

Geely Automobile Holdings Limited

吉利汽車控股有限公司

(stock code: 175)

Completion of Acquisitions of Additional Interests in Operating Associates

23 June 2008



Acquisitions of Stakes in Operating Associates

- ❖ **Acquisitions of 44.19% stakes in each of the five operating associates, raising equity interests to 91% each**
- ❖ **All operating associates, which comprise five manufacturing plants and related R&D facilities, will become subsidiaries of the Company**
- ❖ **Total consideration of HK\$1,611mn to be satisfied by the issue of 1,289mn new shares of the Company at HK\$1.25 per share**
- ❖ **The consideration has been determined with reference to the unaudited net asset value of the operating associates at 30 June 2007**
- ❖ **The new shares will be issued at 36% premium to the closing price on 18 June 2008**



Reasons for the Acquisitions

- ❖ **A more rationalized structure, which should improve operating efficiency and enhance transparency**
- ❖ **Very much completed the transformation of the Company into a company focusing on manufacturing and sales of automobile and automobile parts**
- ❖ **A more sizable company to pave way for the future rapid development of the Company in view of the ample investment opportunities in both Global and China automobile industry**
- ❖ **Confirmation of the Company's status as the ultimate holding vehicle of Geely Group's auto-related businesses**



Benefits of the Acquisitions

- ❖ **A more streamlined corporate structure**
- ❖ **Operating and financial results of key operating units to be consolidated into the Company's financial statements**
- ❖ **A much broader revenue and earnings base**
- ❖ **Larger capital base, with total number of outstanding shares increasing to 6.5bn shares, shareholders' equity increased more than 66% to over HK\$4bn, and total market capitalization reaching US\$765mn (based on last dealt price of HK\$0.92 and before conversion of CBs and exercise of share options outstanding)**



Impact of the Acquisitions

Financial Impact of The Acquisitions			
	2006	*2006	
(HK\$m, Y/E December)	Actual	Pro forma	+/- %
Revenue	127.0	6,497.8	5016%
Gross profit	17.0	1,101.5	6391%
Share of results of associates	243.2	0.0	-
Profit before taxation	215.7	551.6	156%
Taxation	1.6	58.8	3608%
Minority interests	5.4	50.0	-
Net profit	208.8	442.8	112%
Diluted EPS (cents)	4.95	7.67	55%
<i>Note:</i>			
<i>* based on The Circular to Shareholders on 31 October 2007, assuming that the acquisitions had been completed on 1 January 2006</i>			

- ❖ **Geely Group's auto-related revenues will be fully incorporated into the listed company**
- ❖ **The listed company will share the majority of Geely Group's auto-related profits**
- ❖ **Financial statements will become more transparent**



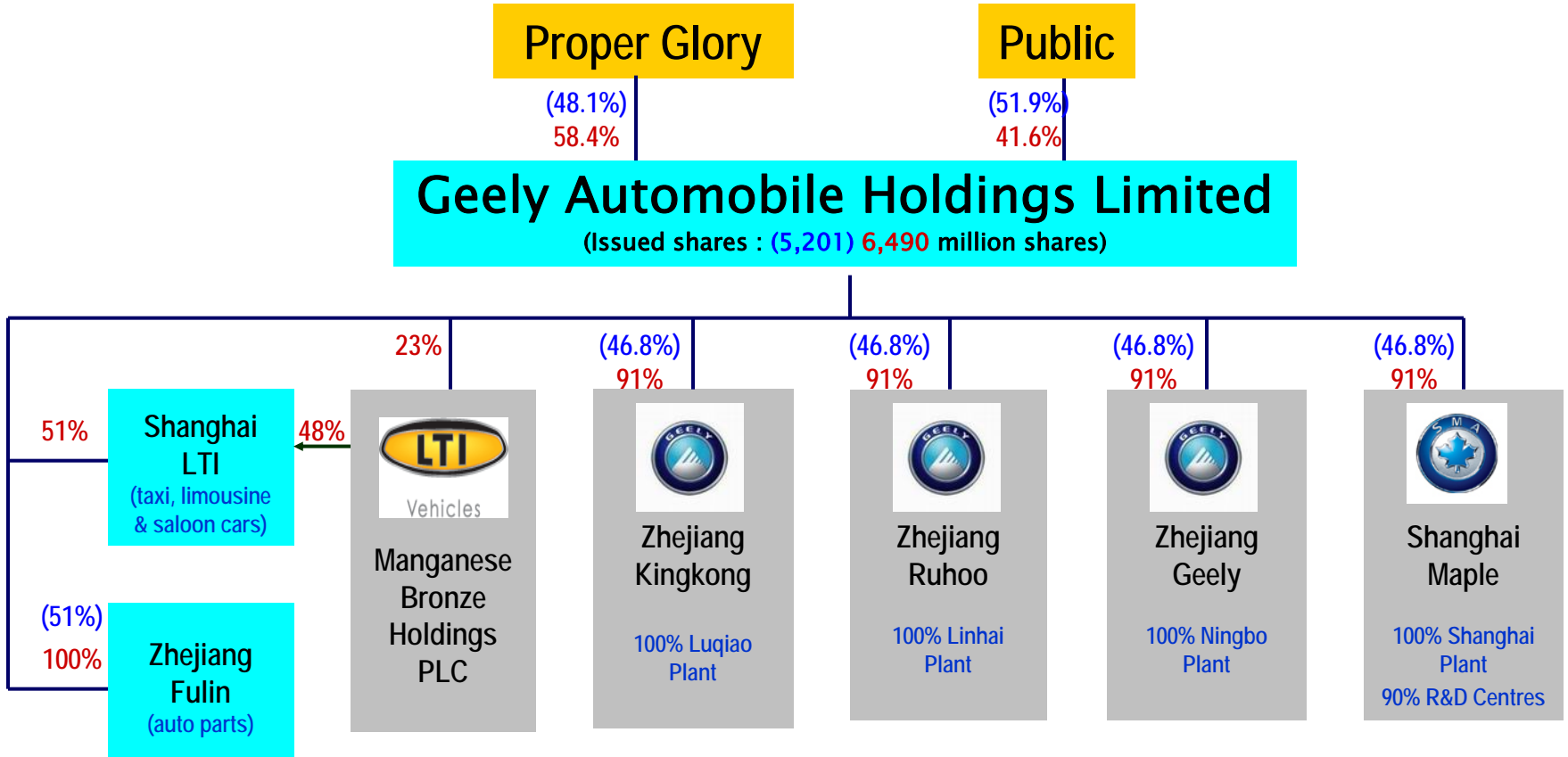
Impact of the Acquisitions

Impact of the Acquisitions	Before	After	+/- %
Number of ordinary shares	5,201.1	6,489.8	25%
Controlling shareholder's interests	48.1%	58.4%	21%
Market capitalization (HK\$ million)*	4,785.0	5,970.6	25%
Total shareholders' equity (HK\$m, Y/E 2007)	2,441.4	4,052.3	66%
<i>Note:</i>			
<i>* based on closing price on 18 June 2008</i>			

- ❖ **Cost of the acquisitions = Expanding share capital by 25%**
- ❖ **Share of Geely Group' auto-related profit from 46.8% to 91%**
- ❖ **Full control of Geely Group's auto-related business ...**
- ❖ **.. And a much larger company in terms of both market value and size of equity**



Corporate Structure



(Before)
After



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