

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.

This announcement is not an offer to sell or the solicitation of an offer to buy any securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.



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)

PROPOSED ISSUE OF 3% CONVERTIBLE BONDS DUE 2014
AND
WARRANTS
AND
RESUMPTION OF TRADING

On 22 September 2009, the Company and the Investor entered into the Subscription Agreement pursuant to which the Investor has agreed to subscribe for the Bonds and the Warrants.

Upon completion of the Subscription Agreement and assuming full conversion of the Bonds, the Investor would hold approximately 12.1% of the Company's issued share capital as enlarged by the full conversion of the Bonds. Assuming full conversion of the Bonds and full exercise of the Warrants, the Investor would hold approximately 15.1% of the Company's issued share capital as enlarged by the issue of the Relevant Shares and approximately 17.8% of the Company's existing issued share capital.

The estimated net proceeds from the issue of the Bonds and upon full exercise of the subscription rights attaching to the Warrants would be approximately HK\$2,586 million. The Board intends to apply the net proceeds from the issue of the Bonds and Warrants to fund the capital expenditures of the Group, potential acquisitions by the Group and for general corporate purposes of the Group.

Completion of the issue of the Bonds and the Warrants is subject to certain conditions which are set out in the paragraph headed "Conditions Precedent" below. The Relevant Shares to be issued upon conversion or exercise of the Bonds or the Warrants will be issued and allotted under the general mandate granted to the Board at the annual general meeting of the Company held on 25 May 2009, which authorised the Directors to allot, issue or otherwise deal with 1,297,951,090 Shares, representing 20% of the issued share capital of the Company as at that date.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Relevant Shares.

As the Subscription Agreement may or may not complete, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. (Hong Kong time) on 16 September 2009 pending the release of this announcement, and an application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. (Hong Kong time) on 23 September 2009.

THE SUBSCRIPTION AGREEMENT

The Company has entered into the Subscription Agreement with the Investor on 22 September 2009 pursuant to which the Investor agrees to subscribe for (i) 3% convertible bonds due 2014 with a principal amount of HK\$1,897 million, and (ii) the Warrants.

Date of the Subscription Agreement:

22 September 2009

Parties:

- (1) The Company; and
- (2) GS Capital Partners VI Fund, L.P., a limited partnership established in Delaware and an affiliate of The Goldman Sachs Group, Inc..

To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, the Investor and its ultimate beneficial owners are independent third parties not connected with the Company or any of its connected persons.

Principal terms of the Bonds

Set out below is a summary of the principal terms of the Bonds:

Issuer	The Company
Principal amount	HK\$1,897 million
Maturity date	The date falling on the fifth anniversary of the issue date of the Bonds.

Issue price	100% of the principal amount of the Bonds, payable by the Investor in full at completion of the Subscription Agreement.
Interest	The Bonds bear interest from the issue date of the Bonds at the rate of 3% per annum on the principal amount of the Bonds outstanding. The interest will be payable by the Company annually in arrears.
Conversion period	The Bondholder has the right to convert all or part of the principal amount of the Bonds into new ordinary shares of the Company at any time after the issue date of the Bonds until and including the seventh Business Day immediately preceding the maturity date. Any Conversion Shares arising from the conversion of Bond within 12 months from the issue date of the Bonds will be subject to a lock-up until the date which is 12-month after the issue date of the Bonds.
Conversion price	HK\$1.90 per Conversion Share, subject to adjustment in accordance with the terms of the Bonds including, among other things, consolidation, subdivision or reclassification of Shares, a capitalisation of profits or reserves, capital distribution, a rights issues of securities, an issue of securities at less than the current market price, a modification of rights of conversion and other offers to shareholders.
Number of Conversion Shares issuable	998,423,000 Conversion Shares will be issued upon full conversion of the Bonds based on the initial conversion price of HK\$1.90.
Redemption at maturity	Unless previously redeemed, converted or purchased and cancelled as provided in the terms and conditions of the Bonds, each Bond will be redeemed on maturity at a value equal to (1) 100% of the outstanding principal amount, and (2) all accrued and unpaid interest.
Redemption at the option of the Bondholder in relation to certain events	The Bondholder will have the option to require the Company to redeem any Bond held by him upon the occurrence of (i) a Change of Control; (ii) a delisting of the Company or suspension of the Shares of the Company for a continuous period of more than 20 trading days; or (iii) an Event of Default (as defined in the Bond Instrument), in each case, at a value equal to the higher of (1) 1.5 times the principal amount and (2) an amount that will provide an internal rate of return of 15% per annum.
Redemption at the option of the Bondholder	The Investor will have the option to require the Company to redeem any outstanding Bonds held by it at any time on the third anniversary of the issue of the Bonds and on each date falling at intervals of 6 months thereafter until the maturity date of the Bonds.

Transferability/Lock-up	Other than during the Closed Period, the Bonds are freely transferable, but in minimum denominations of HK\$1 million of principal amount provided that the Bonds will be subject to a lock-up until the date which is 12-month after the issue date of the Bonds.
Status	The Bonds will represent direct, unconditional, unsubordinated and unsecured obligations of the Company and will at all times rank <i>pari passu</i> with all existing and future unsubordinated and unsecured obligations of the Company.

Comparison of conversion price

The initial conversion price of HK\$1.90 per Conversion Share was arrived at after arm's length negotiation between the Company and the Investor and represents:

- (i) a premium of approximately 6.1% over the closing price of the Shares of HK\$1.79 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.5% to the average closing price of HK\$1.95 per Share for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 0.1% over the average closing price of HK\$1.90 per Share for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 6.1% to the average closing price of HK\$1.80 per Share for the last 60 consecutive trading days up to and including the Last Trading Day.

Conversion Shares

Assuming full conversion of the Bonds at the conversion price of HK\$1.90 per Conversion Share, the Bonds will be convertible into approximately 998,423,000 Conversion Shares, representing approximately 12.1% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares and approximately 13.7% of the existing issued share capital of the Company.

The Conversion Shares have a nominal value of HK\$19,968,460 and a market value of approximately HK\$1,787 million based on the closing price of the Shares of HK\$1.79 on 15 September 2009.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Principal terms of the Warrants

Set out below is a summary of the principal terms of the Warrants:

Issuer:	The Company
Number of Warrants to be issued:	299,526,900
Subscription price:	Nil
Exercise price:	HK\$2.30 per Share, subject to adjustment in accordance with the terms of the Warrants including, among other things, consolidation, subdivision or reclassification of Shares, a capital distribution, a rights issues of securities, an issue of securities at less than the current market price, a modification of rights of conversion and other offers to shareholders.
Exercise period:	The Warrants can be exercised in part or in whole at any time from the issue date of the Warrants until and including the seventh Business Day immediately preceding the seventh anniversary of the issuance of the Warrants.
Status:	The Warrants will rank <i>pari passu</i> in all respects with one another.
Number of Shares issuable:	Upon the full exercise of the Warrants, 299,526,900 Shares will fall to be issued and represent approximately 4.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Exercise Shares and approximately 4.1% of the existing issued share capital of the Company, and assuming full conversion of the Conversion Shares, approximately 3.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Warrant Exercise Shares.
Transferability	The Warrants are freely transferable, but in minimum tranches of 250,000 Warrants.

Comparison of exercise price

The initial exercise price of HK\$2.30 per Warrant Exercise Share (subject to adjustment) represents:

- (i) a premium of approximately 28.5% over the closing price of the Shares of HK\$1.79 as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a premium of approximately 18.1% over the average closing price of HK\$1.95 per Share for the last 5 consecutive trading days up to and including the Last Trading Day.
- (iii) a premium of approximately 20.9% over the average closing price of HK\$1.90 per Share for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 28.4% to the average closing price of HK\$1.80 per Share for the last 60 consecutive trading days up to and including the Last Trading Day.

The Warrant Exercise Shares have a nominal value of HK\$5,990,538 and a market value of HK\$536 million based on the closing price of the Shares of HK\$1.79 on 15 September 2009.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Exercise Shares. The Warrant Exercise Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant exercise date.

Conditions precedent

The obligations of the Investor to complete the subscription of the Bonds and the Warrants under the Subscription Agreement are conditional upon, amongst other conditions:

- (a) the Stock Exchange having granted conditional permission for the listing of and permission to deal in the Conversion Shares and the Warrant Exercise Shares arising on conversion of the Bonds and exercise of the Warrants respectively (and such listing and permission not subsequently having been revoked prior to closing of the issue of the Bonds and the Warrants);
- (b) completion of satisfactory confirmatory financial and legal due diligence of the Company and its subsidiaries;
- (c) there has not been a Change of Control; and
- (d) each of the continuing connected transactions described in the circular of the Company to the Shareholders dated 8 September 2009 having been duly approved by independent shareholders in accordance with the Listing Rules.

Completion of the Subscription Agreement is expected to take place on the 25th Business Day after the later to occur of the fulfillment of condition (a) and condition (b), and in any event not later than 20 November 2009, or such other date that the Company and the Investor may agree.

TERMINATION

The Company may give a termination notice to the Investor at any time after 16 November 2009 and prior to the issue of the Bonds and the Warrants to the Subscriber on the date of issue of the Bonds and the Warrants if by 16 November 2009 the Investor shall not have notified it that it has completed satisfactory confirmatory financial and legal due diligence for the purposes of the condition precedent set out in paragraph (b) under the section titled "Conditions precedent" of this announcement.

The Investor may give a termination notice to the Company at any time prior to the issue of the Bonds and the Warrants if, amongst other events, the condition precedent set out in paragraph (a) under the section titled "Conditions precedent" of this announcement has not been satisfied or waived by the Investor on or before 16 November 2009 and any of the other conditions precedent (other than the condition set out in paragraph (b) under the section titled "Conditions precedent" of this announcement) are not satisfied or waived by the Investor by the date of issue of the Bonds and the Warrants.

If the Subscription Agreement is terminated in accordance the abovementioned (and without limiting any party's rights to claim damages), all obligations of the parties under the Subscription Agreement shall end except for those expressly stated to continue without limit in time.

DIRECTOR NOMINATION RIGHTS OF THE INVESTOR

The Company has agreed and undertaken to the Investor in the Subscription Agreement that, subject to completion of the Subscription Agreement and to the extent that the Company does not contravene or do any act or thing that will result in any breach of any mandatory requirements under applicable law, the Listing Rules of any of the duties and obligations of the directors of the Company under applicable law and the Listing Rules from time to time, it shall appoint one (1) person nominated by the Investor as a non-executive Director (the "**Nominated Director**").

For the avoidance of doubt, if any Nominated Director is removed by a resolution of shareholders of the Company, or is not re-appointed by the shareholders of the Company at any annual general meeting, the Company shall not be considered to be in breach of the abovementioned provision in the Subscription Agreement. The Subscriber has agreed and acknowledged that the nomination and appointment of the Nominated Director will follow the procedures of the Company with regard to the nomination and appointment of all Directors, including evaluating whether the proposed person to be Nominated Director is suitably qualified to become a Director before such person is recommended to the Board for consideration and agrees and acknowledges that the Board has the right to reasonably refuse to appoint any particular individual nominated to be the Nominated Director.

OTHER UNDERTAKINGS OF THE COMPANY

The Company has undertaken to the Investor in the Bond Instrument that, for so long as at least thirty per cent. (30%) of the original principal amount of the Bonds remains outstanding, save with the written approval of holders of not less than three-quarters in aggregate principal amount of the Bonds then outstanding, amongst other matters,

- (a) it will not, and will procure that none of its subsidiaries shall enter into any agreement which will constitute a major transaction or a very substantial acquisition or disposals for the purposes of the Listing Rules (including reverse takeovers and spin-offs) and any other notifiable transactions which would require shareholders approval under the Listing Rules save as provided in the Bond Instrument;
- (b) it will not, and will procure that none of its subsidiaries shall enter into any agreement, involving the acquisition or disposal of any entity, assets or business which would constitute a connected transaction under the Listing Rules which is subject to approval by independent shareholders of the Company in accordance with the Listing Rules save as provided in the Bond Instrument; and
- (c) the Net Debt (as defined in the Bond Instrument) divided by EBITDA (as defined in the Bond Instrument) will be less than or equal to two.

GENERAL MANDATE

No shareholders' approval is required for the proposed issue of the Bonds and the Warrants, and the Relevant Shares will be issued under the general mandate granted to the Board at the annual general meeting of the Company held on 25 May 2009, which authorised the Directors to allot, issue or otherwise deal with 1,297,951,090 Shares, representing 20% of the issued share capital of the Company as at that date. As at the date hereof, no Shares had been issued pursuant to the aforesaid existing general mandate. The Conversion Shares and the Warrant Exercise Shares to be issued at the initial conversion price and the initial exercise price, respectively, will cover approximately all of such general mandate.

Save for the share options in respect of 255,520,000 Shares which have been issued to certain directors and employees of the Group under the Share Option Scheme as at the date of this announcement, the Company does not have any outstanding options or convertible securities as at the date of this announcement. There will be no adjustments to the abovementioned share options as a result of the issue of the Bonds and the Warrants.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Bonds and the Warrant Exercise Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Board considers entering into the Subscription Agreement to be part of the Group's effort in attracting independent and significant shareholders who share its business vision and can add considerable value by bringing international best practices in business strategy and corporate governance. The Investor is an affiliate of The Goldman Sachs Group, Inc., a leading global investment bank, securities and investment management firm and the Subscription Agreement provides a solid foundation for the strategic relationship between the Investor and the Company.

The Board believes that although the issue of the Relevant Shares upon conversion or exercise of the Bonds or the Warrants will lead to a potential dilution effect on the shareholding of the Company, the Subscription Agreement also represents an opportunity to strengthen the capital base of the Company and the position of the Group to take advantage of future business opportunities in the automobile industry.

The estimated net proceeds from the issue of the Bonds would be approximately HK\$1,897 million and upon full exercise of the subscription rights attaching to the Warrants, the estimated net proceeds of approximately HK\$689 million will be raised. The Company intends to apply the net proceeds from the issue of the Bonds and Warrants to fund the capital expenditures of the Group, potential acquisitions by the Group and for general corporate purposes of the Group.

SHAREHOLDING OF THE COMPANY

The table below sets out the Company's shareholding structure as at the date of this announcement and upon the full conversion of the Bonds and full exercise of the subscription rights attaching to the Warrants.

	Shareholding as at the date of this announcement		Shareholding immediately after completion and upon full conversion of the Bonds but before any exercise of the Warrants		Shareholding immediately after completion and upon full conversion of the Bonds and full exercise of the Warrants	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mr. Li and his associates	3,751,159,000	51.54	3,751,159,000	45.33	3,751,159,000	43.75
<i>Other substantial shareholders</i>						
The Investor	–	–	998,423,000	12.06	1,297,949,900	15.13
TOSCAfund Asset Management LLP and its associates	569,766,371	7.83	569,766,371	6.88	569,766,371	6.64
FMR LLC	447,620,000	6.15	447,620,000	5.41	447,620,000	5.22
Other public Shareholders	<u>2,509,610,079</u>	<u>34.48</u>	<u>2,509,610,079</u>	<u>30.32</u>	<u>2,509,610,079</u>	<u>29.26</u>
Total	<u>7,278,155,450</u>	<u>100.0</u>	<u>8,276,578,450</u>	<u>100.0</u>	<u>8,576,105,350</u>	<u>100.0</u>

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Bonds and the Warrants by any connected person (as defined in the Listing Rules) of the Company.

CAPITAL-RAISING ACTIVITIES DURING THE PAST 12 MONTHS

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement. The actual use of proceeds of approximately HK\$750 million raised by the Company from the capital raising activities during the 12 months immediately preceding the date of this announcement are summarized below, which is in line with the intended use of proceeds as disclosed in the relevant announcements of the Company:

Date of announcement	Capital Raising Activity	Net Proceeds Raised (HK\$)	Intended use of proceeds	Actual Use of Proceeds (HK\$)
20 May 2009	Top-up placing	750 million	For existing and future acquisitions and as general working capital	Approximately 334 million was used for the acquisition of DSI business and its business assets and the remaining 416 million was used for the working capital of the Group

GENERAL

The Group is principally engaged in the manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

As the Subscription Agreement may or may not complete, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 16 September 2009, pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 23 September 2009.

DEFINITIONS

“associate” has the meaning given to it under the Listing Rules;

“Board” the board of Directors;

“Bondholders”	holders of the Bonds;
“Bonds”	the 3% convertible bonds due 2014 in the aggregate principal amount of HK\$1,897 million to be issued by the Company;
“Bond Instrument”	the instrument constituting the Bonds;
“Business Day”	in relation to any place, a day other than a Saturday or Sunday on which commercial banks are open for business in such place (and if no place is mentioned, in New York and Hong Kong);
“Change of Control”	occurs when a Controlling Shareholder ceases to own and control, directly or indirectly, at least 30% of the issued Shares of the Company (including the right to control the exercise, at its discretion, of the votes attaching to such Shares and to receive and retain the economic benefit arising in respect of such Shares) and such Shares are owned by the Controlling Shareholder free and clear of all liens, charges, encumbrances, security interests or claims of third parties;
“Closed Period”	the period during which the Bondholder(s) may not require the transfer of a Bond to be registered;
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“Conditions Precedent”	the conditions precedent set out in the paragraph headed “Conditions Precedent” of this announcement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder”	each of Proper Glory Holding Inc., a company incorporated in the British Virgin Islands with limited liability, and Mr. Li;
“Conversion Shares”	new Shares to be issued upon conversion of the Bonds;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Investor”	GS Capital Partners VI Fund L.P., a limited partnership incorporated in Delaware;
“Subscription Agreement”	the conditional agreement entered into between the Company and the Investor dated 22 September 2009, regarding the subscription by the Investor and the issue by the Company of the Bonds and the Warrants;
“Last Trading Day”	15 September 2009, being the last full trading day immediately before the suspension of trading in the Shares pending the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Li”	Mr. Li Shu Fu, a Director holding 51.54% interest in the issued share capital of the Company as at the date of this announcement;
“PRC”	the People’s Republic of China;
“Relevant Shares”	the Conversion Shares and the Warrant Exercise Shares;
“Shareholders”	registered holders of Shares from time to time;
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 31 May 2002;
“Shares”	shares of HK\$0.02 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“trading day”	the day on which the Stock Exchange is open for business;
“Warrant Exercise Shares”	new Shares to be issued upon the exercise of the subscription rights attaching to the Warrants;

“Warrants” the 299,526,900 warrants to be issued by the Company entitling the holders thereof to subscribe for new Shares on the basis of one warrant per Share at the initial exercise price of HK\$2.30 each (subject to adjustment); and

“%” per cent.

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

Hong Kong, 23 September 2009

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. Ang Siu Lun, Lawrence, Mr. Yin Da Qing, Richard, Mr. Liu Jin Liang, Mr. Zhao Jie and Dr. Zhao Fuquan, the non-executive director of the Company is Mr. Xu Gang and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.