lower than the original purchase cost and the appraised value of the Assets as at 31 October 2013, the Directors (including the independent non-executive Directors) consider that the terms of the Assets Purchase Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONNECTED TRANSACTION

Geely Holding and its subsidiaries are principally engaged in sales of CBUs and automobile parts and components wholesale and retail businesses. As the Group is not in the possession of certain automobile products catalogue issued by the National Development Reform Commission (the “NDRC”) in the PRC, the Assets were originally purchased under certain subsidiaries of the Geely Holding Group and used by the Group without consideration. Given that the purchase price for the Assets under the Assets Purchase Agreement will be at their respective net asset value, the Directors are of the view that the acquisition of the Assets from Geely Holding under the Assets Purchase Agreement, which has been and will continue to be used for the production of vehicles by the Group, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Geely Holding is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that it is an associate of Mr. Li, an executive Director and a substantial shareholder holding approximately 42.62% interest in the issued share capital of the Company as at the date of this announcement.

Accordingly, the Assets Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Rule 14A.13 of the Listing Rules.

As the applicable percentage ratios for the Assets Purchase Agreement are more than 0.1% but less than 5%, the Assets Purchase Agreement is subject to the reporting and announcement, but is exempt from the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Mr. Li, Mr. Yang Jian, Mr. An Cong Hui and Mr. Li Dong Hui, Daniel are considered to have material interests in the Assets Purchase Agreement by virtue of their directorship and/or interest in Geely Holding and they had abstained from voting on the Board resolution to approve the Assets Purchase Agreement.

DEFINITIONS

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

“Assets”	assets (mainly comprising spot welding machines, hydraulic punching machines, molding machines and lathe) as specified in the Assets Purchase Agreement for the production of vehicles;
“Assets Purchase Agreement”	the agreement dated 10 December 2013 entered into between the Company and Geely Holding;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“CBU”	Complete Buildup Unit (整車), a complete vehicle after the final assembly;
“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;
“Director(s)”	the director(s) of the Company;
“Geely Holding”	浙江吉利控股集團有限公司 (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;
“Geely Holding Group”	Geely Holding and its subsidiaries;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, 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;
“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 approximately 42.62% 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;
“Shareholders”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	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\$1.2658

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, 10 December 2013

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. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Mr. Li Dong Hui, Daniel, Mr. Liu Jin Liang and Ms. Wei Mei, the non-executive director of the Company is Mr. Carl Peter Edmund Moriz Forster and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu and Mr. Wang Yang.