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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS

Financial Adviser to Geely Automobile Holdings Limited



Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



THE ACQUISITIONS

(a) The DJD Acquisition

On 18 July 2018 (after trading hours), Zhejiang Jirun, an indirect 99% owned subsidiary of the Company, entered into the DJD Acquisition Agreement with Hangzhou Components, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Hangzhou Components conditionally agreed to sell, the entire registered capital of the DJD Target, for a cash consideration of RMB930,620,464.36.

(b) The GY Acquisition

On 18 July 2018 (after trading hours), Zhejiang Jirun entered into the GY Acquisition Agreement with Guizhou New Energy, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Guizhou New Energy conditionally agreed to sell, the entire registered capital of the GY Target, for a cash consideration of RMB1,074,308,970.43.

(c) The DMA Acquisition

On 18 July 2018 (after trading hours), Zhejiang Jirun entered into the DMA Acquisition Agreement with Zhejiang Geely, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Zhejiang Geely conditionally agreed to sell, the entire registered capital of the DMA Target for a cash consideration of RMB1,169,398,629.60.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Guizhou New Energy and Hangzhou Components are both wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li's interested entities. As such, each of Zhejiang Geely, Guizhou New Energy and Hangzhou Components is an associate of Mr. Li, an executive Director and a substantial Shareholder holding approximately 44.42% of the total issued share capital of the Company as at the date of this announcement, and is a connected person of the Company. Accordingly, the Acquisitions constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisitions on an aggregate basis is more than 5%, the Acquisitions are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the Acquisitions on an aggregate basis is more than 5% but less than 25%, the Acquisitions also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui, each an executive Director, are considered to be interested in the Acquisition Agreements by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui has abstained from voting on the Board resolutions for approving the Acquisition Agreements and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders on the Acquisition Agreements and the transactions contemplated thereunder, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders.

A circular containing, among other things, (i) further information about the Acquisitions; (ii) the recommendation of the Independent Board Committee on the Acquisitions; (iii) the advice of the Independent Financial Adviser in respect of the Acquisitions; and (iv) other information as required under the Listing Rules together with the notice of the EGM, will be despatched to the Shareholders on or before 8 August 2018.

Completion of the Acquisition Agreements is subject to the satisfaction of the conditions precedent under the Acquisition Agreements, and therefore, may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE ACQUISITIONS

(A) The DJD Acquisition

Date

18 July 2018 (after trading hours)

Parties

Vendor: Hangzhou Components

Purchaser: Zhejiang Jirun

Zhejiang Jirun is principally engaged in the research, development, production, marketing and sales of vehicles and related automobile components in the PRC, and is an indirect 99% owned subsidiary of the Company.

Hangzhou Components is principally engaged in the preparation and construction of automobile components manufactory projects. Hangzhou Components is wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li's interested entities. Mr. Li is an executive Director and a substantial Shareholder holding approximately 44.42% of the total issued share capital of the Company. Accordingly, Hangzhou Components is an associate of Mr. Li and a connected person of the Company.

Subject matter

Pursuant to the DJD Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Hangzhou Components conditionally agreed to sell, the entire registered capital of the DJD Target. Details of the DJD Target are set out in the section headed "Information on the Target Companies".

Upon completion of the DJD Acquisition, the DJD Target will become a wholly owned subsidiary of Zhejiang Jirun, and the financial statements of the DJD Target will be consolidated into the financial statements of the Group.

Consideration

The consideration for the DJD Acquisition is RMB930,620,464.36, which will be payable in cash within 30 calendar days from the date of completion of the DJD Acquisition.

The consideration for the DJD Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Hangzhou Components with reference to (i) the net asset value of the DJD Target prepared under the HKFRS as at 31 May 2018 of approximately RMB895.40 million; and (ii) the valuation premium of the DJD Properties of approximately RMB35.22 million, being the difference between (a) the sum of the DJD Property Value of RMB663.75 million and the DJD Property Reference Value (as defined below) of approximately RMB140.23 million; and (b) the carrying value of the DJD Properties of approximately RMB768.76 million as at 31 May 2018.

It is expected that the consideration for the DJD Acquisition will be funded by internal resources of the Group.

Undertaking in respect of the DJD Properties

The DJD Properties is an industrial complex located in Dajiangdong Industry Cluster, Hangzhou City, Zhejiang Province, the PRC. According to the Valuation Report, as at 31 May 2018, the DJD Properties comprised:

- (i) two parcels of land with a total site area of 543,292 sq.m.; and
- (ii) 28 industrial and ancillary buildings with a total gross floor area of 277,638.78 sq.m., the construction of which is expected to complete in the fourth quarter of 2018 (the “**DJD Construction-In-Progress**”).

As at the date of this announcement, Hangzhou Components holds two real estate rights certificates, two construction land planning permits, three construction work planning permits and two construction work commencement permits for the DJD Properties. In light of the time it takes to transfer the relevant certificates and permits for the DJD Properties from Hangzhou Components to the DJD Target, which is unlikely to be completed before the completion of the DJD Acquisition, Hangzhou Components has undertaken to Zhejiang Jirun in the DJD Acquisition Agreement that the legal titles of the DJD Properties will be transferred to the DJD Target in accordance with the applicable laws in the PRC on or before 31 December 2020 subject to completion of the DJD Acquisition. As advised by the PRC legal adviser to the Company, the use of the DJD Properties by the DJD Target for production will not be affected even before the completion of transfer of the said legal titles of the DJD Properties.

According to the legal opinions from the PRC legal adviser to the Company, (i) the certificates and permits for the DJD Properties are true, legal and valid; and (ii) the DJD Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court. According to the Valuation Report, as at 31 May 2018, the construction work commencement permit for 14 buildings comprising the DJD Construction-In-Progress with a total gross floor area of 88,643.86 sq.m. (the “**CIP Without Permit**”) had not been obtained. As further stated in the Valuation Report, no commercial value had been attributed to the CIP Without Permit. However, for reference purpose, JLL was of the opinion that the market value of the CIP Without Permit as at 31 May 2018 would be RMB140,230,000 (the “**DJD Property Reference Value**”) assuming all relevant construction permits had been obtained. According to Hangzhou Components, Hangzhou Components is in the process of applying for the said construction work commencement permit for the CIP Without Permit which is expected to complete by the end of 2018.

Further, as stated in the legal opinions from the PRC legal adviser to the Company, there are no material legal impediments to the obtaining of the title certificates for the DJD Construction-In-Progress upon undertaking the necessary procedures for obtaining the relevant permits and completing the inspection and acceptance procedures with the relevant authorities.

Pursuant to the DJD Acquisition Agreement, subject to completion of the DJD Acquisition, in the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed on or before 31 December 2020, Hangzhou Components shall indemnify Zhejiang Jirun and the Company for the loss arising therefrom, which shall be calculated based on the then valuation of the DJD Properties prepared by a third party valuer approved by the parties to the DJD Acquisition Agreement, and shall pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of such loss.

DJD Shareholder’s Loan

Pursuant to the DJD Acquisition Agreement, the outstanding DJD Shareholder’s Loan up to a maximum amount of RMB2,387.24 million on the completion date of the DJD Acquisition will be repaid by the Group to the Geely Holding Group within three months from the completion of the DJD Acquisition. Such DJD Shareholder’s Loan is fully exempted from the continuing connected transaction requirements under the Listing Rules as it is interest free, conducted on normal commercial term and is not secured by the assets of the Group.

Conditions precedent

Completion of the DJD Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) Zhejiang Jirun being satisfied with the results of its due diligence review of the DJD Target, including, but not limited to, the possession by the DJD Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the DJD Target;
- (ii) the Company having obtained the Independent Shareholders' approval at the EGM for the DJD Acquisition Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the DJD Acquisition, including but not limited to, the obtaining of the new business license of the DJD Target and the SAIC's website indicating that Zhejiang Jirun is the sole shareholder of the DJD Target;
- (iv) the representations and warranties made by Hangzhou Components in the DJD Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Hangzhou Components having performed fully its obligations under the DJD Acquisition Agreement on or before completion of the DJD Acquisition; and
- (v) (a) there being no material adverse change in the existence, business and financial positions of the DJD Target; and (b) no statute, regulation, proceeding or order pertaining to the DJD Target having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the DJD Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the DJD Acquisition Agreement.

In the event that the conditions set out above are not fulfilled or waived (conditions (ii) and (iii) above are not capable of being waived) within 60 calendar days from the date of the DJD Acquisition Agreement (or such later date as the parties may agree in writing), any party to the DJD Acquisition Agreement will have the right to terminate the DJD Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the DJD Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the DJD Acquisition Agreement will become null and void upon such termination and the DJD Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches.

Completion of the DJD Acquisition

Completion of the DJD Acquisition will take place on the second Business Day after all the conditions precedent to the DJD Acquisition Agreement have been fulfilled or waived (as the case may be) or such later date as the parties may agree in writing.

(B) The GY Acquisition

Date

18 July 2018 (after trading hours)

Parties

Vendor: Guizhou New Energy

Purchaser: Zhejiang Jirun

Please refer to the section headed “The Acquisitions – (A) DJD Acquisition – Parties” for details of Zhejiang Jirun.

Guizhou New Energy is principally engaged in the design, research and development, manufacture and sale of new energy automobile components and the provision of after-sales services and technical consultancy services in the PRC. As at the date of this announcement, Guizhou New Energy is wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li’s interested entities. Accordingly, Guizhou New Energy is an associate of Mr. Li and a connected person of the Company.

Subject matter

Pursuant to the GY Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Guizhou New Energy conditionally agreed to sell, the entire registered capital of the GY Target. Details of the GY Target are set out in the section headed “Information on the Target Companies”.

Upon completion of the GY Acquisition, the GY Target will become a wholly owned subsidiary of Zhejiang Jirun, and the financial statements of the GY Target will be consolidated into the financial statements of the Group.

Consideration

The consideration for the GY Acquisition is RMB1,074,308,970.43, which will be payable in cash within 30 calendar days from the date of completion of the GY Acquisition.

The consideration for the GY Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Guizhou New Energy with reference to (i) the net asset value of the GY Target prepared under the HKFRS as at 31 May 2018 of approximately RMB1,046.26 million; and (ii) the valuation premium of the GY Properties of approximately RMB28.05 million, being the difference between (a) the GY Property Value of approximately RMB934.31 million; and (b) the carrying value of the GY Properties of approximately RMB906.26 million as at 31 May 2018.

It is expected that the consideration for the GY Acquisition will be funded by internal resources of the Group.

Undertaking in respect of the GY Properties

The GY Properties is an industrial complex located in Guanshanhu District, Guiyang City, Guizhou Province, the PRC. According to the Valuation Report, as at 31 May 2018, the GY Properties comprised:

- (i) two parcels of land with a total site area of 685,052 sq.m.; and
- (ii) 32 industrial and ancillary buildings with a total gross floor area of 477,994.33 sq.m., the construction of which is expected to complete in the third quarter of 2018 (the “**GY Construction-In-Progress**”).

As at the date of this announcement, Guizhou New Energy holds two real estate rights certificates, two construction land planning permits, one construction work planning permit and three construction work commencement permits for the GY Properties. In light of the time it takes to transfer the relevant certificates and permits for the GY Properties from Guizhou New Energy to the GY Target, which is unlikely to be completed before the completion of the GY Acquisition, Guizhou New Energy has undertaken to Zhejiang Jirun in the GY Acquisition Agreement that the legal titles of the GY Properties will be transferred to the GY Target in accordance with the applicable laws in the PRC on or before 31 December 2020, subject to completion of the GY Acquisition. As advised by the PRC legal adviser to the Company, the use of the GY Properties by the GY Target for production will not be affected even before the completion of transfer of the said legal titles of the GY Properties.

According to the legal opinions from the PRC legal adviser to the Company, (i) the certificates and permits for the GY Properties are true, legal and valid; and (ii) the GY Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

Further, as stated in the legal opinions from the PRC legal adviser to the Company, the GY Construction-In-Progress is in compliance with the requirements of the relevant laws, and there are no material legal impediments to the obtaining of the title certificates for the GY Construction-In-Progress upon completing the inspection and acceptance procedures with the relevant authorities.

Pursuant to the GY Acquisition Agreement, subject to completion of the GY Acquisition, in the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed on or before 31 December 2020, Guizhou New Energy shall indemnify Zhejiang Jirun and the Company for the loss arising therefrom, which shall be calculated based on the then valuation of the GY Properties prepared by a third party valuer approved by the parties to the GY Acquisition Agreement, and shall pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of such loss.

GY Shareholder's Loan

Pursuant to the GY Acquisition Agreement, the outstanding GY Shareholder's Loan up to a maximum amount of RMB2,455.01 million on the completion date of the GY Acquisition will be repaid by the Group to the Geely Holding Group within three months from the completion of the GY Acquisition. Such GY Shareholder's Loan is fully exempted from the continuing connected transaction requirements under the Listing Rules as it is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Conditions precedent

Completion of the GY Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) Zhejiang Jirun being satisfied with the results of its due diligence review on the GY Target, including, but not limited to, the possession by the GY Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the GY Target;
- (ii) the Company having obtained the Independent Shareholders' approval at the EGM for the GY Acquisition Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the GY Acquisition, including but not limited to, the obtaining of the new business license of the GY Target and the SAIC's website indicating that Zhejiang Jirun is the sole shareholder of the GY Target;
- (iv) the representations and warranties made by Guizhou New Energy in the GY Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Guizhou New Energy having performed fully its obligations under the GY Acquisition Agreement on or before completion of the GY Acquisition; and
- (v) (a) there being no material adverse change in the existence, business and financial positions of the GY Target; and (b) no statute, regulation, proceeding or order pertaining to the GY Target having been promulgated, put into effect, commenced, granted or issued

that is subsisting or pending as at the date of completion of the GY Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the GY Acquisition Agreement.

In the event that the conditions set out above are not fulfilled or waived (conditions (ii) and (iii) above are not capable of being waived) within 60 calendar days from the date of the GY Acquisition Agreement (or such later date as the parties may agree in writing), any party to the GY Acquisition Agreement will have the right to terminate the GY Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the GY Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the GY Acquisition Agreement will become null and void upon such termination and the GY Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches.

Completion of the GY Acquisition

Completion of the GY Acquisition will take place on the second Business Day after all the conditions precedent to the GY Acquisition Agreement have been fulfilled or waived (as the case may be) or such later date as the parties may agree in writing.

(C) The DMA Acquisition

Date

18 July 2018 (after trading hours)

Parties

Vendor: Zhejiang Geely

Purchaser: Zhejiang Jirun

Please refer to the section headed “The Acquisitions – (A) DJD Acquisition – Parties” for details of Zhejiang Jirun.

Zhejiang Geely is principally engaged in the manufacture and sale of automobile and related components in the PRC. As at the date of this announcement, Zhejiang Geely is owned as to (i) 88.32% by Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li’s interested entities. Accordingly, Zhejiang Geely is an associate of Mr. Li and a connected person of the Company.

Subject matter

Pursuant to the DMA Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Zhejiang Geely conditionally agreed to sell, the entire registered capital of the DMA Target. Details of the DMA Target are set out in the section headed “Information on the Target Companies”.

Upon completion of the DMA Acquisition, the DMA Target will become a wholly owned subsidiary of Zhejiang Jirun, and the financial statements of the DMA Target will be consolidated into the financial statements of the Group.

Consideration

The consideration for the DMA Acquisition is RMB1,169,398,629.60, which will be payable in cash within 30 calendar days from the date of completion of the DMA Acquisition.

The consideration for the DMA Acquisition was determined after arm’s length negotiations between Zhejiang Jirun and Zhejiang Geely with reference to (i) the net asset value of the DMA Target prepared under the HKFRS as at 31 May 2018 of approximately RMB1,141.02 million; and (ii) the valuation premium of the DMA Properties of approximately RMB28.38 million, being the difference between (a) the DMA Property Value of approximately RMB898.04 million; and (b) the carrying value of the DMA Properties of approximately RMB869.66 million.

It is expected that the consideration for the DMA Acquisition will be funded by internal resources of the Group.

Undertaking in respect of the DMA Properties

The DMA Properties is an industrial complex located in Hangzhou Bay New District, Ningbo City, Zhejiang Province, the PRC. According to the Valuation Report, as at 31 May 2018, the DMA Properties comprised:

- (i) a parcel of land with a total site area of 705,564 sq.m.; and
- (ii) 23 industrial and ancillary buildings with a total gross floor area of 302,056.05 sq.m., the construction of which is expected to complete in the third quarter of 2018 (the “**DMA Construction-In-Progress**”).

As at the date of this announcement, the DMA Target holds one real estate rights certificate and two construction land planning permits, one construction work planning permit and three construction work commencement permits for the DMA Properties.

According to the legal opinions from the PRC legal adviser to the Company, (i) the certificates and permits for the DMA Properties are true, legal and valid; and (ii) the DMA Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

Further, as stated in the legal opinions from the PRC legal adviser to the Company, the DMA Construction-In-Progress is in compliance with the requirements of the relevant laws, and there are no material legal impediments to the obtaining of the title certificates for the DMA Construction-In-Progress upon completing the inspection and acceptance procedures with the relevant authorities.

Pursuant to the DMA Acquisition Agreement, subject to completion of the DMA Acquisition, in the event that the legal titles of the DMA Properties cannot be obtained on or before 31 December 2020, Zhejiang Geely shall indemnify Zhejiang Jirun and the Company for the loss arising therefrom, which shall be calculated based on the then valuation of the DMA Properties prepared by a third party valuer approved by the parties to the DMA Acquisition Agreement, and shall pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of such loss.

DMA Shareholder's Loan

Pursuant to the DMA Acquisition Agreement, the outstanding DMA Shareholder's Loan up to a maximum amount of RMB2,740.10 million will be repaid by the Group to the Geely Holding Group within three months from the completion of the DMA Acquisition. Such DMA Shareholder's Loan is fully exempted from the continuing connected transaction requirements under the Listing Rules as it is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Conditions precedent

Completion of the DMA Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) Zhejiang Jirun being satisfied with the results of its due diligence review on the DMA Target, including, but not limited to, the possession by the DMA Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the DMA Target;
- (ii) the Company having obtained the Independent Shareholders' approval at the EGM for the DMA Acquisition Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;

- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the DMA Acquisition, including but not limited to, the obtaining of the new business license of the DMA Target and the SAIC's website indicating that Zhejiang Jirun is the sole shareholder of the DMA Target;
- (iv) the representations and warranties made by Zhejiang Geely in the DMA Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Zhejiang Geely having performed fully its obligations under the DMA Acquisition Agreement on or before completion of the DMA Acquisition; and
- (v) (a) there being no material adverse change in the existence, business and financial positions of the DMA Target; and (b) no statute, regulation, proceeding or order pertaining to the DMA Target having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the DMA Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the DMA Acquisition Agreement.

In the event that the conditions set out above are not fulfilled or waived (conditions (ii) and (iii) above are not capable of being waived) within 60 calendar days from the date of the DMA Acquisition Agreement (or such later date as the parties may agree in writing), any party to the DMA Acquisition Agreement will have the right to terminate the DMA Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the DMA Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the DMA Acquisition Agreement will become null and void upon such termination and the DMA Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches.

Completion of the DMA Acquisition

Completion of the DMA Acquisition will take place on the second Business Day after all the conditions precedent to the DMA Acquisition Agreement have been fulfilled or waived (as the case may be) or such later date as the parties may agree in writing.

INFORMATION ON THE TARGET COMPANIES

Principal businesses of the Target Companies

(a) The DJD Target

The DJD Target is a private limited liability company incorporated in the PRC on 28 March 2018. It is principally engaged in the technology research and development, technology consultancy services, manufacture and sale of automobile components and CKDs, and the provision of after-sales services in the PRC.

A production facility with a planned production capacity of 180,000 units of CKDs per annum of the DJD Target is currently under construction. It is currently expected that the construction of the DJD Properties will be completed and commercial production will commence in the fourth quarter of 2018. The vehicles to be produced by the DJD Target will be a new pure electric vehicle model and a new sport utility vehicle model.

(b) *The GY Target*

The GY Target is a private limited liability company incorporated in the PRC on 30 March 2018. It is principally engaged in the research and development, manufacture and promotion of automobile components and CKDs, and provision of after-sales services in the PRC.

A production facility with a planned production capacity of 270,000 units of CKDs per annum of GY Target is currently under construction. It is currently expected that the construction of the GY Properties will be completed and commercial production will commence in the third quarter of 2018. The vehicles to be produced by the GY Target will be two new multi-purpose vehicle models.

(c) *The DMA Target*

The DMA Target is a private limited liability company incorporated in the PRC on 30 March 2016. It is principally engaged in the research and development, manufacture, processing and promotion of automobile components and CKDs, and provision of related after-sales and technical services in the PRC.

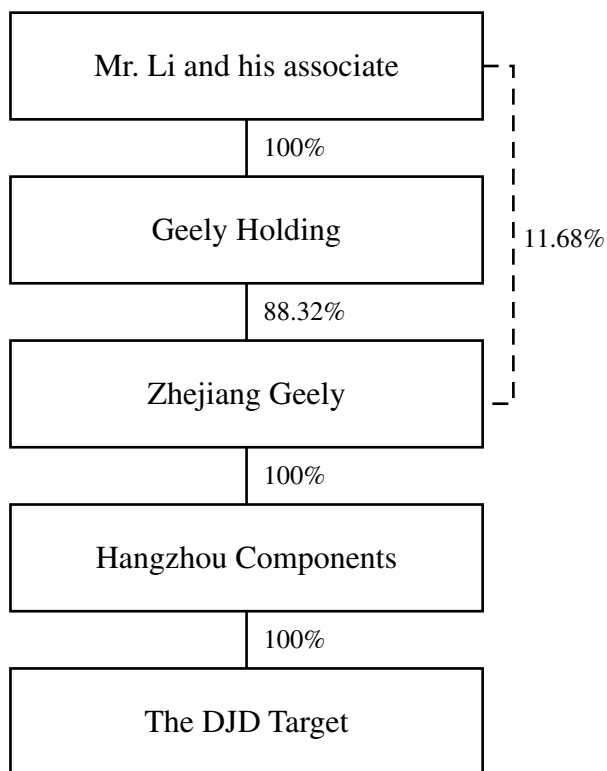
A production facility with a planned production capacity of 240,000 units of CKDs per annum of DMA Target is currently under construction. It is currently expected that the construction of the DMA Properties will be completed in the third quarter of 2018 and commercial production will commence in the fourth quarter of 2018. The vehicles to be produced by the DMA Target will be a new sport utility vehicle model and a new sedan model.

Shareholding structures of the Target Companies

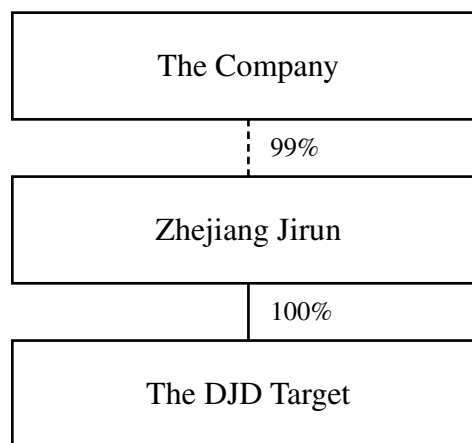
The following diagrams set out the shareholding structures of the Target Companies before and upon completion of the Acquisitions:

(a) *The DJD Target*

As at the date of this announcement



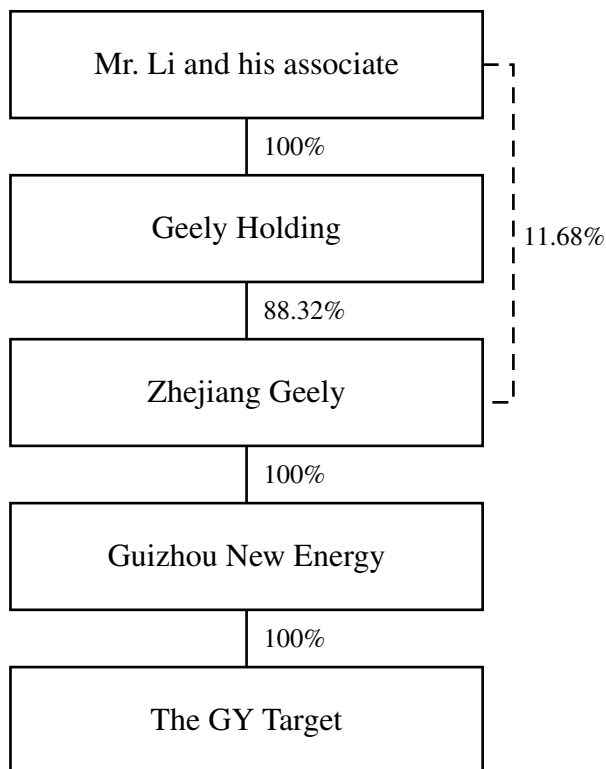
Upon completion of the DJD Acquisition



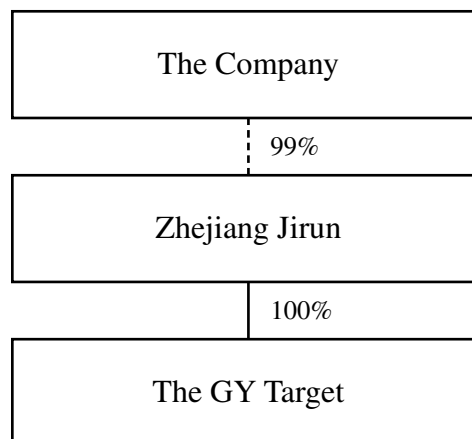
- Indirect interests
- Direct interests
- - - - Through Mr. Li's interested entities

(b) The GY Target

As at the date of this announcement



Upon completion of the GY Acquisition

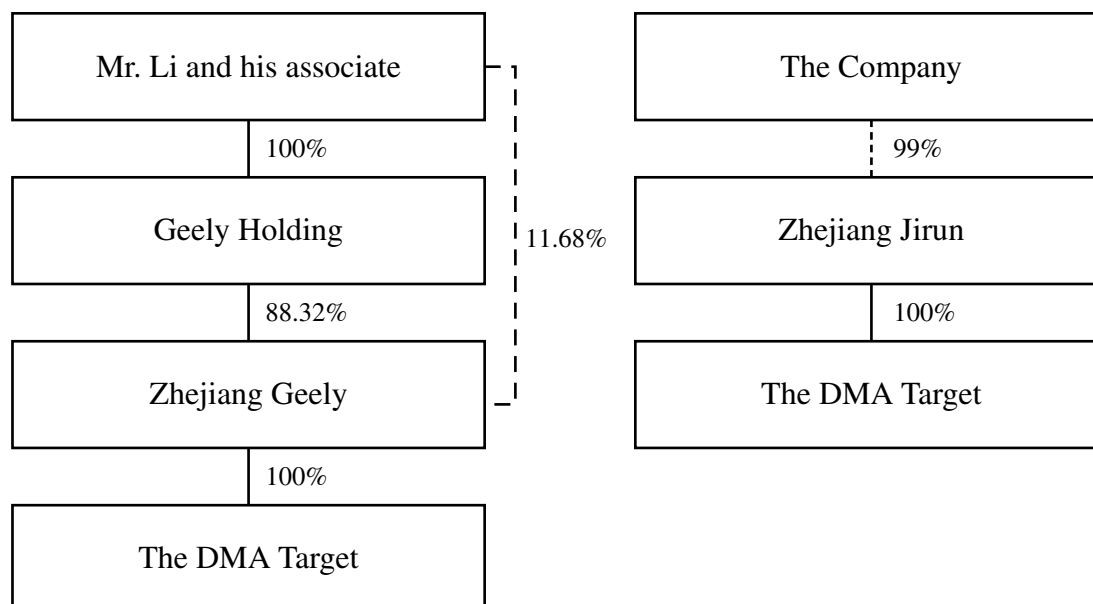


- Indirect interests
- Direct interests
- - - - Through Mr. Li's interested entities

(c) *The DMA Target*

As at the date of this announcement

Upon completion of the DMA Acquisition



----- Indirect interests
 ————— Direct interests
 - - - - Through Mr. Li's interested entities

Financial information on the Target Companies

Set out below is the unaudited financial information of the DJD Target, the GY Target and the DMA Target for the periods as indicated below prepared under the HKFRS:

(a) *The DJD Target*

**From 28 March 2018
 to 31 May 2018**
 (Unaudited)
 RMB'000

| | |
|----------------------|---------|
| Revenue | – |
| Loss before taxation | (1,293) |
| Loss after taxation | (1,293) |

The unaudited net asset value of the DJD Target as at 31 May 2018 amounted to approximately RMB895.4 million. As at 31 May 2018, the outstanding DJD Shareholder's Loan amounted to approximately RMB426.2 million.

(b) The GY Target

**From 30 March 2018
to 31 May 2018**
(Unaudited)
RMB'000

| | |
|----------------------|---------|
| Revenue | – |
| Loss before taxation | (1,139) |
| Loss after taxation | (1,139) |

The unaudited net asset value of the GY Target as at 31 May 2018 amounted to approximately RMB1,046.3 million. As at 31 May 2018, the outstanding GY Shareholder's Loan amounted to approximately RMB1,145.5 million.

(c) The DMA Target

| | From 30 March 2016 to 31 December 2017 | For the year ended 31 December 2017 | For the five months ended 31 May 2018 |
|----------------------|---|--|--|
| | (Unaudited) | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Revenue | – | – | – |
| Loss before taxation | (461) | (40,629) | (17,894) |
| Loss after taxation | (461) | (40,629) | (17,894) |

The unaudited net asset value of the DMA Target as at 31 May 2018 amounted to approximately RMB1,141.0 million. As at 31 May 2018, the outstanding DMA Shareholder's Loan amounted to approximately RMB738.1 million.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding. The Geely Holding Group is principally engaged in the sales of automobiles and related parts and components wholesale and retail business. The Directors consider that the Acquisitions will provide an opportunity for the Group to expand its manufacturing capacity to meet the increasing demand of automobiles in the PRC, as well as to enhance the production capabilities of the Group for the manufacture of mid-end to high-end electric vehicles, sedans, sport utility vehicles and multi-purposes vehicles.

It is anticipated that after completion of the Acquisitions and the commencement of commercial production, the new models to be built at these plants will expand the Group's products offering and enhance the overall competitive strength of the Group's products in the market and will become one

of the key drivers of the Group for future profitability. It is currently expected that the commercial production of the GY Target will commence in the third quarter of 2018 and that of the DJD Target and the DMA Target will commence in the fourth quarter of 2018.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be despatched to the Shareholders after having taken into consideration the advice of the Independent Financial Advisor) consider that although the Acquisition Agreements and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the Acquisitions are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Guizhou New Energy and Hangzhou Components are both wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li's interested entities. As such, each of Zhejiang Geely, Guizhou New Energy and Hangzhou Components is an associate of Mr. Li, an executive Director and a substantial Shareholder holding approximately 44.42% of the total issued share capital of the Company as at the date of this announcement, and is a connected person of the Company. Accordingly, the Acquisitions constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisitions on an aggregate basis is more than 5%, the Acquisitions are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the Acquisitions on an aggregate basis is more than 5% but less than 25%, the Acquisitions also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui, each an executive Director, are considered to be interested in the Acquisition Agreements by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui has abstained from voting on the Board resolutions for approving the Acquisition Agreements and the transactions contemplated thereunder.

EGM

The EGM will be convened to consider and approve the Acquisition Agreements and the transactions contemplated thereunder. Mr. Li and his associates together holding 3,987,588,000 Shares (representing approximately 44.42% of the total issued share capital of the Company), Mr. Yang Jian and his associates together holding 14,475,000 Shares (representing approximately 0.16% of the total issued share capital of the Company), Mr. Li Dong Hui, Daniel and his associates together holding 4,200,000 Shares (representing approximately 0.05% of the total issued share capital of the Company), and Mr. An Cong Hui and his associates together holding 16,280,000 Shares (representing

approximately 0.18% of the total issued share capital of the Company) as at the date of this announcement, will all abstain from voting on the resolutions to be proposed at the EGM to approve the Acquisition Agreements and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Acquisition Agreements and the transactions contemplated thereunder, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders.

A circular containing, among other things, (i) further information about the Acquisitions; (ii) the recommendation of the Independent Board Committee in respect of the Acquisitions; (iii) the advice of the Independent Financial Adviser in respect of the Acquisitions; and (iv) other information as required under the Listing Rules together with the notice of the EGM, will be despatched to the Shareholders on or before 8 August 2018.

Completion of the Acquisition Agreements is subject to the satisfaction of the conditions precedent under the Acquisition Agreements, and therefore, may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below: –

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| “Acquisitions” | the DJD Acquisition, the GY Acquisition and the DMA Acquisition collectively |
| “Acquisition Agreements” | the DJD Acquisition Agreement, the GY Acquisition Agreement and the DMA Acquisition Agreement, collectively |
| “associate(s)” | has the meaning ascribed to it in the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong and the PRC |
| “CKD(s)” | complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle |

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| “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 (stock code: 175) |
| “connected person” | has the meaning ascribed thereto under the Listing Rules |
| “DJD Acquisition” | the acquisition of the entire registered capital of the DJD Target by Zhejiang Jirun from Hangzhou Components pursuant to the DJD Acquisition Agreement |
| “DJD Acquisition Agreement” | the acquisition agreement entered into between Zhejiang Jirun and Hangzhou Components on 18 July 2018 in relation to the DJD Acquisition |
| “DJD Properties” | an industrial complex located in Dajiangdong Industrial Cluster, Hangzhou City, Zhejiang Province, the PRC |
| “DJD Property Value” | market value of the DJD Properties as stated in the Valuation Report |
| “DJD Shareholder’s Loan” | interest-free loan up to a maximum amount of RMB2,387.24 million on the completion date of the DJD Acquisition made to the DJD Target by the Geely Holding Group |
| “DJD Target” | 杭州吉利汽車有限公司 (Hangzhou Geely Automobile Company Limited*), a limited liability company incorporated in the PRC, and a wholly owned subsidiary of Hangzhou Components as at the date of this announcement |
| “Dakin Capital” or “Independent Financial Adviser” | Dakin Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreements and the transactions contemplated thereunder |
| “Director(s)” | the director(s) of the Company |
| “DMA Acquisition” | the acquisition of the entire registered capital of the DMA Target by Zhejiang Jirun from Zhejiang Geely pursuant to the DMA Acquisition Agreement |
| “DMA Acquisition Agreement” | the acquisition agreement entered into between Zhejiang Jirun and Zhejiang Geely on 18 July 2018 in relation to the DMA Acquisition |

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| “DMA Properties” | an industrial complex located in Hangzhou Bay New District, Ningbo City, Zhejiang Province, the PRC |
| “DMA Property Value” | market value of the DMA Properties as stated in the Valuation Report |
| “DMA Shareholder’s Loan” | interest-free loan up to a maximum amount of RMB2,740.10 million on the completion date of the DMA Acquisition made to the DMA Target by the Geely Holding Group |
| “DMA Target” | 寧波吉潤汽車部件有限公司 (Ningbo Jirun Automobile Components Company Limited*), a limited liability company incorporated in the PRC, and a wholly owned subsidiary of Zhejiang Geely as at the date of this announcement |
| “EGM” | an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Acquisition Agreements and the transactions contemplated thereunder |
| “Geely Holding” | 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a private limited liability company incorporated in the PRC, and is beneficially wholly owned by Mr. Li and his associate as at the date of this announcement |
| “Geely Holding Group” | Geely Holding and its subsidiaries |
| “Group” | the Company and its subsidiaries |
| “GY Acquisition” | the acquisition of the entire registered capital of the GY Target by Zhejiang Jirun from Guizhou New Energy pursuant to the GY Acquisition Agreement |
| “GY Acquisition Agreement” | the acquisition agreement entered into between Zhejiang Jirun and Guizhou New Energy on 18 July 2018 in relation to the GY Acquisition |
| “GY Properties” | an industrial complex located in Guanshanhu District, Guiyang City, Guizhou Province, the PRC |
| “GY Property Value” | market value of the GY Properties as stated in the Valuation Report |

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| “Guizhou New Energy” | 貴州吉利新能源汽車有限公司 (Guizhou Geely New Energy Automobile Company Limited*), a private limited liability company incorporated in the PRC, and is wholly owned by Zhejiang Geely as at the date of this announcement |
| “GY Shareholder’s Loan” | interest-free loan up to a maximum amount of RMB2,455.01 million on the completion date of the GY Acquisition made to the GY Target by the Geely Holding Group |
| “GY Target” | 貴州吉利汽車部件有限公司 (Guizhou Geely Automobile Components Company Limited*), a limited liability company incorporated in the PRC, and a wholly owned subsidiary of Guizhou New Energy as at the date of this announcement |
| “Hangzhou Components” | 杭州吉利汽車部件有限公司 (Hangzhou Geely Automobile Components Company Limited*), a private limited liability company incorporated in the PRC, and a wholly owned subsidiary of Zhejiang Geely as at the date of this announcement |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “HKFRS” | Hong Kong Financial Reporting Standards |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the terms of the Acquisition Agreements and the transactions contemplated thereunder |
| “Independent Shareholders” | Shareholder(s) other than Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel, Mr. An Cong Hui and their respective associates |
| “JLL” | Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Li” | Mr. Li Shu Fu, an executive Director and a substantial Shareholder together with his associate holding 44.42% interest in the total issued share capital of the Company as at the date of this announcement |

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| “percentage ratio(s)” | has the meaning ascribed to it under Rule 14.07 of the Listing Rules |
| “PRC” | the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SAIC” | State Administration for Industry and Commerce or its local bureaus |
| “Share(s)” | ordinary share(s) of HK\$0.02 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “sq.m.” | square meter(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Companies” | the DJD Target, the GY Target and the DMA Target, collectively |
| “Valuation Report” | the valuation report on the DJD Properties, the GY Properties and the DMA Properties prepared by JLL |
| “Zhejiang Geely” | 浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited*), a private company incorporated in the PRC and owned as to (i) 88.32% by Geely Holding; and (ii) 11.68% by other Mr. Li’s interested entities as at the date of this announcement |
| “Zhejiang Jirun” | 浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited*), a limited liability company established in the PRC and an indirect 99% owned subsidiary of the Company as at the date of this announcement |
| “%” | per cent |

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

Hong Kong, 18 July 2018

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, 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. An Qing Heng and Mr. Wang Yang.

** For identification purposes only*