

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**VOLUNTARY ANNOUNCEMENT
DISPOSAL AGREEMENT**

On 4 March 2015, the Company entered into the Agreement with the Purchaser in respect of the Disposal under which the Group will sell the Assets to the Purchaser at an aggregated consideration of RMB300 million.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction for the Company and this announcement is made by the Company on a voluntary basis for the information of the shareholders of the Company and public investors.

This announcement is made by the Company on a voluntary basis.

THE AGREEMENT

Date

4 March 2015

Parties

- (A) the Company, as the vendor, together with its subsidiaries are principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding; and
- (B) the Purchaser, a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange.

The Purchaser is principally engaged in the production and sale of transmissions for commercial vehicles. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its beneficial owners are independent of and not connected with the Company and its connected persons.

Subject matter

The Group will sell the Assets to the Purchaser. To facilitate the transfer of the Assets to the Purchaser, the Group will establish a new wholly-owned subsidiary (the “**New Subsidiary**”) to hold the Assets where upon the said new subsidiary will be transferred to the Purchaser.

Set out below is the key unaudited financial information on the Assets:

| | For the year ended 31 December 2013 <i>RMB'000</i> | For the year ended 31 December 2014 <i>RMB'000</i> |
|----------------------------------|---|---|
| Revenue attributed to the Assets | 598,025 | 501,126 |

The net asset value of the Assets as at 31 December 2014 was approximately RMB265 million.

Consideration

The consideration for the Disposal is RMB300 million and was determined between the parties after arm’s length negotiations. The consideration is payable by the Purchaser in the following manner:

- (i) 10% of the consideration, equivalent to RMB30 million, will be payable within 5 days of the signing of the Agreement;
- (ii) 60% of the consideration, equivalent to RMB180 million, will be payable within 5 days of the signing of the definite share transfer agreement for the assignment of the entire registered capital of the New Subsidiary to the Purchaser;
- (iii) 20% of the consideration, equivalent to RMB60 million, will be payable within 5 days from the Purchaser taking possession and use of the Assets; and
- (iv) the balance of the consideration, equivalent to RMB30 million, will be payable within 30 days from the Purchaser supplying the first batch of products to the Vendor.

Subject to final audit, the Group is expected to realise a gain on Disposal of approximately RMB35 million, which will be used as general working capital of the Group.

Other terms of the Agreement

Pursuant to the terms of the Agreement, the parties agreed to enter into the Products Agreement prior to the delivery of the Assets to the Purchaser. Under the terms of the Products Agreement, the Purchaser will supply Products to be manufactured by the Assets to the Vendor for a term from the Purchaser taking delivery of the Assets and commencement of production of the Products up to 31 December 2018. The Products will be supplied in accordance with the specifications prescribed by the Group.

The Group has undertaken to the Purchaser that in developing new vehicle models, the Purchaser will be granted the first co-development right for the development of transmissions for the new vehicle model of the Group.

The Group has also undertaken to not to engage in any business which would directly or indirectly compete with the Products for a period of ten years from the completion of the Disposal.

REASONS FOR THE DISPOSAL

The Company is a leading vehicle company in the PRC whilst the Purchaser is a leading transmission company in the PRC.

The Group disposed of all of its automatic transmission production facilities during the year ended 31 December 2014. The Disposal is a step taken by the Group to further consolidate its business and focus on the production of vehicles in the PRC. Upon completion of the Disposal, the Group will no longer be involved in the development and production of 5MT Products and 6MT Products as the Purchaser, by leveraging its expertise in transmission business, will supply these Products to the Group and also work on their upgrades. The Directors (including the independent non-executive Directors) are of the view that the Disposal will help the Group to streamline its business, reduce costs and avoid the divergence of resources to the non-core business of the Group. The Directors (including the independent non-executive Directors) consider that the Disposal was conducted under normal commercial terms, the terms of which are fair and reasonable, and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction for the Company and this announcement is made by the Company on a voluntary basis for the information of the shareholders of the Company and public investors.

DEFINITIONS

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

| | |
|----------------------|---|
| “5MT Products” | 5-speed manual transmission products; |
| “6MT Products” | 6-speed manual transmission products; |
| “Agreement” | the agreement dated 4 March 2015 entered into between the Company and the Purchaser in relation to the Disposal; |
| “Assets” | the five-speed and six-speed manual transmission production lines of the Group, together with the related testing equipment, tools, technologies and know-how and inventories relating thereto; |
| “Board” | the board of directors of the Company; |
| “Company” | Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “Directors” | the directors of the Company; |
| “Disposal” | the sale of the Assets by the Vendor to the Purchaser; |
| “Group” | the Company and its subsidiaries; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “PRC” | the People’s Republic of China; |
| “Products” | 5-speed and 6-speed manual transmissions produced by the Assets; |
| “Products Agreement” | the agreement to be entered into between the Company and the Purchaser in relation to the supply of the Products to the Group; |
| “Purchaser” | 浙江萬里揚變速器股份有限公司 (Zhejiang Wanliyang Transmission Co. Ltd.*), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ002434); |

“RMB” Renminbi, the lawful currency of the PRC;

“Stock Exchange” the Stock Exchange of Hong Kong Limited; and

“%” per cent.

* *Translation of registered name in English for identification purpose.*

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

Hong Kong, 4 March 2015

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. Liu Jin Liang and Ms. Wei Mei, the non-executive directors of the Company are Mr. Carl Peter Edmund Moriz Forster and Mr. Ran Zhang, 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.