

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

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 175)

(1) EXEMPTED CONTINUING CONNECTED TRANSACTIONS; AND (2) EXEMPTED CONNECTED TRANSACTION

Financial Adviser to Geely Automobile Holdings Limited



EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(A) Kandi Automobile Parts Supply Agreement

Reference is made to the Company's announcement dated 25 July 2016 in relation to the 2016 Kandi Automobile Parts Supply Agreement. The 2016 Kandi Automobile Parts Supply Agreement is due to expire on 31 December 2018.

In light of the upcoming expiry of the 2016 Kandi Automobile Parts Supply Agreement, on 5 October 2018 (after trading hours), the Company and Kandi entered into the Kandi Automobile Parts Supply Agreement to renew the supply of automobile parts and components manufactured by the Group to the Kandi Group for a term of three years from 1 January 2019 to 31 December 2021.

The proposed annual caps under the Kandi Automobile Parts Supply Agreement for the three years ending 31 December 2021 are approximately RMB227.6 million, RMB295.9 million and RMB384.6 million, respectively.

(B) Zhidou EV CKD Supply Agreement

Reference is made to the Company's announcement dated 25 July 2016 in relation to the 2016 EV CKD Supply Agreement. The 2016 EV CKD Supply Agreement is due to expire on 31 December 2018.

In light of the upcoming expiry of the 2016 EV CKD Supply Agreement, on 5 October 2018 (after trading hours), the Company and Geely Holding entered into the Zhidou EV CKD Supply Agreement to renew the supply of CKDs for electric vehicles manufactured by the Group to the Geely Holding Group for a term of three years from 1 January 2019 to 31 December 2021.

The proposed annual caps under the Zhidou EV CKD Supply Agreement for the three years ending 31 December 2021 are approximately RMB2,180.1 million, RMB2,725.2 million and RMB3,270.2 million, respectively.

(C) Geely Holding & LYNK & CO Automobile Parts Supply Agreement

On 5 October 2018 (after trading hours), the Company, Geely Holding and LYNK & CO entered into the Geely Holding & LYNK & CO Automobile Parts Supply Agreement pursuant to which the Group agreed to supply, and the Geely Holding Group and the LYNK & CO Group agreed to procure, automobile parts and components manufactured by the Group for a term of three years from 1 January 2019 to 31 December 2021.

The proposed annual caps under the Geely Holding & LYNK & CO Automobile Parts Supply Agreement for the three years ending 31 December 2021 are approximately RMB157.7 million, RMB189.3 million and RMB247.2 million, respectively.

(D) LYNK & CO Warehouse Services Agreement

On 5 October 2018 (after trading hours), the Company and LYNK & CO entered into the LYNK & CO Warehouse Services Agreement pursuant to which the Group agreed to provide, and the LYNK & CO Group agreed to procure, warehouse services for the after-sales parts and other automobile components of the LYNK & CO Group for a term of three years from 1 January 2019 to 31 December 2021.

The proposed annual caps under the LYNK & CO Warehouse Services Agreement for the three years ending 31 December 2021 are approximately RMB61.2 million, RMB103.8 million and RMB182.9 million, respectively.

(E) Business Travel Services Agreement

Reference is made to the Company's announcement dated 13 November 2015 in relation to the 2015 Business Travel Services Agreement. The 2015 Business Travel Services Agreement is due to expire on 31 December 2018.

In light of the upcoming expiry of the 2015 Business Travel Services Agreement, on 5 October 2018 (after trading hours), the Company and Geely Holding entered into the Business Travel Services Agreement to renew the business travel services being provided by the Geely Holding Group to the Group for a term of three years from 1 January 2019 to 31 December 2021.

The proposed annual caps under the Business Travel Services Agreement for the three years ending 31 December 2021 are approximately RMB356.8 million, RMB482.0 million and RMB661.6 million, respectively.

EXEMPTED CONNECTED TRANSACTION

Assets Acquisition Agreement

On 5 October 2018 (after trading hours), the Company and Geely Holding entered into the Assets Acquisition Agreement pursuant to which the Group agreed to purchase, and the Geely Holding Group agreed to sell, the Target Assets for a maximum consideration of approximately RMB679.9 million.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement:

- (i) Kandi is owned as to (a) 26.08% and 23.92% by GGL and Geely Ningbo, respectively, both of which are ultimately wholly owned by Mr. Li (an executive Director and a substantial Shareholder together with his associate holding 44.41% of the total issued share capital of the Company) and his associate; and (b) 50% by Kandi Vehicles, which in turn is indirectly wholly owned by Kandi Technologies;
- (ii) LYNK & CO is owned as to (a) 50% by Zhejiang Jirun, an indirect 99% owned subsidiary of the Company; (b) 20% by Zhejiang Haoqing, a 98.5% owned subsidiary of Geely Holding; and (c) 30% by VCI, a wholly owned subsidiary of Volvo Car Corporation, which in turn is indirectly 99% owned by Geely Holding; and
- (iii) Geely Holding is ultimately wholly owned by Mr. Li and his associate.

Therefore, each of Kandi, LYNK & CO and Geely Holding is an associate of Mr. Li and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Kandi Automobile Parts Supply Agreement, the Zhidou EV CKD Supply Agreement, the Geely Holding & LYNK & CO Automobile Parts Supply Agreement, the LYNK & CO Warehouse Services Agreement, and the Business Travel Services

Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Assets Acquisition Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the proposed annual caps for the respective Exempted Continuing Connected Transactions on an annual basis are over 0.1% but less than 5%, the Exempted Continuing Connected Transactions are subject to the reporting, annual review, announcement requirements, but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transaction contemplated under the Assets Acquisition Agreement are over 0.1% but less than 5%, the transaction contemplated under the Assets Acquisition Agreement is subject to the reporting and announcement requirements, but is exempt from Independent Shareholders' approval requirements under Chapter 14A 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 Exempted Continuing Connected Transactions and the Assets Acquisition Agreement 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 Exempted Continuing Connected Transactions (including the proposed annual caps) and the Assets Acquisition Agreement.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(A) Kandi Automobile Parts Supply Agreement

Reference is made to the Company's announcement dated 25 July 2016 in relation to the 2016 Kandi Automobile Parts Supply Agreement. The 2016 Kandi Automobile Parts Supply Agreement is due to expire on 31 December 2018.

In light of the upcoming expiry of the 2016 Kandi Automobile Parts Supply Agreement, the Company and Kandi entered into the Kandi Automobile Parts Supply Agreement on 5 October 2018 (after trading hours). The principal terms of the Kandi Automobile Parts Supply Agreement are summarised below:

Date

5 October 2018 (after trading hours)

Parties

Vendor: The Company

Purchaser: Kandi

As at the date of this announcement, Kandi is owned as to (i) 26.08% and 23.92% by GGL and Geely Ningbo, respectively, both of which are ultimately wholly owned by Mr. Li (an executive Director and a substantial Shareholder together with his associate holding 44.41% of the total issued share capital of the Company) and his associate; and (ii) 50% by Kandi Vehicles, which in turn is indirectly wholly owned by Kandi Technologies, the shares of which are listed on Nasdaq. The Kandi Group is principally engaged in the research and development of electric vehicles and automobile components, as well as the provision of technical services, car rental services, investment management and investment consultancy services.

As at the date of this announcement, Geely Holding is ultimately wholly owned by Mr. Li and his associate. Geely Holding is principally engaged in the sale of automobiles and related parts and components wholesale and retail business.

Subject matter

Pursuant to the Kandi Automobile Parts Supply Agreement, the Group agreed to supply, and Kandi Group agreed to procure, automobile parts and components manufactured by the Group. The automobile parts and components to be procured by the Kandi Group pursuant to the Kandi Automobile Parts Supply Agreement will be used by the Kandi Group for assembly into CKDs for electric vehicles.

The supply of automobile parts and components by the Group to the Kandi Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Company than terms available to or from (as applicable) other independent third parties to the Company.

Pricing basis

Pursuant to the Kandi Automobile Parts Supply Agreement, the selling price of automobile parts and components will be determined based on the formula below:

$$\text{Selling price} = C \times (1 + 8.59\%)$$

Where:

C = actual costs incurred for manufacturing the automobile parts and components plus related tax.

The margin rate of 8.59% was determined by the Company and Kandi after arm's length negotiation with reference to the median three-year weighted average cost-plus-margin of the comparable companies producing similar products of 8.59% as stated in a transfer pricing analysis report prepared by an independent certified public accountant firm.

Term

From 1 January 2019 to 31 December 2021

Condition precedent

The Kandi Automobile Parts Supply Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Kandi Automobile Parts Supply Agreement.

If the above condition has not been fulfilled on or before 31 December 2018 (or such later date as the parties may agree in writing), the Kandi Automobile Parts Supply Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The Kandi Automobile Parts Supply Agreement may be terminated if:

- (i) a written agreement is entered into between the parties to terminate the Kandi Automobile Parts Supply Agreement;
- (ii) either party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the Kandi Automobile Parts Supply Agreement due to force majeure; or
- (iii) Kandi and its associates cease to be connected persons of the Company.

Historical transaction amounts and proposed annual caps

The table below sets out (i) the historical transaction amounts for the two years ended 31 December 2017 and the seven months ended 31 July 2018; and (ii) the annual caps for the supply of automobile parts and components by the Group to the Kandi Group pursuant to the 2016 Kandi Automobile Parts Supply Agreement for the three years ending 31 December 2018 as well as their respective utilisation rates.

	Historical transaction amounts for the year ended		Historical transaction amount for the seven months ended	Annual caps for the year ended/ending 31 December		
	31 December		31 July	31 December		
	2016	2017	2018	2016	2017	2018
	RMB'000 (Audited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000	RMB'000	RMB'000
Supply of automobile parts and components by the Group to the Kandi Group	15,563	37,945	21,836	252,137	317,991	317,991
Utilisation rate of annual caps				6%	12%	7% (Note)

Note: Utilisation rate of the annual cap for the year ending 31 December 2018 was calculated by dividing the historical transaction amount for the seven months ended 31 July 2018 by the annual cap for the full financial year ending 31 December 2018.

The low utilisation rates of the annual caps for the three years ending 31 December 2018 were primarily due to the lower-than-expected sales of the Kandi Group. Notwithstanding that the electric vehicle technology has advanced tremendously in the past decade, it was still in a development stage and the growth in sales and market acceptance of electric vehicles, especially for the lower-end ones (which are commonly characterised by their lower speed, charging range etc. and which Kandi focuses on), was restricted by technological and infrastructural limitations such as long battery charging time, short continuous driving range as well as the lack of public charging facilities in the PRC. However, with the recent advancement in technology and the continuous support from the PRC government, it is widely anticipated that the electric vehicle industry in the PRC is set to enter a phase of rapid growth.

The table below sets out the proposed annual caps for the supply of automobile parts and components by the Group to the Kandi Group pursuant to the Kandi Automobile Parts Supply Agreement for each of the three years ending 31 December 2021.

	Proposed annual caps for the year ending 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Supply of automobile parts and components by the Group to the Kandi Group	227,586	295,862	384,621

Basis of determination of the proposed annual caps

The above proposed annual caps have been determined by the Directors with reference to (i) the historical transaction amounts for the supply of automobile parts and components by the Group to the Kandi Group pursuant to the 2016 Kandi Automobile Parts Supply Agreement; (ii) the projected unit sales of automobile parts and components by the Group to the Kandi Group, which in turn was determined with reference to the projected unit sales of electric vehicles by the Kandi Group based on its sales budget for the three years ending 31 December 2021; (iii) the estimated manufacturing costs of automobile parts and components to be incurred by the Group for the three years ending 31 December 2021; and (iv) the margin of 8.59% over the estimated manufacturing costs. The proposed annual caps for the years ending 31 December 2019 and 2020 are 28% and 7% lower than the historical annual cap for the year ending 31 December 2018 after taken into account the low historical utilisation rates of the annual caps as described in the paragraph headed “Exempted continuing connected transactions – (A) Kandi Automobile Parts Supply Agreement – Historical transaction amounts and proposed annual caps” above. The gradual increase in the proposed annual caps for the three years ending 31 December 2021 is mainly due to the anticipated growth in the electric vehicle industry in the PRC as a result of the recent advancement in technology and the continuous support from the PRC government as described in the said paragraph above.

The Directors (including the independent non-executive Directors) are of the view that the Kandi Automobile Parts Supply Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps of the Kandi Automobile Parts Supply Agreement for the three years ending 31 December 2021 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(B) Zhidou EV CKD Supply Agreement

Reference is made to the Company’s announcement dated 25 July 2016 in relation to the 2016 EV CKD Supply Agreement. The 2016 EV CKD Supply Agreement is due to expire on 31 December 2018.

In light of the upcoming expiry of the 2016 EV CKD Supply Agreement, the Company and Geely Holding entered into the Zhidou EV CKD Supply Agreement on 5 October 2018 (after trading hours). The principal terms of the Zhidou EV CKD Supply Agreement are summarised below:

Date

5 October 2018 (after trading hours)

Parties

Vendor: The Company

Purchaser: Geely Holding

Please refer to the paragraph headed “Exempted continuing connected transactions – (A) Kandi Automobile Parts Supply Agreement – Parties” for further details regarding Geely Holding.

Subject matter

Pursuant to the Zhidou EV CKD Supply Agreement, the Group agreed to supply, and the Geely Holding Group agreed to procure, CKDs for electric vehicles manufactured by the Group. The CKDs for electric vehicle to be sold to the Geely Holding Group under the Zhidou EV CKD Supply Agreement will be sold onwards by the Geely Holding Group to the Zhidou Group for its distribution to end customers under its own brand. As at the date of this announcement, Zhidou is owned as to 26.44% by Geely Ningbo, which in turn is ultimately wholly owned by Mr. Li and his associate, and as to 73.56% by other independent third parties. The Zhidou Group is principally engaged in the research and production of automobile parts, components and engines, sale of electric vehicles and provision of related after-sale services in the PRC.

For the avoidance of doubt, the CKDs for electric vehicles to be sold to the Geely Holding Group under the Zhidou EV CKD Supply Agreement, which will be manufactured by the Group specifically for the Zhidou Group, are different from those to be sold to (i) the Geely Holding Group under the Services Agreement; and (ii) to the Geely Holding Group and the GGL Group under the Electric Vehicle Agreement. Under the Services Agreement, the CKDs to be sold by the Group to the Geely Holding Group are not for distribution to end customers by the Geely Holding Group (instead, the Geely Holding Group performs final assembly of the CKDs into CBUs, facilitates payment of the PRC consumption tax, and then sells back the CBUs to the Group for its distribution to end customers). Under the Electric Vehicle Agreement, products to be sold by the Group to the Geely Holding Group are CBUs of electric vehicles (but not CKDs) to take advantage of the fact that only certain subsidiaries of the Geely Holding Group are eligible to the new energy vehicle subsidies granted by the PRC government in certain regions of the PRC which effectively lower the end customers’ purchase price of the Group’s electric vehicles and are therefore essential for facilitating the Group’s sale of electric vehicles in those regions. On the other hand, the CBUs of electric vehicles to be sold by the Group to the GGL Group under the Electric Vehicle Agreement are for the ultimate use by 杭州優行科技有限公司 (Hangzhou Youxing Technology Company Limited*), a subsidiary of the GGL Group which operates Cao Cao, the first domestic new energy focused ride hailing and mobility service in the PRC. Please refer to the Company’s announcement dated 5 October 2018 in relation to, among other things, the Services Agreement and the Electric Vehicle Agreement for further details. For the reasons as described above, the pricing bases for the products to be sold by the Group under the Zhidou EV CKD Supply Agreement, the Services Agreement and the Electric Vehicle Agreement are different.

The supply of CKDs for electric vehicles by the Group to the Geely Holding Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Company than terms available to or from (as applicable) other independent third parties to the Company.

Pricing basis

Pursuant to the Zhidou EV CKD Supply Agreement, the selling price of CKDs for electric vehicles will be determined based on the formula below:

$$\text{Selling price} = C \times (1 + 9.48\%)$$

Where:

C = actual costs incurred for manufacturing the CKDs for electric vehicles plus related tax.

The margin rate of 9.48% was determined by the Company and Geely Holding after arm's length negotiation with reference to the median three-year weighted average cost-plus-margin of the comparable companies producing similar products of 9.48% as stated in a transfer pricing analysis report prepared by an independent certified public accountant firm.

Term

From 1 January 2019 to 31 December 2021

Condition precedent

The Zhidou EV CKD Supply Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Zhidou EV CKD Supply Agreement.

If the above condition has not been fulfilled on or before 31 December 2018 (or such later date as the parties may agree in writing), the Zhidou EV CKD Supply Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The Zhidou EV CKD Supply Agreement may be terminated if:

- (i) a written agreement is entered into between the parties to terminate the Zhidou EV CKD Supply Agreement;

- (ii) either party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the Zhidou EV CKD Supply Agreement due to force majeure; or
- (iii) Geely Holding and its associates cease to be connected persons of the Company.

Historical transaction amounts and proposed annual caps

The table below sets out (i) the historical transaction amounts for the two years ended 31 December 2017 and the seven months ended 31 July 2018; and (ii) the annual caps for the supply of CKDs for electric vehicles by the Group to the Geely Holding Group pursuant to the 2016 EV CKD Supply Agreement for the three years ending 31 December 2018 as well as their respective utilisation rates.

	Historical transaction amounts for the year ended		Historical transaction amount for the seven months ended	Annual caps for the year ended/ending 31 December		
	31 December	31 December	31 July	2016	2017	2018
	2016	2017	2018	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Unaudited)			
Supply of CKDs for electric vehicles by the Group to the Geely Holding Group	128,283	826,894	175,044	1,185,914	1,092,827	1,107,124
Utilisation rate of annual caps				11%	76%	16% (Note)

Note: Utilisation rate of the annual cap for the year ending 31 December 2018 was calculated by dividing the historical transaction amount for the seven months ended 31 July 2018 by the annual cap for the full financial year ending 31 December 2018.

The fluctuations in the utilisation rate of the annual caps as shown above were mainly due to the fluctuations in sales of the Zhidou Group during the period, which in turn affected the Geely Holding Group's demand of CKDs of electric vehicles. The low utilisation rate for the year ended 31 December 2016 was primarily due to the lower-than-expected sales of the Zhidou Group during the year. Notwithstanding that the electric vehicle technology has advanced tremendously in the past decade, it was still in a development stage and the growth in sales and market acceptance of electric vehicles, especially for the lower-end ones (which are commonly characterised by their lower speed, charging range etc. and which Zhidou focuses on), was restricted by technological and infrastructural limitations such as long battery charging time, short continuous driving range as well as the lack of public charging facilities in the PRC.

However, with the recent advancement in technology and the continuous support from the PRC government, it is widely anticipated that the electric vehicle industry is set to enter a phase of rapid growth. The utilisation rate for the year ended 31 December 2017 improved significantly as the sales of the Zhidou Group picked up during the year.

The table below sets out the proposed annual caps for the supply of CKDs for electric vehicles by the Group to the Geely Holding Group pursuant to the Zhidou EV CKD Supply Agreement for each of the three years ending 31 December 2021.

	Proposed annual caps		
	for the year ending 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supply of CKDs for electric vehicles by the Group to the Geely Holding Group	2,180,120	2,725,150	3,270,180

Basis of determination of the proposed annual caps

The above proposed annual caps have been determined by the Directors with reference to (i) the historical transaction amounts for the supply of CKDs for electric vehicles by the Group to the Geely Holding Group pursuant to the 2016 EV CKD Supply Agreement; (ii) the projected unit sales of CKDs for electric vehicles by the Group to the Geely Holding Group, which in turn was determined with reference to the projected unit sales of electric vehicles by the Zhidou Group based on their respective sales budgets for the three years ending 31 December 2021; (iii) the estimated manufacturing costs of CKDs for electric vehicles to be incurred by the Group for the three years ending 31 December 2021; and (iv) the margin of 9.48% over the estimated manufacturing costs. In view of the anticipated growth in the electric vehicle industry in the PRC as a result of the recent advancement in technology and the continuous support from the PRC government as described in the paragraph headed “Exempted continuing connected transactions – (B) Zhidou EV CKD Supply Agreement – Historical transaction amounts and proposed annual caps” above, the sales of the Zhidou Group is expected to pick up gradually in the coming years. The increase in the proposed annual caps for the three years ending 31 December 2021 is primarily due to the projected increase in the Zhidou Group’s sale of electric vehicles based on its sales budget for the three years ending 31 December 2021, which in turn will drive its demand for the CKDs for electric vehicles supplied by the Group.

The Directors (including the independent non-executive Directors) are of the view that the Zhidou EV CKD Supply Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps of the Zhidou EV CKD Supply Agreement for the three years ending 31 December 2021 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(C) Geely Holding & LYNK & CO Automobile Parts Supply Agreement

The principal terms of the Geely Holding & LYNK & CO Automobile Parts Supply Agreement are summarised below:

Date

5 October 2018 (after trading hours)

Parties

Vendor: The Company

Purchasers: Geely Holding and LYNK & CO

Please refer to the paragraph headed “Exempted continuing connected transactions – (A) Kandi Automobile Parts Supply Agreement – Parties” for further details regarding Geely Holding.

As at the date of this announcement, LYNK & CO is owned as to (i) 50% by Zhejiang Jirun, an indirect 99% owned subsidiary of the Company; (ii) 20% by Zhejiang Haoqing, a 98.5% owned subsidiary of Geely Holding; and (iii) 30% by VCI, a wholly owned subsidiary of Volvo Car Corporation, which in turn is indirectly 99% owned by Geely Holding. The LYNK & CO Group is principally engaged in the manufacture and sale of LYNK & CO-branded vehicles, and provision of after-sales parts.

Subject matter

Pursuant to the Geely Holding & LYNK & CO Automobile Parts Supply Agreement, the Group agreed to supply, and the Geely Holding Group and the LYNK & CO Group agreed to procure, automobile parts and components manufactured by the Group.

The supply of automobile parts and components by the Group to the Geely Holding Group and the LYNK & CO Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Company than terms available to or from (as applicable) other independent third parties to the Company.

Pricing basis

Pursuant to the Geely Holding & LYNK & CO Automobile Parts Supply Agreement, the selling price of automobile parts and components will be determined based on the formula below:

Selling price = C x (1 + 5.14%)

Where:

C = actual costs incurred for manufacturing the automobile parts and components plus related tax.

The margin rate of 5.14% was determined by the parties after arm's length negotiation with reference to the median three-year weighted average cost-plus-margin of the comparable companies producing similar products of 5.14% as stated in a transfer pricing analysis report prepared by an independent certified public accountant firm.

Term

From 1 January 2019 to 31 December 2021

Condition precedent

The Geely Holding & LYNK & CO Automobile Parts Supply Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Geely Holding & LYNK & CO Automobile Parts Supply Agreement.

If the above condition has not been fulfilled on or before 31 December 2018 (or such later date as the parties may agree in writing), the Geely Holding & LYNK & CO Automobile Parts Supply Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The Geely Holding & LYNK & CO Automobile Parts Supply Agreement may be terminated if:

- (i) a three-month prior written notice to terminate the Geely Holding & LYNK & CO Automobile Parts Supply Agreement is served by either party;
- (ii) either party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the Geely Holding & LYNK & CO Automobile Parts Supply Agreement due to force majeure; or
- (iii) Geely Holding, LYNK & CO and their respective associates cease to be connected persons of the Company.

Proposed annual caps

There are no historical figures for the transactions contemplated under the Geely Holding & LYNK & CO Automobile Parts Supply Agreement as the Group has not sold automobile components manufactured by the Group to the Geely Holding Group or the LYNK & CO Group previously. The table below sets out the proposed annual caps for the supply of automobile parts and components by the Group to the Geely Holding Group and the LYNK & CO Group pursuant to the Geely Holding & LYNK & CO Automobile Parts Supply Agreement for the three years ending 31 December 2021.

	Proposed annual caps for the year ending 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supply of automobile parts and components by the Group to the Geely Holding Group and the LYNK & CO Group	157,712	189,274	247,202

Basis of determination of the proposed annual caps

The above proposed annual caps have been determined by the Directors with reference to (i) the projected unit sales of automobile parts and components by the Group to the Geely Holding Group and the LYNK & CO Group, which in turn was determined with reference to the estimated production capacity of automobile parts and components of the Group and the portion of which is to be allocated to the supply of automobile parts and components to the Geely Holding Group and the LYNK & CO Group for the three years ending 31 December 2021; (ii) the estimated manufacturing costs of automobile parts and components to be incurred by the Group for the three years ending 31 December 2021; and (iii) the margin of 5.14% over the estimated manufacturing costs.

The Directors (including the independent non-executive Directors) are of the view that the Geely Holding & LYNK & CO Automobile Parts Supply Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps of the Geely Holding & LYNK & CO Automobile Parts Supply Agreement for the three years ending 31 December 2021 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(D) LYNK & CO Warehouse Services Agreement

The principal terms of the LYNK & CO Warehouse Services Agreement are summarised below:

Date

5 October 2018 (after trading hours)

Parties

Vendor: The Company

Purchaser: LYNK & CO

Please refer to the paragraph headed “Exempted continuing connected transactions – (C) Geely Holding & LYNK & CO Automobile Parts Supply Agreement – Parties” for further details regarding LYNK & CO.

Subject matter

Pursuant to the LYNK & CO Warehouse Services Agreement, the Group agreed to provide, and the LYNK & CO Group agreed to procure, warehouse services (including, but not limited to, warehouse rental, storage shelf and moving equipment rental, warehouse management etc.) for the after-sales parts and other automobile components of the LYNK & CO Group.

The provision of warehouse services by the Group to the LYNK & CO Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Company than terms available to or from (as applicable) other independent third parties to the Company.

Pricing basis

Pursuant to the LYNK & CO Warehouse Services Agreement, the storage fees payable by LYNK & CO to the Company will be determined on an arm’s length basis and on normal commercial terms, and will be based on the prevailing market price for similar services and on terms no less favourable than those offered by the Group to other independent third parties or those offered to the LYNK & CO Group by other independent third parties.

Term

From 1 January 2019 to 31 December 2021

Condition precedent

The LYNK & CO Warehouse Services Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the LYNK & CO Warehouse Services Agreement.

If the above condition has not been fulfilled on or before 31 December 2018 (or such later date as the parties may agree in writing), the LYNK & CO Warehouse Services Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The LYNK & CO Warehouse Services Agreement may be terminated if:

- (i) a written agreement is entered into between the parties to terminate the LYNK & CO Warehouse Services Agreement;
- (ii) either party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the LYNK & CO Warehouse Services Agreement due to force majeure;
or
- (iii) LYNK & CO and its associates cease to be connected persons of the Company.

Proposed annual caps

There are no historical figures for the transactions contemplated under the LYNK & CO Warehouse Services Agreement as the Group has not provided warehouse services to the LYNK & CO Group previously. The table below sets out the proposed annual caps for the fees payable by the LYNK & CO Group to the Group pursuant to the LYNK & CO Warehouse Services Agreement for the three years ending 31 December 2021.

	Proposed annual caps		
	for the year ending 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Storage fees payable by the LYNK & CO Group for the provision of warehouse services by the Group	61,196	103,824	182,889

Basis of determination of the proposed annual caps

The above proposed annual caps have been determined by the Directors with reference to (i) the prevailing market storage fee (quoted as a percentage of the estimated sales revenue of the goods stored); and (ii) the estimated sales revenue of the after-sales parts and other automobile components of the LYNK & CO Group to be stored in the warehouse for which the Group will provide the warehouse services pursuant to the LYNK & CO Warehouse Services Agreement for the three years ending 31 December 2021.

The Directors (including the independent non-executive Directors) are of the view that the LYNK & CO Warehouse Services Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms and the proposed annual caps of the LYNK & CO Warehouse Services Agreement for the three years ending 31 December 2021 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(E) Business Travel Services Agreement

Reference is made to the Company's announcement dated 13 November 2015 in relation to the 2015 Business Travel Services Agreement. The 2015 Business Travel Services Agreement is due to expire on 31 December 2018.

In light of the upcoming expiry of the 2015 Business Travel Services Agreement, the Company and Geely Holding entered into the Business Travel Services Agreement on 5 October 2018 (after trading hours). The principal terms of the Business Travel Services Agreement are summarised below:

Date

5 October 2018 (after trading hours)

Parties

Vendor: Geely Holding

Purchaser: The Company

Please refer to the paragraph headed "Exempted continuing connected transactions – (A) Kandi Automobile Parts Supply Agreement – Parties" for further details regarding Geely Holding.

Subject matter

Pursuant to the Business Travel Services Agreement, the Geely Holding Group agreed to provide, and the Group agreed to procure, certain business travel services (including, but not limited to, the booking of air tickets, accommodations and other transportations, and exhibition and conference related services).

The procurement of business travel services by the Group from the Geely Holding Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Company than terms available to or from (as applicable) other independent third parties to the Company.

Pricing basis

Pursuant to the Business Travel Services Agreement, the service fees payable by the Group to the Geely Holding Group will be determined on an arm's length basis and on normal commercial terms, and will be based on the prevailing market price for similar services and on terms no less favourable than those offered to the Group by other independent third parties or those offered by the Geely Holding Group to other independent third parties.

Term

From 1 January 2019 to 31 December 2021

Condition precedent

The Business Travel Services Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to continuing connected transactions contemplated under the Business Travel Services Agreement.

If the above condition has not been fulfilled on or before 31 December 2018 (or such later date as the parties may agree in writing), the Business Travel Services Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The Business Travel Services Agreement may be terminated if:

- (i) a written agreement is entered into between the parties to terminate the Business Travel Services Agreement;
- (ii) either party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the Business Travel Services Agreement due to force majeure; or
- (iii) Geely Holding and its associates cease to be connected persons of the Company.

Historical transaction amounts and proposed annual caps

The table below sets out (i) the historical transaction amounts for the two years ended 31 December 2017 and the seven months ended 31 July 2018; and (ii) the annual caps for the service fees for the business travel services procured by the Group from the Geely Holding Group pursuant to the 2015 Business Travel Services Agreement for the three years ending 31 December 2018 as well as their respective utilisation rates.

	Historical transaction amounts for the year ended		Historical transaction amount for the seven months ended	Annual caps for the year ended/ending 31 December		
	31 December		31 July	2016	2017	2018
	2016	2017	2018	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Unaudited)			
Service fees for the business travel services procured by the Group from the Geely Holding Group	30,110	92,114	65,838	88,692	107,712	126,732
Utilisation rate of annual caps				34%	86%	52% (Note)

Note: Utilisation rate of the annual cap for the year ending 31 December 2018 was calculated by dividing the historical transaction amount for the seven months ended 31 July 2018 by the annual cap for the full financial year ending 31 December 2018.

The table below sets out the proposed annual caps for the service fees for the business travel services to be procured by the Group from the Geely Holding Group pursuant to the Business Travel Services Agreement for each of the three years ending 31 December 2021.

	Proposed annual caps for the year ending 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Service fees for the business travel services to be procured by the Group from the Geely Holding Group	356,841	481,998	661,550

Basis of determination of the proposed annual caps

The above proposed annual caps have been determined by the Directors with reference to (i) the historical transaction amounts for the procurement of business travel services by the Group from the Geely Holding Group pursuant to the 2015 Business Travel Services Agreement; (ii) the estimated number of domestic and international business travels as well as exhibitions and conferences required by the Group, which in turn was determined based on the projected business volumes of the Group for the three years ending 31 December 2021; and (iii) the estimated average price for air tickets, accommodations and other transportations, as well as exhibition and conference related services. The significant increase in the proposed annual caps for the three years ending 31 December 2021 as compared to the historical annual caps for the

three years ending 31 December 2018 is to take into account the anticipated growth in the Group's business volume as well as the fact that the scope of services under the Business Travel Services Agreement being expanded to cover booking of accommodations and transportations etc. in addition to the booking of air tickets service under the 2015 Business Travel Services Agreement.

The Directors (including the independent non-executive Directors) are of the view that the Business Travel Services Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms and the proposed annual caps of the Business Travel Services Agreement for the three years ending 31 December 2021 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXEMPTED CONNECTED TRANSACTION

Assets Acquisition Agreement

The principal terms of the Assets Acquisition Agreement are summarized below:

Date

5 October 2018 (after trading hours)

Parties

Vendor: Geely Holding

Purchaser: The Company

Subject matter

Pursuant to the Assets Acquisition Agreement, the Group agreed to purchase, and the Geely Holding Group agreed to sell, the Target Assets.

The Target Assets

The assets to be acquired by the Group from the Geely Holding Group pursuant to the Assets Acquisition Agreement comprise predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system.

Consideration

The consideration for the Target Assets will equal the carrying value of the Target Assets as at the date of delivery of the Target Assets to the Group, but in any event will not exceed RMB679,871,373. The consideration will be payable by the Group as to (i) 50% within 15 Business Days upon the delivery of the Target Assets to the Group; and (ii) 50% within 15 Business Days upon completion of the final inspection and acceptance procedures by the Group.

The maximum consideration for the Target Assets was determined after arm's length negotiations between the Company and Geely Holding and is equivalent to the carrying value of the Target Assets as at 31 August 2018.

It is expected the consideration for the Target Assets will be funded by the internal resources of the Group.

Condition precedent

Completion of the Assets Acquisition Agreement is conditional upon the Company having complied with the relevant requirements of the Listing Rules with regard to the connected transaction contemplated under the Assets Acquisition Agreement.

If the above condition has not been fulfilled on or before 31 December 2018 (or such later date as the parties may agree in writing), the Assets Acquisition Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The Assets Acquisition Agreement may be terminated if:

- (i) a written agreement is entered into between the parties to terminate the Assets Acquisition Agreement;
- (ii) either party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the Assets Acquisition Agreement due to force majeure; or
- (iii) Geely Holding and its associates cease to be connected persons of the Company.

The Directors (including the independent non-executive Directors) are of the view that, although the Assets Acquisition Agreement is not entered into in the ordinary and usual course of business of the Group, the Assets Acquisition Agreement is on normal commercial terms and the terms of the Assets Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF (I) THE EXEMPTED CONTINUING CONNECTED TRANSACTIONS; AND (II) THE EXEMPTED CONNECTED TRANSACTION

(I) The Exempted Continuing Connected Transactions

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 Directors are of the view that the entering into of the Kandi Automobile Parts Supply Agreement, the Zhidou EV CKD Supply Agreement, the Geely Holding & LYNK & CO Automobile Parts Supply Agreement and the LYNK & CO Warehouse Services Agreement will enhance the operational efficiency of the Group by increasing the utilisation of its production capacity, allow the Group to enjoy further cost savings as a whole through greater economies of scale and enable the Group to generate additional revenue and income.

The Directors are also of the view that the entering into of the Business Travel Services Agreement is beneficial to the Group as the business travel services to be provided to the Group by the Geely Holding Group will be on terms no less favourable than those offered to the Group by other independent third parties, and the services to be provided by the Geely Holding Group to the Group are expected to be more suited to the Group's needs given the long-standing cooperation and relationship between the Group and the Geely Holding Group.

Having considered the foregoing, the Directors (including the independent non-executive Directors) are of the view that the Exempted Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms and the proposed annual caps of the respective Exempted Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(II) The Exempted Connected Transaction

The Directors are of the view that the entering into of the Assets Acquisition Agreement is beneficial to the Group as only the Geely Holding Group is qualified to enjoy the custom duty and value-added tax relief on imported equipment, which effectively reduces the purchase costs of such equipment.

Having considered the foregoing, the Directors (including the independent non-executive Directors) are of the view that, although the Assets Acquisition Agreement is not entered into in the ordinary and usual course of business of the Group, the Assets Acquisition Agreement is on normal commercial terms, and the terms of the Assets Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RELEVANT INTERNAL CONTROL MEASURES

In order to ensure that the aforesaid pricing bases for the Kandi Automobile Parts Supply Agreement, the Zhidou EV CKD Supply Agreement, the Geely Holding & LYNK & CO Automobile Parts Supply Agreement, the LYNK & CO Warehouse Services Agreement, and the Business Travel Services Agreement are adhered to, the Company will or will continue to (as the case may be) adopt the following internal control measures.

The Kandi Automobile Parts Supply Agreement, the Zhidou EV CKD Supply Agreement, and the Geely Holding & LYNK & CO Automobile Parts Supply Agreement

For the supply of automobile parts and components and CKDs for electric vehicles by the Group, the Group will regularly monitor the relevant manufacturing cost items, as well as other necessary and reasonable expenses to ensure that the selling price of automobile parts and components and CKDs for electric vehicles are determined properly. The parties to the agreements will regularly negotiate the terms of such transactions to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred by the Group in such transactions.

The LYNK & CO Warehouse Services Agreement

The Group will obtain quotations from various independent third party service providers for similar warehouse services and will then compare the prices offered by those independent third party service providers to that offered by the Group to the Geely Holding Group to ensure that the terms (including price) offered by the Group to the Geely Holding Group are no less favourable to the Group than those offered by other independent third parties.

The Business Travel Services Agreement

The Group will obtain quotations from various independent third party service providers for similar business travel services and will then compare the prices offered by those independent third party service providers to that offered by the Geely Holding Group to the Group to ensure that the terms (including price) offered by the Geely Holding Group to the Group are no less favourable to the Group than those offered by other independent third parties.

In relation to the aforesaid internal control measures for the Exempted Continuing Connected Transactions, the internal audit department of the Group will conduct assessment on the internal control measures for all continuing connected transactions to ensure such internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on all continuing connected transactions every year and confirm that the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company also engages its independent auditor to report on all continuing connected transactions every year. The independent

auditor reviews and confirms whether all continuing connected transactions have been approved by the Board; have been conducted in accordance with the pricing policies of the relevant agreement governing the transactions; and have not exceeded the relevant annual caps.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement:

- (i) Kandi is owned as to (a) 26.08% and 23.92% by GGL and Geely Ningbo, respectively, both of which are ultimately wholly owned by Mr. Li (an executive Director and a substantial Shareholder together with his associate holding 44.41% of the total issued share capital of the Company) and his associate; and (b) 50% by Kandi Vehicles, which in turn is indirectly wholly owned by Kandi Technologies;
- (ii) LYNK & CO is owned as to (a) 50% by Zhejiang Jirun, an indirect 99% owned subsidiary of the Company; (b) 20% by Zhejiang Haoqing, a 98.5% owned subsidiary of Geely Holding; and (c) 30% by VCI, a wholly owned subsidiary of Volvo Car Corporation, which in turn is indirectly 99% owned by Geely Holding; and
- (iii) Geely Holding is ultimately wholly owned by Mr. Li and his associate.

Therefore, each of Kandi, LYNK & CO and Geely Holding is an associate of Mr. Li and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Kandi Automobile Parts Supply Agreement, the Zhidou EV CKD Supply Agreement, the Geely Holding & LYNK & CO Automobile Parts Supply Agreement, the LYNK & CO Warehouse Services Agreement, and the Business Travel Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Assets Acquisition Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the proposed annual caps for the respective Exempted Continuing Connected Transactions on an annual basis are over 0.1% but less than 5%, the Exempted Continuing Connected Transactions are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transaction contemplated under the Assets Acquisition Agreement are over 0.1% but less than 5%, the transaction contemplated under the Assets Acquisition Agreement is subject to the reporting and announcement requirements, but is exempt from Independent Shareholders' approval requirements under Chapter 14A 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 Exempted Continuing Connected Transactions and the Assets Acquisition Agreement 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 Exempted Continuing Connected Transactions (including the proposed annual caps) and the Assets Acquisition Agreement.

DEFINITIONS

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

“2015 Business Travel Services Agreement”	a master agreement dated 13 November 2015 entered into between the Company and Geely Holding for the provision of certain business travel services (including, but not limited to, the booking of air tickets, exhibition and conference services etc.) by the Geely Holding Group to the Group which will expire on 31 December 2018
“2016 EV CKD Supply Agreement”	a master agreement dated 25 July 2016 entered into between the Company and Geely Holding for the supply of CKDs for electric vehicles by the Group to the Geely Holding Group which will expire on 31 December 2018
“2016 Kandi Automobile Parts Supply Agreement”	a master agreement dated 25 July 2016 entered into between the Company and Kandi pursuant for the supply of automobile parts and components by the Group to the Kandi Group which will expire on 31 December 2018
“Assets Acquisition Agreement”	the agreement dated 5 October 2018 entered into between the Company and Geely Holding for the purchase by the Group from the Geely Holding Group the Target Assets
“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
“Business Travel Services Agreement”	the master agreement dated 5 October 2018 entered into between the Company and Geely Holding for the provision of certain business travel services (including, but not limited to, the booking of air tickets, accommodations and other transportations, and exhibition and conference related services) by the Geely Holding Group to the Group

“CKD(s)”	Complete Knock Down Kit(s) (整車成套件), a complete kit needed to assemble a vehicle
“CBU(s)”	Complete Buildup Unit(s) (整車), a complete vehicle after the final assembly
“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 (stock code: 175)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Electric Vehicle Agreement”	a master agreement dated 5 October 2018 entered into among the Company, Geely Holding and GGL for the sale of CBUs of electric vehicles by the Group to the Geely Holding Group and the GGL Group
“Exempted Continuing Connected Transactions”	transactions contemplated under (i) the Kandi Automobile Parts Supply Agreement; (ii) the Zhidou EV CKD Supply Agreement; (iii) the Geely Holding & LYNK & CO Automobile Parts Supply Agreement; (iv) the LYNK & CO Warehouse Services Agreement; and (v) the Business Travel Services Agreement
“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 ultimately wholly owned by Mr. Li and his associate
“Geely Holding Group”	Geely Holding and its subsidiaries
“Geely Holding & LYNK & CO Automobile Parts Supply Agreement”	a master agreement dated 5 October 2018 entered into among the Company, Geely Holding and LYNK & CO for the supply of automobile parts and components by the Group to the Geely Holding Group and the LYNK & CO Group
“Geely Ningbo”	吉利集團(寧波)有限公司 (Geely Group (Ningbo) Company Limited*), a limited liability company incorporated in the PRC, and is ultimately wholly owned by Mr. Li
“GGL”	吉利集團有限公司 (Geely Group Company Limited*), a private limited liability company incorporated in the PRC, and is ultimately wholly owned by Mr. Li and his associate

“GGL Group”	GGL and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholder(s) other than Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel, Mr. An Cong Hui and their respective associates
“Kandi”	康迪電動汽車集團有限公司 (Kandi Electric Vehicles Group Co., Ltd.*), a limited liability company incorporated in the PRC and owned as to (i) 26.08% and 23.92% by GGL and Geely Ningbo, respectively; and (ii) 50% by Kandi Vehicles
“Kandi Automobile Parts Supply Agreement”	a master agreement dated 5 October 2018 entered into between the Company and Kandi for the supply of automobile parts and components by the Group to the Kandi Group
“Kandi Group”	Kandi and its subsidiaries
“Kandi Vehicles”	浙江康迪車業有限公司 (Zhejiang Kandi Vehicles Co., Ltd.*), a limited liability company incorporated in the PRC and is indirectly wholly owned by Kandi Technologies
“Kandi Technologies”	Kandi Technologies Group, Inc., a limited liability company incorporated in Delaware, the United States of America, the shares of which are listed on Nasdaq
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LYNK & CO”	領克投資有限公司 (LYNK & CO Investment Co., Ltd.*), a Chinese-foreign equity joint venture of the Company established in the PRC and owned as to 50% by Zhejiang Jirun, 20% by Zhejiang Haoqing and 30% by VCI
“LYNK & CO Group”	LYNK & CO and its subsidiaries

“LYNK & CO Warehouse Services Agreement”	a master agreement dated 5 October 2018 entered into between the Company and LYNK & CO for the provision of warehouse services (including, but not limited to, warehouse rental, storage shelf and moving equipment rental, warehouse management etc.) by the Group to the LYNK & CO Group
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder together with his associate holding 44.41% interests in the total issued share capital of the Company as at the date of this announcement
“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
“Services Agreement”	a master agreement dated 5 October 2018 entered into between the Company and Geely Holding for (i) the sale of CKDs by the Group to the Geely Holding Group; and (ii) the sale of CBUs, automobile parts and components by the Geely Holding Group to the Group
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the assets to be purchased by the Group from the Geely Holding Group pursuant to the Assets Acquisition Agreement, which comprise predominantly imported equipment for use in the Group’s production and research and development, as well as a small amount of office equipment and software system
“VCI”	沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Co., Ltd.*), a limited liability company established in the PRC and a wholly owned subsidiary of Volvo Car Corporation, which in turn is indirectly 99% owned by Geely Holding

“Zhejiang Haoqing”	浙江豪情汽車製造有限公司 (Zhejiang Haoqing Automobile Manufacturing Company Limited*), a private company incorporated in the PRC and a 98.5% owned subsidiary of Geely Holding
“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
“Zhidou”	知豆電動汽車有限公司 (Zhidou Electric Vehicles Company Limited*), a limited liability company incorporated in the PRC, and is owned as to 26.44% by Geely Ningbo and 73.56% by other independent third parties
“Zhidou EV CKD Supply Agreement”	a master agreement dated 5 October 2018 entered into between the Company and Geely Holding for the supply of CKDs for electric vehicles by the Group to the Geely Holding Group
“Zhidou Group”	Zhidou and its subsidiaries
“%”	per cent

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

Hong Kong, 5 October 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*