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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)

**INSIDE INFORMATION
MEMORANDUM OF UNDERSTANDING**

This announcement is made by Geely Automobile Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company wishes to inform shareholders of the Company and public investors that on 30 May 2014, the Company and Zhejiang Geely Holding Group Company Limitedⁱ (浙江吉利控股集團有限公司) (“**Geely Holding**”), a company wholly owned by Mr. Li Shu Fu, an executive director and the controlling shareholder of the Company, and his associate, have entered into a memorandum of understanding (the “**Memorandum**”) on the proposed sale of (i) the entire issued share capital of DSI Holdings Pty Limited (“**DSI**”), a wholly-owned subsidiary of the Company, (ii) 50% of the registered capital in Hunan Jisheng International Drivetrain System Company Limitedⁱ (湖南吉盛國際動力傳動系統有限公司) not held by DSI, an indirect wholly-owned subsidiary of the Company which is 50% owned by DSI and 50% owned by another subsidiary of the Group, and (iii) 100% of the registered capital in Shandong Geely Gearbox Company Limitedⁱ (山東吉利變速器有限公司), an indirect wholly-owned subsidiary of the Company, to Geely Holding’s associates (the “**Proposed Transactions**”).

Pursuant to the Memorandum, the Company has granted an exclusive period of three months to Geely Holding to negotiate definitive agreements in relation to the Proposed Transactions. The Proposed Transactions are steps for the Group to focus on the production of vehicles and related components in the PRC, and the consolidation of all the PRC-based and overseas research and development and production activities of automatic transmissions with companies wholly-owned by Mr. Li Shu Fu and his associates (collectively, the “**Parent Group**”), thereby achieving the goal of pooling of resources, avoiding duplication in investment and creating better synergies between the Group and the Parent Group.

i Translation of registered name in Chinese for identification purpose.

Save for the exclusive period, the Memorandum is non-binding and as at the date of this announcement, the Company and Geely Holding have not entered into any definitive agreements in relation to the Proposed Transactions and no material terms or timetable have been agreed. Further announcement will be made in respect of any further development on the Proposed Transactions and action will be taken by the Company to comply with the requirements in relation to connected transactions under the Listing Rules.

As the Proposed Transactions may or may not materialise, shareholders and public investors are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board of
Geely Automobile Holdings Limited
David C.Y. Cheung
Company Secretary

Hong Kong, 30 May 2014

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. Ran Zhang, 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. Yeung Sau Hung, Alex, Mr. Fu Yu Wu, Mr. An Qing Heng and Mr. Wang Yang.