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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)

**VOLUNTARY ANNOUNCEMENT
FORMATION OF JOINT VENTURE**

On 13 December 2021 (after trading hours), the Company entered into the Investment Cooperation Agreement with Lifan Technology, pursuant to which the parties agreed to form the Joint Venture to engage in the research and development, sales and operations of vehicles (including but not limited to rechargeable vehicles).

The registered capital of the Joint Venture will be RMB0.6 billion, and will be contributed as to 50% by the Company and as to 50% by Lifan Technology, respectively. The JV Partners may also designate another entity to make their capital contribution after reaching an unanimous agreement.

As at the date of this announcement, Lifan Technology is owned as to approximately 28.98% by Geely Technology and Mr. Li holds approximately 91% equity interests in Geely Technology. Mr. Li is an executive Director and a Controlling Shareholder holding approximately 41.16% of the total issued share capital of the Company as at the date of this announcement. As such, Lifan Technology is not an associate of Mr. Li and is not a connected person of the Company under the Listing Rules. Accordingly, the JV Formation does not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Formation is below 5%, the JV Formation also does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

THE JV FORMATION

On 13 December 2021 (after trading hours), the Company entered into the Investment Cooperation Agreement with Lifan Technology, pursuant to which the parties agreed to form the Joint Venture to engage in the research and development, sales and operations of vehicles (including but not limited to rechargeable vehicles). The JV Formation is subject to regulatory approval.

The principal terms of the Investment Cooperation Agreement are set out below:

Date: 13 December 2021 (after trading hours)

Parties: the Company; and
Lifan Technology.

Capital contribution: The JV Partners will pay up their respective contributions in cash to the Joint Venture as follows:

JV Partner	Amount of Contribution <i>(RMB billion)</i>	Interests in the Joint Venture <i>(%)</i>
The Company	0.3	50
Lifan Technology	<u>0.3</u>	<u>50</u>
Total	<u><u>0.6</u></u>	<u><u>100</u></u>

The capital contribution of RMB0.6 billion will be paid by the JV Partners in accordance with the requirements of the articles of association of the Joint Venture. The JV Partners may also designate another entity to make their capital contribution after reaching an unanimous agreement. The capital contribution will be mainly used for the daily operations such as research and development, operation enhancement, market development and brand stability.

Business scope: The Joint Venture will principally be engaged in (1) the design, research and development and sales of vehicles (including accessories, processing electronics parts equipment and vehicles decorations); (2) the import and export of goods, agent and technology; and (3) the software and technology development, provision of technology services and consultation and technology transfer.

Registered capital: The registered capital of the Joint Venture will be RMB0.6 billion, and will be contributed as to 50% (equivalent to RMB0.3 billion) in cash by the Company and as to 50% (equivalent to RMB0.3 billion) in cash by Lifan Technology. The JV Partners may also designate another entity to make their capital contribution after reaching an unanimous agreement.

The amount of the registered capital of the Joint Venture was determined by the parties after arm's length negotiations on normal commercial terms with reference to the initial capital requirement for business development of the Joint Venture.

Composition of the board of directors and board of supervisors: The board of directors of the Joint Venture will consist of six directors, three of whom will be appointed by each JV Partner. The chairman of the board of directors shall be elected by more than half of the board of directors. The initial term of office of the directors is three years, which can be renewed after the expiration.

The board of supervisors of the Joint Venture shall comprise three supervisors, one of whom will be appointed by the Company, one of whom will be appointed by Lifan Technology and the remaining one will be an employee representative supervisor. The chairman of the board of supervisors shall be elected by more than half of the board of supervisors. The term of office of the supervisors is three years.

Management rights: The senior management members of the Joint Venture, such as the general manager, deputy general manager and chief financial officer are nominated by Lifan Technology and subsequently appointed by the board of directors of the Joint Venture.

INFORMATION ON THE PARTIES

The Company

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

Lifan Technology

Lifan Technology is a company limited by shares duly incorporated and validly existing under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601777). It is principally engaged in the research and development, production and sales of passenger cars (including new energy vehicles), motorcycles, engines and general gasoline engines.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT COOPERATION AGREEMENT

The establishment of the Joint Venture will be based on the principle of “complementary advantages, mutual support, long-term co-operation and common development”, with the ultimate goal of jointly promoting the transformation and upgrade of Lifan Technology’s automobile industry through research and development, sales and operations of vehicles (including but not limited to rechargeable vehicles), which will promote a rapid increase in the overall market share of its products in the passenger vehicle market. Meanwhile, the JV Formation enables a continuation of promoting the upward development of the Geely brand and form a complete coverage of different levels of the mainstream market through the combination and layout of various brands.

The Directors (including the independent non-executive Directors) consider that the JV Formation is conducted in the ordinary and usual course of business of the Company, the terms of which are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, Mr. Yang Jian, an executive Director, is also a director of Lifan Technology. As Mr. Yang Jian has material interest in the Investment Cooperation Agreement, he has abstained from voting on the Board resolution to approve the Investment Cooperation Agreement. Save as disclosed above, none of the Directors has any material interest in the Investment Cooperation Agreement and hence no other Director was required to abstain from voting on the relevant resolution approving the same.

GENERAL

As at the date of this announcement, Lifan Technology is owned as to approximately 28.98% by Geely Technology and Mr. Li holds approximately 91% equity interests in Geely Technology. Mr. Li is an executive Director and a Controlling Shareholder holding approximately 41.16% of the total issued share capital of the Company as at the date of this announcement. As such, Lifan Technology is not an associate of Mr. Li and is not a connected person of the Company under the Listing Rules. Accordingly, the JV Formation does not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Formation is below 5%, the JV Formation also does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Geely Technology”	Geely Technology Group Company Limited* (吉利科技集團有限公司), a private limited liability company established in the PRC and is owned as to approximately 91% by Mr. Li as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Cooperation Agreement”	the agreement dated 13 December 2021 entered into between the Company and Lifan Technology;
“Joint Venture”	a limited liability company to be established in the PRC pursuant to the Investment Cooperation Agreement, the name of which is subject to the approval of the industrial and commercial authorities;
“JV Formation”	the formation of the Joint Venture by the JV Partners;
“JV Partners”	the party(ies) to the Investment Cooperation Agreement, namely the Company and Lifan Technology;
“Lifan Technology”	Lifan Technology (Group) Co., Ltd. (力帆科技(集團)股份有限公司), a company limited by shares duly incorporated and validly existing under the laws of the PRC, the shares of which are listed on Shanghai Stock Exchange (stock code: 601777);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Li”	Mr. Li Shu Fu, an executive Director holding approximately 41.16% of the total issued share capital of the Company as at the date of this announcement;

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan);
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company;
“Shareholders”	the holder(s) of the Share(s);
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 13 December 2021

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. Li Dong Hui, Daniel (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence and Ms. Wei Mei, and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. An Qing Heng, Mr. Wang Yang, Ms. Lam Yin Shan, Jocelyn and Ms. Gao Jie.

* *for identification purpose only*