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**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)

**PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION FOR NEW SHARES**

The Company noted today's increase in the price and trading volume of the shares of the Company and wishes to state that the Company is not aware of any reasons for such increases, save as disclosed in this announcement.

The Directors of the Company are pleased to announce that on 15 February 2007, the Vendor and the Company entered into the Placing and Subscription Agreement with the Placing Agent, pursuant to which the Placing Agent will, on a fully underwritten basis, procure purchasers to acquire, and the Vendor will sell, 600,000,000 existing Shares at the Placing Price of HK\$1.06 per Share.

The Placing Shares represent approximately 14.45% of the existing issued share capital of the Company and approximately 12.63% of the issued share capital of the Company as enlarged by the Subscription. The Placing Price represents (i) a discount of approximately 6.19% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 15 February 2007, the date of the Placing and Subscription Agreement; and (ii) a premium of approximately 4.95% of the average closing price of approximately HK\$1.01 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2007. Pursuant to the Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe or procure the subscription of 600,000,000 Subscription Shares at the Placing Price. The Subscription Shares represent approximately 14.45% of the existing issued share capital of the Company and approximately 12.63% of the issued share capital of the Company as enlarged by the Subscription.

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

The net proceeds from the Subscription are estimated to be approximately HK\$609 million and will be applied by the Company as to approximately HK\$418.58 million to fund the capital contribution of the Shanghai JV and the remaining balance as general working capital of the Group.

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

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## **PLACING AND SUBSCRIPTION AGREEMENT**

**Date:** 15 February 2007

### **Parties:**

- (a) the Vendor;
- (b) the Company; and
- (c) the Placing Agent.

### **The Placing Shares**

600,000,000 existing Shares are to be placed, representing approximately 14.45% of the existing issued share capital of the Company and approximately 12.63% of the issued share capital of the Company as enlarged by the Subscription.

### **Placing Agent**

The Placing Agent will procure, on a fully underwritten basis and as agent of the Vendor, purchasers for the Placing Shares. The Placing Agent is not a connected person of the Company under the Listing Rules for the purposes of this transaction.

### **Placing Price**

The Placing Price of HK\$1.06 per Share was arrived at after arm's length negotiations between the Company, the Vendor and The Placing Agent. It represents: (i) a discount of approximately 6.19% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 15 February 2007, being the date of the Placing and Subscription Agreement; and (ii) a premium of approximately 4.95% of the average closing price of HK\$1.01 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 15 February 2007. The Directors (including the independent non-executive Directors) therefore are of the opinion that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Rights**

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto, including the right to receive all dividends or other distributions declared, made or paid on or after completion of the Placing.

### **Independence of placees**

The placees and their ultimate beneficial owners are not connected persons of the Company (as defined in the Listing Rules) and are not acting in concert (as defined) in the Takeovers Code with the Vendor. The Placing Agent expects that there will be not less than six independent placees. It is not expected that any placees will become a substantial shareholder of the Company as a result of the Placing.

### **Termination events**

The obligation of the Placing Agent to proceed to completion of the Placing is conditional upon, amongst others, that none of the following events have occurred prior 12:00 noon on the Placing Completion Date:

- (a) any material breach of any of the representations and warranties set out in the Placing and Subscription Agreement; or
- (b) any of the following events:
  - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
  - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
  - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (iv) a change or development involving a prospective change in taxation in Hong Kong or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective shareholders in their capacity as such; or
  - (v) any material change or deterioration in the conditions of local, national or international securities markets occurs.

If the Placing Agent exercises any of the above rights to terminate the Placing and Subscription Agreement, the Placing and Subscription will not proceed. **Shareholders and investors are advised to exercise caution in dealing in the Shares.**

### **Completion of the Placing**

The parties expect that the Placing will be completed on 22 February 2007 (or such other date as the Vendor and the Placing Agent may agree in writing).

**Non-disposal undertaking**

Each of the Vendor and the Company agrees that it will not, prior to the expiry of 180 days following the Placing Completion Date, offer, issue, allot, sell or otherwise dispose of any other Shares or any securities convertible into or exchangeable or carrying rights to acquire other shares of the Company, or enter into any derivative transaction that has the economic effect of such sale, transfer or disposition, whether settled in cash or otherwise, without the prior written consent of the Placing Agent, provided that none of the foregoing shall prevent the Company from issuing options, rights or Shares pursuant to the Company's Share Option Scheme and the Placing and Subscription Agreement.

**The Subscription Shares**

600,000,000 Subscription Shares will be subscribed by the Vendor, representing approximately 14.45% of the existing issued share capital of the Company and approximately 12.63% of the issued share capital of the Company as enlarged by the Subscription.

**Subscription Price**

The Subscription Price is equivalent to the Placing Price of HK\$1.06 per Share. The Subscription Shares have a market value of approximately HK\$678 million based on the closing price of the Shares of HK\$1.13 on 15 February 2007. The net price of the Subscription is approximately HK\$1.015 per Share.

**General mandate to issue Subscription Shares**

The Subscription Shares will be issued pursuant to the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 19 May 2006.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Ranking**

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the existing Shares of the Company in issue or to be issued by the Company on or prior to the date of completion of the Placing and the date of completion of the Subscription.

**Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (a) completion of the Placing; and
- (b) listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive Share certificate(s) representing the Subscription Shares).

It is the intention of the Company and the Vendor that none of the above conditions can be waived and the Subscription cannot be completed unless all the above conditions are fulfilled.

### Completion of the Subscription

Subject to fulfilment of the above conditions and subject to the Vendor making or procuring the making of payment to the Company of the aggregate Subscription Price of the Subscription Shares, completion of the Subscription shall take place not later than 14 days after the date of the Placing and Subscription Agreement, which is 1 March 2007, or such later time and/or date as the Company and the Vendor may agree in writing.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company before and after the Placing and the Subscription are summarised as follows:

Holders of Shares	Current		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	(%)	Number of Shares	Shares (%)	Number of Shares	Shares (%)
Vendor and Concert Parties	2,500,087,000	60.22	1,900,087,000	45.77	2,500,087,000	52.62
Placees	N/A	N/A	600,000,000	14.45	600,000,000	12.63
Other public Shareholders	1,651,301,496	39.78	1,651,301,496	39.78	1,651,301,496	34.75
Total	<u>4,151,388,496</u>	<u>100.00%</u>	<u>4,151,388,496</u>	<u>100.00%</u>	<u>4,751,388,496</u>	<u>100.00%</u>

### REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and trading of automobile parts and related automobiles in the PRC. As announced by the Company on 13 November 2006, the Company has agreed to establish the Shanghai JV to engage in the manufacturing, sales and distribution of automobile parts, components and sub-assemblies, design, research and development and provision of after sales services. Please refer to the circular of the Company dated 1 December 2006 for further details about the Shanghai JV.

The net proceeds from the Subscription are estimated to be approximately HK\$609 million and will be applied by the Company as to approximately HK\$418.58 million to fund the capital contribution to the Shanghai JV and the remaining balance as general working capital of the Group.

In view of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Placing and the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has carried out the following capital raising activity during the past 12 months.

Date of announcement	Capital Raising Activity	Net Proceeds Raised	Use of Proceeds
9 March 2006	Issue of zero coupon convertible notes due 2011	HK\$726.6 million	Used for increasing the investments in the two 46.8% owned associates of the Group by way of increases in the registered capital of the associates

Save as disclosed above, the Company is not aware of any negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, nor is the board of directors of the Company aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

This announcement is made by the order of the Board, of which the directors individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

### DEFINITIONS

“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
“Concert Parties”	certain parties which are or may be considered to be acting in concert (as defined in the Takeovers Code) with the Vendor
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Deutsche Bank AG, Hong Kong Branch
“Placing Completion Date”	22 February 2007 or such other date as the Vendor or the Placing Agent may agree in writing
“Placing and Subscription Agreement”	the placing and subscription agreement dated 15 February 2007 between the Vendor, the Company and the Placing Agent

“Placing Price”	HK\$1.06 per Placing Share
“Placing Shares”	600,000,000 existing Shares
“PRC”	the People’s Republic of China
“Shanghai JV”	Shanghai Geely Maple Automobile Limited (上海帝華汽車有限公司) a sino-foreign joint venture to be established in the PRC with limited liability which will be owned as to 99.0% by the Company and as to 1.0% by Shanghai Maple, respectively
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) as recorded on the registers of members of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by the Vendor of the Subscription Shares pursuant to the Placing and Subscription Agreement
“Subscription Price”	is equivalent to the Placing Price per Share
“Subscription Shares”	600,000,000 new Shares to be subscribed by the Vendor or its nominees under the Subscription and such number of new Shares shall be equal to the number of Placing Shares actually placed by the Placing Agent pursuant to the Placing
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Vendor”	Proper Glory Holding Inc., a company incorporated in the British Virgin Islands and is a substantial shareholder of the Company

By order of the board of Directors  
**Geely Automobile Holdings Limited**  
**Gui Sheng Yue**  
*Executive Director*

Hong Kong, 15 February 2007

*As at the date of this announcement, the executive directors are Mr. Li Shu Fu, Mr. Gui Sheng Yue, Mr. Xu Gang, Mr. Yang Jian, Mr. Ang Siu Lun, Lawrence, Mr. Liu Jin Liang, Mr. Yin Da Qing, Richard, Mr. Zhao Je and Dr. Zhao Fuquan and the independent non-executive Directors are Mr. Lee Cheuk Yin, Dennis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.*

Please also refer to the published version of this announcement in The Standard.