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**GEELY**

**吉利汽車控股有限公司**

**GEELY AUTOMOBILE HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 175)

**VOLUNTARY ANNOUNCEMENT  
FORMATION OF JOINT VENTURE**

On 12 June 2019, Shanghai Maple Guorun, an indirect 99% owned subsidiary of the Company, entered into the Joint Venture Agreement with LG Chem, pursuant to which the parties agreed to establish the Joint Venture to principally engage in the production and sales of batteries for EVs.

The registered capital of the Joint Venture will be US\$188,000,000, and will be contributed as to 50% and 50% by Shanghai Maple Guorun and LG Chem, respectively.

As each of the applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the establishment of the Joint Venture is below 5%, the establishment of the Joint Venture under the Joint Venture Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

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**ESTABLISHMENT OF THE JOINT VENTURE**

On 12 June 2019, Shanghai Maple Guorun, an indirect 99% owned subsidiary of the Company, entered into the Joint Venture Agreement with LG Chem, pursuant to which the parties agreed to establish the Joint Venture to principally engage in the production and sales of batteries for EVs.

The principal terms of the Joint Venture Agreement are set out below:

Date: 12 June 2019

Parties: Shanghai Maple Guorun, an indirect 99% owned subsidiary of the Company, which is principally engaged in the research, development, production, marketing and sales of vehicles and related automobile components in the PRC; and

LG Chem, which is the largest chemical company in Korea and is engaged in, among others, the research and development, production, and sales of EV batteries.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, LG Chem and its ultimate beneficial owner are independent of and not connected with the Company and its connected persons.

Shareholding of the Joint Venture: The Joint Venture will be 50:50 owned by Shanghai Maple Guorun and LG Chem.

Term of the Joint Venture: The Joint Venture has an initial term of 20 years and may be further extended by mutual agreement in the form of the shareholders' resolution of the Joint Venture.

Business scope: The Joint Venture will principally be engaged in the manufacture and sales of batteries for EVs.

Registered capital: The registered capital of the Joint Venture will be US\$188,000,000, and will be contributed as to 50% (equivalent to US\$94,000,000) in cash by Shanghai Maple Guorun and as to 50% (equivalent to US\$94,000,000) in cash by LG Chem.

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

Board of directors: The board of directors of the Joint Venture will consist of five directors, two of which will be nominated by Shanghai Maple Guorun and three will be nominated by LG Chem.

Under the articles of association of the Joint Venture, the quorum for the board meeting of the Joint Venture is four directors acting either in person or by proxy. Certain key corporate matters of the Joint Venture, including, among others, the amendment to the articles of association of the Joint Venture, dissolution, increase or reduction of the registered capital, would require a unanimous resolution of all the directors attending the board meeting. As a result, the Joint Venture will be accounted as a joint venture of the Group and its financial results will be equity accounted for in the consolidated financial statements of the Group.

## **REASONS AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT**

With increasing public awareness of the importance of environmental protection and the PRC's government policy relating to fuel saving and reducing vehicle emission, major automobile manufacturers are actively developing and promoting EVs and hybrid vehicles. The Board has long recognised the development potential of the EV market in the PRC. As previously disclosed, the Group commenced the implementation of its "Blue Geely Initiatives", the new energy vehicle strategy, in November 2015. The initiative is a 5-year campaign demonstrating the Group's dedication in transforming into the industry leader in new energy vehicle technologies. The reliable supply of advanced and high performance EV batteries is indispensable for the execution of the "Blue Geely Initiatives".

The establishment of the Joint Venture will leverage on the strength, resources and expertise of both parties in the manufacturing of batteries for new energy vehicles in the PRC, which in turn will ensure a stable supply of the EV batteries to the Group in the future.

The Directors (including the independent non-executive Directors) consider that the establishment of the Joint Venture was conducted under normal commercial terms, the terms of which are fair and reasonable. The entering into of the Joint Venture Agreement is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the establishment of the Joint Venture is under 5%, the Joint Venture Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“EV”	electric vehicle;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Joint Venture Agreement”	the agreement dated 12 June 2019 between Shanghai Maple Guorun and LG Chem;
“Joint Venture”	a limited liability company to be incorporated in the PRC pursuant to the Joint Venture Agreement;
“LG Chem”	LG Chem Ltd., a company incorporated in South Korea with limited liability, the shares of which are listed on the Korean Stock Exchange (stock code: 051910);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan);
“Shanghai Maple Guorun”	上海華普國潤汽車有限公司(Shanghai Maple Guorun Automobile Company Limited*), a limited liability company incorporated in the PRC, and is an indirect 99% owned subsidiary of the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$” United States dollar, the lawful currency of the United States of America;

“%” per cent.

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

Hong Kong, 12 June 2019

*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*