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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)

**DISCLOSEABLE TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS**

**Financial adviser to Geely Automobile Holdings Limited**



**CIMB Securities Limited**

Reference is made to the Company's announcement dated 27 November 2009 and the Company's circular dated 14 December 2009.

**EXEMPTED CONTINUING CONNECTED TRANSACTIONS**

On 27 November 2009, the Company entered into the following agreements for a term from 1 January 2010 to 31 December 2020:

**(a) Imported Parts Purchase Agreement**

a master agreement between Shanghai Maple Auto Sales and Shanghai Maple pursuant to which Shanghai Maple Auto Sales agreed to purchase imported TX4 car parts from Shanghai Maple in accordance with the product and service specifications set out in the Imported Parts Purchase Agreement.

**(b) Shanghai LTI Supply and Purchase Agreement**

a master agreement between Shanghai LTI and Shanghai Maple pursuant to which Shanghai LTI agreed to supply to Shanghai Maple and Shanghai Maple agreed to purchase from Shanghai LTI (i) automobile parts and components; (ii) SKD Components; and (iii) CKDs (without the imported engine, transmission and automobile parts) in accordance with the product and service specifications set out in the Shanghai LTI Supply and Purchase Agreement.

Pursuant to the requirements of the Listing Rules, the Company has set out the annual caps for the three years ending 31 December 2015 for each of the Imported Parts Purchase Agreement and the Shanghai LTI Supply and Purchase Agreement in this announcement.

On 16 November 2012, the Company entered into the following agreement to renew the Existing Lease Agreement, which will expire on 31 December 2012:

**(c) Lease Agreement**

a master agreement between the Company, Geely Holding and Zhejiang Automotive Vocational and Technical College pursuant to which the Group agreed to lease the Properties to the Geely Holding Group and Zhejiang Automotive Vocational and Technical College.

**NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS**

On 27 November 2009, the Company entered into the following agreement for a term from 1 January 2010 to 31 December 2020:

**(d) Services Agreement**

a master agreement between the Company and Geely Holding pursuant to which (i) the Group agreed to sell the CKDs and Sedan Tool Kits to the Geely Holding Group and (ii) the Geely Holding Group agreed to sell the CBUs, automobile parts and components; and provide process manufacturing services to the Group.

Pursuant to the requirements of the Listing Rules, the Company will seek approval from the Independent Shareholders at the EGM on the annual caps for the three years ending 31 December 2015.

On 16 November 2012, the Company entered into the following agreement to renew the Existing Loan Guarantee Agreement, which will expire on 31 December 2012:

**(e) Loan Guarantee Agreement**

a master agreement between the Company and Geely Holding pursuant to which the Group agreed to provide guarantees on loans obtained or to be obtained by the Geely Holding Group.

**LISTING RULES IMPLICATIONS**

Each of Geely Holding, Zhejiang Automotive Vocational and Technical College and Shanghai Maple is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that each of them is an associate of Mr. Li, an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Accordingly, each of the Imported Parts Purchase Agreement, the Shanghai LTI Supply and Purchase Agreement, the Lease Agreement, the Services Agreement and the Loan Guarantee Agreement constitutes continuing connected transactions for the Company pursuant to Rule 14A.14 of the Listing Rules.

As the applicable percentage ratios of the proposed annual caps for the three years ending 31 December 2015 for the transactions contemplated under each of the Imported Parts Purchase Agreement, the Shanghai LTI Supply and Purchase Agreement and the Lease Agreement (together, the “Exempted Continuing Connected Transactions”) are less than 5% on an annual basis, the Exempted Continuing Connected Transactions are subject to the reporting, annual review, announcement requirements, but are exempt from Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the proposed annual caps for the three years ending 31 December 2015 for the transactions contemplated under each of the Services Agreement and the Loan Guarantee Agreement (together, the “Non-exempted Continuing Connected Transactions”) are expected to be higher than 5% on an annual basis, the Non-exempted Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. As certain applicable percentage ratios of the proposed annual caps for the three years ending 31 December 2015 for the transactions contemplated under the Loan Guarantee Agreement exceed 5% but less than 25% on an annual basis, the transaction under the Loan Guarantee Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on whether or not the Non-exempted Continuing Connected Transactions (and the relevant annual caps) are fair and reasonable and in the interests of the Company and Independent Shareholders. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms and conditions of the Non-exempted Continuing Connected Transactions (and the relevant annual caps).

A circular containing, *inter alia*, (a) further information about the Non-exempted Continuing Connected Transactions; (b) the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; (c) the recommendation from the Independent Board Committee; and (d) a notice of the EGM will be despatched to the Shareholders on or about 6 December 2012.

Reference is made to the Company’s announcement dated 27 November 2009 and the Company’s circular dated 14 December 2009.

## **EXEMPTED CONTINUING CONNECTED TRANSACTIONS**

The following Exempted Continuing Connected Transactions are subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Imported Parts Purchase Agreement and the Shanghai LTI Supply and Purchase Agreement were signed on 27 November 2009 and have a term from 1 January 2010 to 31 December 2020. The information below sets out, amongst others, the annual caps for the Imported Parts Purchase Agreement and the Shanghai LTI Supply and Purchase Agreement from 1 January 2013 to 31 December 2015.

The Company entered into the Lease Agreement on 16 November 2012 to renew the Existing Lease Agreement, which will expire on 31 December 2012.

### **(I) Imported Parts Purchase Agreement**

Date: 27 November 2009

Parties: Shanghai Maple Auto Sales; and  
Shanghai Maple

Shanghai Maple Auto Sales is an indirect 99%-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 Shanghai Maple is beneficially owned as to 100% by Mr. Li and his associates; and Mr. Li is an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Subject matter: Pursuant to the Imported Parts Purchase Agreement, Shanghai Maple Auto Sales agreed to purchase imported TX4 car parts from Shanghai Maple in order to provide after-sales services for TX4 models.

Pricing basis: The automobile parts and components to be supplied by the Shanghai Maple will be based on the original purchase cost plus the relevant procurement cost(s), being the actual cost(s) incurred in the procurement process by Shanghai Maple. The procurement cost is subject to a maximum amount of 5% of the sum of the original purchase cost and the procurement cost.

Terms: From 1 January 2010 to 31 December 2020.

The Company will, in compliance with the Listing Rules, make further announcement and obtain approvals from Independent Shareholders (if necessary) in relation to the annual caps as and when necessary. The purpose of this announcement is to announce the annual caps for this agreement for the three years ending 31 December 2015 pursuant to Chapter 14A of the Listing Rules.

### Historical transaction amounts and proposed annual caps

The table below sets out the historical transaction amounts under the Imported Parts Purchase Agreement for the year ended 31 December 2011 and the nine months ended 30 September 2012, and the proposed annual caps of the Imported Parts Purchase Agreement for each of the three years ending 31 December 2013, 2014 and 2015:

	Historical transaction amount for the year ended 31 December 2011	Historical transaction amount for the nine months ended 30 September 2012	Estimated annual caps for the year ending 31 December		
	(Audited) '000	(Unaudited) '000	2013 '000	2014 '000	2015 '000
Imported Parts Purchase Agreement	RMB698	RMB88	RMB6,400	RMB20,800	RMB32,000
– Purchases of TX4 after-sales parts by Shanghai Maple Auto Sales from Shanghai Maple	(equivalent to approximately HK\$866)	(equivalent to approximately HK\$109)	(equivalent to approximately HK\$7,939)	(equivalent to approximately HK\$25,800)	(equivalent to approximately HK\$39,693)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB30,000 (equivalent to approximately HK\$37,212)</i>	<i>RMB40,000 (equivalent to approximately HK\$49,616)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

The proposed annual caps above for the Imported Parts Purchase Agreement have been determined by the Directors with reference to the projected units of TX4 and its upgraded models expected to require after-sales servicing and the estimated procurement costs of TX4 and its upgraded models' after-sales parts for Shanghai Maple.

Rule 14A.35(1) of the Listing Rules provides, in relation to continuing connected transactions not falling under Rule 14A.33 that, where under special circumstances the nature of the transaction requires the agreement to be of a duration longer than three (3) years, the independent financial adviser to the Company will be required to explain why a longer period for the agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration. Quam Capital opined in the Company's circular dated 14 December 2009 that it is normal business practice for agreements like the Imported Parts Purchase Agreement to have a term longer than three years.

The Directors (including the independent non-executive Directors) are of the view that the annual caps under the Imported Parts Purchase Agreement for the three years ending 31 December 2013, 2014 and 2015 were determined under normal commercial terms with reference to the projected demand for imported TX4 and its upgraded models' after-sales car parts and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **(II) Shanghai LTI Supply and Purchase Agreement**

Date: 27 November 2009

Parties: Shanghai LTI (as supplier); and  
Shanghai Maple (as buyer)

Shanghai LTI is an indirect non-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 Shanghai Maple is beneficially owned as to 100% by Mr. Li and his associates; and Mr. Li is an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Subject matter: Pursuant to the Shanghai LTI Supply and Purchase Agreement, Shanghai LTI agreed to supply to Shanghai Maple and Shanghai Maple agreed to purchase from the Shanghai LTI (i) automobile parts and components; (ii) SKD Components; and (iii) CKDs (without the imported engine, transmission and automobile parts).

Pricing basis: The parts and components will be sold to Shanghai Maple at a price of cost plus 3%.

The SKD Components to be sold to Shanghai Maple will be at a price of cost plus 3%.

The CKDs (without the imported engine, transmission and automobile parts) to be sold to Shanghai Maple will be based on the selling price of the sedans to end customers, less distribution costs, costs of the Sedan Tool Kits, the PRC taxes, mainly the consumption tax, the cost of other necessary and reasonable expenses and the original purchase cost of imported engine, transmission and automobile parts by Shanghai Maple.

Term: From 1 January 2010 to 6 March 2057, which is equal to the expiry date of the Shanghai LTI.

The Company will, in compliance with the Listing Rules, make further announcement and obtain approvals from Independent Shareholders (if necessary) in relation to the annual caps as and when necessary. The purpose of this announcement is to announce the annual caps for this agreement for the three years ending 31 December 2015 pursuant to Chapter 14A of the Listing Rules.

## Historical transaction amounts and proposed annual caps

The table below sets out the historical transaction amounts under the Shanghai LTI Supply and Purchase Agreement for the year ended 31 December 2011 and the nine months ended 30 September 2012, and the proposed annual caps of the Shanghai LTI Supply and Purchase Agreement for each of the three years ending 31 December 2013, 2014 and 2015:

	Historical transaction amount for the year ended 31 December 2011 (Audited) '000	Historical transaction amount for the nine months ended 30 September 2012 (Unaudited) '000	Estimated annual caps for the year ending 31 December		
			2013 '000	2014 '000	2015 '000
- Sales of automobile parts and components from Shanghai LTI to Shanghai Maple	RMB8,168 (equivalent to approximately HK\$10,132)	RMB16,255 (equivalent to approximately HK\$20,163)	RMB21,000 (equivalent to approximately HK\$26,048)	RMB19,500 (equivalent to approximately HK\$24,188)	RMB18,000 (equivalent to approximately HK\$22,327)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB70,000 (equivalent to approximately HK\$86,828)</i>	<i>RMB80,000 (equivalent to approximately HK\$99,232)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Sales of SKD Components from Shanghai LTI to Shanghai Maple	RMB73,413 (equivalent to approximately HK\$91,061)	RMB66,547 (equivalent to approximately HK\$82,545)	RMB112,000 (equivalent to approximately HK\$138,925)	RMB104,000 (equivalent to approximately HK\$129,002)	RMB96,000 (equivalent to approximately HK\$119,078)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB160,000 (equivalent to approximately HK\$198,464)</i>	<i>RMB240,000 (equivalent to approximately HK\$297,696)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Sales of CKDs (without the imported engine, transmission and automobile parts) from Shanghai LTI to Shanghai Maple	RMB93,070 (equivalent to approximately HK\$115,444)	RMB24,166 (equivalent to approximately HK\$29,976)	RMB90,000 (equivalent to approximately HK\$111,636)	RMB171,000 (equivalent to approximately HK\$212,108)	RMB144,000 (equivalent to approximately HK\$178,618)

	Historical	Historical	Estimated annual caps for the		
	transaction	transaction	year ending 31 December		
	amount for the	amount for the			
	year ended	year ended			
	31 December	30 September			
	2011	2012	2013	2014	2015
	(Audited)	(Unaudited)			
	'000	'000	'000	'000	'000
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB1,721,172 (equivalent to approximately HK\$2,134,942)</i>	<i>RMB2,226,959 (equivalent to approximately HK\$2,762,320)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Total:	RMB174,651 (equivalent to approximately HK\$216,637)	RMB106,968 (equivalent to approximately HK\$132,684)	RMB223,000 (equivalent to approximately HK\$276,609)	RMB294,500 (equivalent to approximately HK\$365,298)	RMB258,000 (equivalent to approximately HK\$320,023)

The above proposed annual caps for the Shanghai LTI Supply and Purchase Agreement have been determined by the Directors with reference to projected units of sedan to be sold and the estimated selling price per sedan, based on the sales budget of Shanghai LTI. The Directors have also considered the scale of operation of the Shanghai LTI in determining the annual caps.

Rule 14A.35(1) of the Listing Rules provides, in relation to continuing connected transactions not falling under Rule 14A.33 of the Listing Rules, that where under special circumstances the nature of the transaction requires the agreement to be of a duration longer than three (3) years, the independent financial adviser to the Company will be required to explain why a longer period for the agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration. Quam Capital opined in the Company's circular dated 14 December 2009 that it is normal business practice for agreements like the Shanghai LTI Supply and Purchase Agreement to have a term longer than three years, and the Shanghai LTI Supply and Purchase Agreement was approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2009.

The Directors (including the independent non-executive Directors) are of the view that the annual caps under the Shanghai LTI Supply and Purchase Agreement for the three years ending 31 December 2013, 2014 and 2015 were determined under normal commercial terms with reference to the projected number of units of sedan to be sold and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **(III) Lease Agreement**

Date: 16 November 2012

Parties: The Company;  
Geely Holding; and  
Zhejiang Automotive Vocational and Technical College

Each of Geely Holding and Zhejiang Automotive Vocational and Technical College is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that each of them is wholly-owned by Mr. Li and his associates, and Mr. Li is an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Subject matter: Pursuant to the Lease Agreement, the Group agreed to lease the Properties to the Geely Holding Group and Zhejiang Automotive Vocational and Technical College.

Pricing basis: The rent payable for the lands and buildings on the Properties for each month will be between RMB5 and RMB12 per square meter, which represents the market rental charge for adjacent lands and buildings in the property market.

Term: From 1 January 2013 to 31 December 2015.

### Historical transaction amounts and proposed annual caps

The Company and Geely Holding entered into the Existing Lease Agreement on 27 November 2009 pursuant to which the Company agreed to lease some properties located in the PRC to the Geely Holding Group and Zhejiang Automotive Vocational and Technical College. The Existing Lease Agreement has an original term commencing from 1 January 2010 to 31 December 2012.

The table below sets out the historical transaction amounts of the Existing Lease Agreement for the year ended 31 December 2011 and the nine months ended 30 September 2012, and the proposed annual caps for the rental payable by the Geely Holding Group and Zhejiang Automotive Vocational and Technical College to the Group for each of the three years ending 31 December 2013, 2014 and 2015:

	Historical	Historical	Estimated annual caps for the		
	transaction	transaction	year ending 31 December		
	amount	amount for the			
	for the	nine months			
	year ended	ended			
	31 December	30 September			
	2011	2012	2013	2014	2015
	(Audited)	(Unaudited)			
	'000	'000	'000	'000	'000
Rental payable	RMB9,215	RMB7,393	RMB8,742	RMB8,127	RMB8,127
by the Geely Holding Group	(equivalent to	(equivalent to	(equivalent to	(equivalent to	(equivalent to
and Zhejiang Automotive	approximately	approximately	approximately	approximately	approximately
Vocational and	HK\$11,430)	HK\$9,170)	HK\$10,844)	HK\$10,081)	HK\$10,081)
Technical College					
<i>Approved annual cap amount</i>	<i>RMB10,194</i>	<i>RMB10,194</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>for the two financial years</i>	<i>(equivalent to</i>	<i>(equivalent to</i>			
<i>ending 31 December 2012</i>	<i>approximately</i>	<i>approximately</i>			
<i>('000)</i>	<i>HK\$12,645)</i>	<i>HK\$12,645)</i>			

The above proposed annual caps for the rental payable by the Geely Holding Group and Zhejiang Automotive Vocational and Technical College to the Group have been determined by the Directors with reference to the rental charge for adjacent lands and buildings in the local property market and the imported molding equipment situated in the Group's premises for the process manufacturing services under the Services Agreement. The Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Agreement, including its annual caps, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS**

The following Non-exempted Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Services Agreement was signed on 27 November 2009 and has a term from 1 January 2010 to 31 December 2020. The information below sets out, amongst others, the annual caps for the Services Agreement from 1 January 2013 to 31 December 2015.

The Company entered into the Loan Guarantee Agreement on 16 November 2012 to renew the Existing Loan Guarantee Agreement, which will expire on 31 December 2012.

### **(I) Services Agreement**

Date: 27 November 2009

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 associates, and Mr. Li is an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Term: From 1 January 2010 to 31 December 2020.

The Company will, in compliance with the Listing Rules, make further announcement and obtain approvals from Independent Shareholders (if necessary) in relation to the annual caps as and when necessary.

The Services Agreement was approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2009. The purpose of this announcement is to announce the annual caps of this agreement for the three years ending 31 December 2013, 2014 and 2015 pursuant to Chapter 14A of the Listing Rules.

(i) *Sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group*

Subject matter: Pursuant to the Services Agreement, the Group agreed to supply to the Geely Holding Group, CKDs and Sedan Tool Kits in accordance with the product specifications set out in the Services Agreement. During the course of the Services Agreement, the Geely Holding Group may request additional services other than the aforesaid services from the Group. The additional services, subject to the Group's ability in providing the requested services to be based on normal commercial terms to be determined by the parties to the Services Agreement on an arm's length basis and in compliance with the Listing Rules, will be related to services that might occur in the process of manufacturing CKDs and Sedan Tool Kits for new models in the future.

Pricing basis: Pursuant to the Services Agreement, the CKDs, depending on the specifications and models, will be sold to the Geely Holding Group based on the selling price of the sedans to end customers, less distribution costs, costs of Sedan Tool Kits, the PRC taxes, mainly the consumption tax, and costs of other necessary and reasonable expenses. The Sedan Tool Kits to be supplied by the Group to the Geely Holding Group will be based on the cost of the Sedan Tool Kits to the Group. Such pricing basis pursuant to the Services Agreement was determined by the parties on normal commercial terms, as the Sedan Tool Kits will be sold back to the Group for distribution to the end customers.

## Historical transaction amounts and proposed annual caps

The table below sets out the historical transaction amounts for the year ended 31 December 2011 and the nine months ended 30 September 2012, and the proposed annual caps for the sales of CKDs and Sedan Tool Kits pursuant to the Services Agreement for each of the three years ending 31 December 2013, 2014 and 2015:

	Historical transaction amount for the year ended 31 December 2011	Historical transaction amount for the nine months ended 30 September 2012	Estimated annual caps for the year ending 31 December		
	(Audited) '000	(Unaudited) '000	2013 '000	2014 '000	2015 '000
Sales of CKDs	RMB17,664,644 (equivalent to approximately HK\$21,911,224)	RMB14,122,896 (equivalent to approximately HK\$17,518,040)	RMB41,181,857 (equivalent to approximately HK\$51,081,975)	RMB50,709,816 (equivalent to approximately HK\$62,900,456)	RMB67,807,905 (equivalent to approximately HK\$84,108,925)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB34,097,304 (equivalent to approximately HK\$42,294,296)</i>	<i>RMB46,942,998 (equivalent to approximately HK\$58,228,095)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Sales of Sedan Tool Kits	RMB11,583 (equivalent to approximately HK\$14,368)	RMB1,911 (equivalent to approximately HK\$2,370)	RMB13,018 (equivalent to approximately HK\$16,148)	RMB16,194 (equivalent to approximately HK\$20,087)	RMB20,063 (equivalent to approximately HK\$24,886)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB35,370 (equivalent to approximately HK\$43,873)</i>	<i>RMB47,475 (equivalent to approximately HK\$58,888)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Total:</b>	<b>RMB17,676,227 (equivalent to approximately HK\$21,925,592)</b>	<b>RMB14,124,807 (equivalent to approximately HK\$17,520,410)</b>	<b>RMB41,194,875 (equivalent to approximately HK\$51,098,123)</b>	<b>RMB50,726,010 (equivalent to approximately HK\$62,920,543)</b>	<b>RMB67,827,968 (equivalent to approximately HK\$84,133,811)</b>

The proposed annual caps above for the purchases of CKDs by the Geely Holding Group from the Group have been determined by the Directors with reference to the historical transaction amounts; the projected number of units of sedan to be sold based on the sales budget of the Group, the number of new models to be introduced to the market and the estimated selling price per sedan, less the distribution costs, estimated unit cost of Sedan Tool Kits, the PRC taxes, mainly the consumption tax per sedan, and the estimated costs of other necessary and reasonable expenses.

The proposed annual caps above for the purchases of Sedan Tool Kits by the Geely Holding Group from the Group have been determined by the Directors with reference to the historical transaction amounts; the projected number of units of sedan to be sold based on the sales budget of the Group; and the estimated unit cost of Sedan Tool Kits to the Group.

(ii) *Sales of CBUs, automobile parts and components; and provision of process manufacturing services from the Geely Holding Group to the Group*

Subject matter: Pursuant to the Services Agreement, the Geely Holding Group agreed to sell to the Group the CBUs, automobile parts and components; and provide process manufacturing services to the Group in accordance with the product and service specifications set out in the Services Agreement.

Pricing basis: Pursuant to the Services Agreement, the CBUs, depending on the models, will be sold to the Group based on the selling price of the sedans to end customers, less distribution costs. The automobile parts and components to be supplied by the Geely Holding Group will be based on the original purchase cost plus the relevant procurement cost(s), being the actual cost(s) incurred in the procurement process by the Geely Holding Group. With regard to the process manufacturing services, the fee to be charged by the Geely Holding Group will be based on the annual linear depreciation of the value of the imported molding equipment plus the actual cost incurred by Geely Holding Group for the process manufacturing services. Such pricing basis pursuant to the Services Agreement was determined by the parties on an arm's length basis.

## Historical transaction amounts and proposed annual caps

The table below sets out the historical transaction amounts for the year ended 31 December 2011 and the nine months ended 30 September 2012, and the proposed annual caps for the purchases of CBUs, automobile parts and components, and the process manufacturing services fees pursuant to the Services Agreement for each of the three years ending 31 December 2013, 2014 and 2015:

	Historical transaction amount for the year ended 31 December 2011	Historical transaction amount for the nine months ended 30 September 2012	Estimated annual caps for the year ending 31 December		
	(Audited) '000	(Unaudited) '000	2013 '000	2014 '000	2015 '000
Purchases of CBUs	RMB18,366,832 (equivalent to approximately HK\$22,782,218)	RMB14,673,414 (equivalent to approximately HK\$18,200,903)	RMB43,725,703 (equivalent to approximately HK\$54,237,362)	RMB53,988,349 (equivalent to approximately HK\$66,967,148)	RMB72,628,051 (equivalent to approximately HK\$90,087,834)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB36,905,446 (equivalent to approximately HK\$45,777,515)</i>	<i>RMB50,473,652 (equivalent to approximately HK\$62,607,518)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

	Historical transaction amount for the year ended 31 December 2011 (Audited) '000	Historical transaction amount for the nine months ended 30 September 2012 (Unaudited) '000	2013  '000	Estimated annual caps for the year ending 31 December	
				2014  '000	2015  '000
Purchases of automobile parts and components	RMB5,970,401 (equivalent to approximately HK\$7,405,685)	RMB4,451,716 (equivalent to approximately HK\$5,521,909)	RMB8,179,652 (equivalent to approximately HK\$10,146,040)	RMB10,242,973 (equivalent to approximately HK\$12,705,384)	RMB13,557,739 (equivalent to approximately HK\$16,817,019)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ( '000)</i>	<i>RMB11,746,054 (equivalent to approximately HK\$14,569,805)</i>	<i>RMB8,904,623 (equivalent to approximately HK\$11,045,294)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Process manufacturing services fees	RMB102,241 (equivalent to approximately HK\$126,820)	RMB48,641 (equivalent to approximately HK\$60,334)	RMB84,900 (equivalent to approximately HK\$105,310)	RMB60,100 (equivalent to approximately HK\$74,548)	RMB99,533 (equivalent to approximately HK\$123,461)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ( '000)</i>	<i>RMB130,202 (equivalent to approximately HK\$161,503)</i>	<i>RMB113,455 (equivalent to approximately HK\$140,730)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Total:	RMB24,439,474 (equivalent to approximately HK\$30,314,723)	RMB19,173,771 (equivalent to approximately HK\$23,783,146)	RMB51,990,255 (equivalent to approximately HK\$64,488,712)	RMB64,291,422 (equivalent to approximately HK\$79,747,080)	RMB86,285,323 (equivalent to approximately HK\$107,028,314)

It is noted that the historical transaction amounts for the year ended 31 December 2011 and for the nine months ended 30 September 2012 were within the annual caps of the Services Agreement as approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2009.

The above proposed annual caps for the purchases of CBUs by the Group from the Geely Holding Group have been determined by the Directors with reference to the historical transaction amounts; the projected number of units

of sedan to be sold based on the sales budget of the Group; the number of new models to be introduced to the market and the estimated selling price per sedan, less distribution costs per sedan.

The proposed annual caps for the purchases of automobile parts and components by the Group from the Geely Holding Group have been determined by the Directors with reference to the historical transaction amounts and the estimated increase in the purchase amounts of automobile parts and components sourced from the Geely Holding Group as a result of the estimated increase in projected number of units of sedan to be sold based on the sales budget of the Group.

The proposed annual caps for the process manufacturing services fees charged by the Geely Holding Group have been determined by the Directors with reference to the estimated cost of imported molding equipment required for process manufacturing services, the estimated cost incurred for the process manufacturing services, including the associated lease payments incurred by the Geely Holding Group given that the process manufacturing services are requested by the Group, and the annual depreciation rate for the molding equipment which is consistent with the accounting policy of the Group.

The Group is principally engaged in the manufacturing and trading of automobiles, automobile parts and related automobile components in the PRC. As noted in the Company's annual report for the year ended 31 December 2011, the Directors believe that car demand in China will continuously grow steadily in the coming decade, due to China's consistent economy growth, its rising household incomes and its low car ownership with only 1% of the population owning a sedan at present. Also, according to the figures released by the China Association of Automobile Manufacturers, total sales volume of passenger cars in China increased by 2.45% to 18 million units in 2011, surpassing most market expectations. Although fierce competition in China's sedan market remains, the Directors expect growth of China's sedan sales volume to be maintained at around 9% in the coming few years. In the first ten months of 2012, the Group sold 372,547 units of vehicle, achieving 81% of its full year sales volume target of 460,000 units. In particular, the Group's total export sales volume was 82,927 units in the first ten months of 2012, an increase of around 181% over the same period last year. The strong performance in the export markets together with the planned launch of new models, especially the higher-priced sport utility vehicles (SUVs) and multi-purpose vehicles (MPVs), would enable the Group entering into a rapid growth period in the coming years. Accordingly, the Directors estimate the proposed annual caps amounts involved in the sales of CKDs and Sedan Tool Kits, the purchase of CBUs, automobile parts and components and process manufacturing services set out in the Services Agreement will increase significantly.

Rule 14A.35(1) of the Listing Rules provides, in relation to continuing connected transactions not falling under Rule 14A.33 of the Listing Rules, that where under special circumstances the nature of the transaction requires the agreement to be of a duration longer than three (3) years, the independent financial adviser to the Company will be required to explain why a longer period for the agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration. Quam Capital opined in the Company's circular dated 14 December 2009 that it is normal business practice for agreements like the Services Agreement to have a term longer than three years. The Services Agreement was approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2009.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) are of the view that the relevant annual caps of the Services Agreement for the three years ending 31 December 2013, 2014 and 2015 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **(II) Loan Guarantee Agreement**

Date: 16 November 2012

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 associates, and Mr. Li is an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Subject matter: Pursuant to the Loan Guarantee Agreement, the Group agreed to provide guarantees (including the pledge of certain lands, buildings and facilities of the Group) on loans obtained or to be obtained by the Geely Holding Group in relation to the manufacture and research and development of sedans of the Group.

The Geely Holding Group (i) warrants that the loans will only be utilized for sedan manufacturing and research and development activity relating to the Group; (ii) would obtain consent from the Group prior to any drawdown of the loans; and (iii) agrees to provide counter guarantees on the Guarantees.

Term: From 1 January 2013 or the date of obtaining the Independent Shareholders' approval at the EGM (whichever is later) to 31 December 2015.

### **Condition precedent for the Loan Guarantee Agreement**

Completion of the Loan Guarantee Agreement is conditional upon the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Loan Guarantee Agreement.

If the above condition has not been fulfilled on or before 31 December 2012 (or such later date as the parties may agree in writing), the Loan Guarantee Agreement will lapse and all the obligations and liabilities of the parties to the Loan Guarantee Agreement will cease and terminate.

### **Historical transaction amounts and proposed annual caps**

The Company and Geely Holding entered into the Existing Loan Guarantee Agreement on 27 November 2009 pursuant to which the Company agreed to provide guarantees on loans obtained or to be obtained by the Geely Holding Group. The Existing Loan Guarantee Agreement has a term commencing from its effective date to 31 December 2012. The Existing Loan Guarantee Agreement was approved by the then Independent Shareholders at an extraordinary general meeting of the Company held on 31 December 2009.

The table below sets out the historical transaction amounts for the year ended 31 December 2011 and the nine months ended 30 September 2012, and the proposed annual caps for the aggregate maximum outstanding guarantee amount to be provided by the Group pursuant to the Loan Guarantee Agreement for each of the three years ending 31 December 2013, 2014 and 2015:

	Highest historical transaction amount for the year ended 31 December 2011 (Audited) '000	Highest historical transaction amount for the nine months ended 30 September 2012 (Unaudited) '000	Estimated annual caps for the year ending 31 December		
			2013 '000	2014 '000	2015 '000
Aggregate maximum outstanding guarantee amount	RMB493,600 (equivalent to approximately HK\$612,261)	RMB600,000 (equivalent to approximately HK\$744,240)	RMB1,000,000 (equivalent to approximately HK\$1,240,400)	RMB1,200,000 (equivalent to approximately HK\$1,488,480)	RMB1,500,000 (equivalent to approximately HK\$1,860,600)
<i>Approved annual cap amount for the two financial years ending 31 December 2012 ('000)</i>	<i>RMB900,000 (equivalent to approximately HK\$1,116,360)</i>	<i>RMB800,000 (equivalent to approximately HK\$992,320)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

It is noted in the above table that the highest historical transaction amounts for the year ended 31 December 2011 and for the nine months ended 30 September 2012 were within their annual caps as approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2009.

The Directors consider that in order to tap into the increasing demand for the Company's sedans, funding resources have to be committed to research and development activities, which include new car model design, development of new engine, gearbox, electronic and electric auto-related components, etc, of the Group. The Geely Holding Group currently provides a good gateway for the Company to obtain loans at cheaper finance costs for sedan manufacturing and research and development activity through its long-term relationships with certain PRC banks. Security including the pledge of certain lands, buildings and facilities of the Group are required by these banks. The proposed annual caps for the Group's guarantees were determined with reference to the aggregate guarantee amount on the loans obtained of approximately RMB600 million (equivalent to approximately HK\$744 million) as at 30 September 2012, and on the loans to be obtained by the Geely Holding Group of approximately RMB900 million (equivalent to approximately HK\$1,116 million) starting from the effective date of the Loan Guarantee Agreement in relation to the sedan manufacturing and research and development activity relating to the Group. Given that (i) the Guarantees will be counter indemnified by the Geely Holding Group; (ii) the Geely Holding Group would need to obtain consent from the Group prior to any drawdown of the loans and (iii) the Group is the ultimate borrower of the loans for the manufacture and research and development of sedans, the Directors (excluding the independent non-

executive Directors whose views will be given after taking into account the advice from the independent financial adviser) are of the view that the terms of the Loan Guarantee Agreement, including its annual caps, are 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.

Zhejiang Automotive Vocational and Technical College is principally engaged in the provision of education-related services.

Shanghai Maple Auto Sales is principally engaged in the marketing and sales of automobiles in the PRC.

Shanghai Maple is principally engaged in manufacturing and sales of automobiles and related components, and manufacturing of air-conditioning related parts.

Shanghai LTI is principally engaged in the research, development, production, and sales of automobiles and related automobile components in the PRC.

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

### **Imported Parts Purchase Agreement**

Shanghai Maple Auto Sales commenced the rendering of after-sales services for TX4 model in the PRC in 2010. Certain imported after-sales parts are required for Shanghai Maple Auto Sales to provide such after-sales services. Only certain subsidiaries of the Geely Holding Group, including Shanghai Maple, have the right to import parts for these TX4 and its upgraded models required by the Group. The Directors (including the independent non-executive Directors) consider that the continuing connected transactions contemplated under the Imported Parts Purchase Agreement are beneficial to the Group.

### **Shanghai LTI Supply and Purchase Agreement**

#### *(i) Sale of automobile parts and components*

The Directors (including the independent non-executive Directors) consider that entering into of the Shanghai LTI Supply and Purchase Agreement would enhance the demand of products produced by the Shanghai LTI.

- (ii) *Sale of SKD Components; and (iii) CKDs (without the imported engine, transmission and automobile parts)*

Shanghai Maple, in its ordinary and usual course of business, performs final assembly, sale and distribution of automobiles in the PRC. As Shanghai Maple holds the relevant approved automobile products catalogue which is required for the sale of automobiles in the PRC under relevant PRC laws, the Directors (including the independent non-executive Directors) consider that it is in the interest of the Shanghai LTI to supply the SKD Components and CKDs (without the imported engine, transmission and automobile parts) to Shanghai Maple for final assembly, sales and distribution.

### **Lease Agreement**

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions contemplated under the Lease Agreement are beneficial to the Group as it can provide an additional source of stable recurring income from its surplus lands and buildings.

### **Services Agreement**

- (i) *Sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group and Sales of CBUs from the Geely Holding Group to the Group:*

The Geely Holding Group performs final assembly on the CKDs and the Sedan Tool Kits and facilitates payment of the PRC consumption tax. After performing final assembly, the Geely Holding Group sells the CBUs back to the Group's sales companies for distribution to end customers. As the Group is not in possession of the automobile catalogue issued by the National Development Reform Commission (NDRC) in the PRC, which is required to facilitate payment of the PRC consumption tax, the Directors consider that the continuing connected transactions contemplated under the Services Agreement will ensure smooth operation of the Group, as the services of the Geely Holding Group would help facilitate payment of the PRC consumption tax.

- (ii) *Sales of automobile parts and components from the Geely Holding Group to the Group:*

The Directors consider that the continuing connected transactions contemplated under the Services Agreement are beneficially to the Group as the Geely Holding Group has long-term relationships with suppliers of these automobile parts and components. Procurement of the automobile parts and components through the Geely Holding Group would enable a stable source of raw materials at a competitive cost to the Group.

*(iii) Provision of process manufacturing services from the Geely Holding Group to the Group:*

Certain imported molding equipment are required for the manufacturing of sedans by the Group. Only certain subsidiaries of the Geely Holding Group have the right to import these molding equipment required by the Group, the Directors (including the independent non-executive Directors) consider that the above continuing connected transactions contemplated under the Services Agreement are beneficial to the Group.

### **Loan Guarantee Agreement**

In view of the long-term relationships with certain PRC banks, the Geely Holding Group is in a better position to obtain relatively larger loans on behalf of the Group at cheaper finance costs for sedan manufacturing and research and development activities relating to the Group's operations. Given that the Geely Holding Group (i) warrants that the loans will only be utilized for sedan manufacturing and research and development activity relating to the Group; (ii) would obtain consent from the Group prior to any drawdown of the loans; and (iii) the Group is the ultimate borrower of the loans for the manufacture and research and development of sedans, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that the Guarantees will enhance the Group's future development.

### **LISTING RULES IMPLICATIONS**

Each of Geely Holding, Zhejiang Automotive Vocational and Technical College and Shanghai Maple is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that each of them is an associate of Mr. Li, an executive Director and a substantial shareholder holding approximately 50.10% interest in the issued share capital of the Company as at the date of this announcement.

Accordingly, each of the Imported Parts Purchase Agreement, the Shanghai LTI Supply and Purchase Agreement, the Lease Agreement, the Services Agreement and the Loan Guarantee Agreement constitutes continuing connected transactions for the Company pursuant to Rule 14A.14 of the Listing Rules.

As the applicable percentage ratios of the proposed annual caps for the three years ending 31 December 2015 for the transactions contemplated under each of the Imported Parts Purchase Agreement, the Shanghai LTI Supply and Purchase Agreement and the Lease Agreement are less than 5% on an annual basis, the Exempted Continuing Connected Transactions are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the proposed annual caps for the three years ending 31 December 2015 for the transactions contemplated under each of the Services Agreement and the Loan Guarantee Agreement are expected to be higher than 5% on an annual basis, the Non-exempted Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing

Rules. As certain applicable percentage ratios of the proposed annual caps for the three years ending 31 December 2015 for the transactions contemplated under the Loan Guarantee Agreement exceed 5% but less than 25% on an annual basis, the transaction under the Loan Guarantee Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Mr. Li is considered to have a material interest in the Exempted Continuing Connected Transactions and the Non-exempted Continuing Connected Transactions by virtue of his interests in Geely Holding, and has abstained from voting on the Board resolutions for approving the transactions contemplated under the Imported Parts Purchase Agreement, the Shanghai LTI Supply and Purchase Agreement, the Lease Agreement, the Services Agreement and the Loan Guarantee Agreement and the adoption of the relevant annual caps.

The Shanghai LTI Supply and Purchase Agreement and the Services Agreement were approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2009. In addition, pursuant to Rule 14A.35(1) of the Listing Rules, Quam Capital included its opinion on, among others, the long duration of the Imported Parts Purchase Agreement, the Shanghai LTI Supply and Purchase Agreement and the Services Agreement in the Company's circular dated 14 December 2009.

Mr. Li and his associates together hold 3,751,159,000 Shares (representing approximately 50.10% of the issued share capital of the Company) as at the date of this announcement, will abstain from voting on the resolutions to approve the Non-exempted Continuing Connected Transactions (including the relevant annual caps) to be put forward at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders on whether or not the Non-exempted Continuing Connected Transactions (and the relevant annual caps) are fair and reasonable and in the interests of the Company and Independent Shareholders. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms and conditions of the Non-exempted Continuing Connected Transactions (and the relevant annual caps).

## **GENERAL**

A circular containing, *inter alia*, (a) further information about the Non-exempted Continuing Connected Transactions; (b) the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; (c) the recommendation from the Independent Board Committee; and (d) a notice of the EGM will be dispatched to the Shareholders on or before 6 December 2012.

## 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
“CBU”	Complete Buildup Unit (整車), a complete vehicle after the final assembly
“CKD(s)”	Complete Knock Down Kit(s) or CKD(s) (整車成套件), a complete kit needed to assemble a vehicle
“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
“Continuing Connected Transactions”	collectively, the transactions contemplated under the Services Agreement, the Loan Guarantee Agreement, the Lease Agreement, the Imported Parts Purchase Agreement and the Shanghai LTI Supply and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Non-exempted Continuing Connected Transactions (including the relevant annual caps)
“Exempted Continuing Connected Transactions”	collectively, the transactions contemplated under the Lease Agreement, the Imported Parts Purchase Agreement and the Shanghai LTI Supply and Purchase Agreement
“Existing Lease Agreement”	the agreement dated 27 November 2009 entered into between the Company and Geely Holding pursuant to which the Group agreed to lease some properties located in the PRC, to the Geely Holding Group and Zhejiang Automotive Vocational and Technical College, details of which are contained in the Company’s announcement dated 27 November 2009

“Existing Loan Guarantee Agreement”	the agreement dated 27 November 2009 entered into between the Company and Geely Holding pursuant to which the Group agreed to provide guarantees on loans obtained or to be obtained by the Geely Holding Group, details of which are contained in the Company’s announcement dated 27 November 2009 and the Company’s circular dated 14 December 2009
“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
“Guarantees”	guarantees to be provided by the Group on loans obtained or to be obtained by the Geely Holding Group pursuant to the Loan Guarantee Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Imported Parts Purchase Agreement”	the agreement dated 27 November 2009 entered into between Shanghai Maple Auto Sales and Shanghai Maple as referred to under the subsection headed “(I) Imported Parts Purchase Agreement” of the section headed “Exempted Continuing Connected Transactions” of this announcement
“Independent Board Committee”	the independent committee of the Board comprising only the independent non-executive Directors, namely Mr. Song Lin, Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. Fu Wu Yu and Mr. Wang Yang established for the purpose of advising the Independent Shareholders on the Non-exempted Continuing Connected Transactions (including the relevant annual caps)
“Independent Shareholders”	Shareholder(s) other than Mr. Li and his associates

“Lease Agreement”	the agreement dated 16 November 2012 entered into between the Company, Geely Holding and Zhejiang Automotive Vocational and Technical College as referred to under the subsection headed “(III) Lease Agreement” of the section headed “Exempted Continuing Connected Transactions” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Guarantee Agreement”	the agreement dated 16 November 2012 entered into between the Company and Geely Holding as referred to under the subsection headed “(II) Loan Guarantee Agreement” of the section headed “Non-exempted Continuing Connected Transactions” of this announcement
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial shareholder holding 50.10% interest in the issued share capital of the Company as at the date of this announcement
“Non-exempted Continuing Connected Transactions”	collectively, the transactions contemplated under the Services Agreement and the Loan Guarantee Agreement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)

“Properties”	collectively, (i) the office premises with a total area of approximately 5,481.73 sq. m. located in Linhai City, Zhejiang Province, the PRC; and (ii) the buildings and various ancillary structures with a total area of approximately 96,036 sq. m. located in Luqiao, Taizhou City, Zhejiang Province, the PRC; (iii) the research building and the factory premises with a total area of approximately 21,105 sq. m. located in Luqiao, Taizhou City, Zhejiang Province, the PRC; and (iv) the factory premises with a total area of approximately 12,586 sq. m. located in Ningbo City, Zhejiang Province, the PRC; (v) the buildings and various ancillary structures with a total area of approximately 99,419 sq. m. located in Ningbo City, Zhejiang Province, the PRC; (vi) the factory premises with a total area of approximately 8,580 sq. m. located in Lanzhou City, Gansu Province, the PRC; (vii) the factory premises with a total area of approximately 5,760 sq. m. located in Ningbo City, Zhejiang Province, the PRC
“Quam Capital”	Quam Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities & Futures Ordinance and the independent financial adviser appointed to advise on, among others, certain non-exempted continuing connected transactions of the Group as contained in the Company’s circular dated 14 December 2009
“RMB”	Renminbi, the lawful currency of the PRC
“Sedan Tool Kit(s)”	a tool kit(s) for subsequent basic repairs and maintenance of the sedan
“Services Agreement”	the master agreement dated 27 November 2009 entered into between the Company and Geely Holding as referred to under the subsection headed “(I) Services Agreement” of the section headed “Non-exempted Continuing Connected Transactions” of this announcement

“Shanghai LTI”	上海英倫帝華汽車部件有限公司 (Shanghai LTI Automobile Components Company Limited), a limited liability company incorporated in the PRC and indirectly owned as to 51% by the Company
“Shanghai LTI Supply and Purchase Agreement”	the agreement dated 27 November 2009 entered into between Shanghai LTI and Shanghai Maple as referred to under the subsection headed “(II) Shanghai LTI Supply and Purchase Agreement” of the section headed “Exempted Continuing Connected Transactions” of this announcement
“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 wholly-owned by Mr. Li and his associates. It is principally engaged in the manufacturing and sales of automobiles and related components, and manufacturing of air-conditioning related parts
“Shanghai Maple Auto Sales”	上海華普汽車銷售有限公司 (Shanghai Maple Automobile Sales Company Limited), a limited liability company incorporated in the PRC and is an indirect 99%-owned subsidiary of the Company
“Shareholders”	holders of shares of the Company
“SKD Components”	Semi Knock Down Kit(s) or SKD(s)
“Zhejiang Automotive Vocational and Technical College”	浙江汽車職業技術學院 (Zhejiang Automotive Vocational and Technical College), a private vocational and technical college established in the PRC, located at (Cao Jia Road) Cheng Dong Geely Education Centre, Linhai City, Zhejiang Province, the PRC (中國浙江省臨海市城東吉利教育中心(曹家路)) and beneficially owned as to 100% by Mr. Li and his associates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square meter
“%”	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\$1.2404*

*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, 16 November 2012

*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, Dr. Zhao Fuquan and Ms. Wei Mei; the non-executive director of the Company is Mr. Yin Da Qing, Richard; 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.*