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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE JV FORMATION; AND
(2) CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL**

Financial Adviser to Geely Automobile Holdings Limited



(1) THE JV FORMATION

On 4 August 2017, Zhejiang Jirun, a subsidiary of the Company, entered into the Joint Venture Agreement with Zhejiang Haoqing and VCI, pursuant to which Zhejiang Jirun, Zhejiang Haoqing and VCI have conditionally agreed to form the JV Company to engage in the manufacturing and sale of vehicles under the Lynk & Co brand, and the provision of after-sale services relating thereto. Pursuant to the Joint Venture Agreement, the JV Company will be owned as to 50% by Zhejiang Jirun, as to 20% by Zhejiang Haoqing and as to 30% by VCI. The registered capital of the JV Company will be RMB7,500,000,000, which shall be contributed by Zhejiang Jirun, Zhejiang Haoqing and VCI in cash in proportion to their respective equity interests in the JV Company. Upon establishment, the JV Company will become a joint venture of the Company and its financial results will be equity accounted for in the consolidated financial statements of the Group.

(2) THE DISPOSAL

On 4 August 2017, Fulin Guorun and Centurion, both being subsidiaries of the Company, entered into the Disposal Agreement with Zhejiang Haoqing, pursuant to which Fulin Guorun and Centurion have conditionally agreed to dispose of their respective 8% and 91% equity interests in the Disposal Company to Zhejiang Haoqing at an aggregate consideration of RMB1,241,686,840. Upon completion of the Disposal, the Group will no longer hold any interests in the Disposal Company.

Upon completion of the Disposal, the Disposal Company will provide manufacturing services to the JV Company for the manufacturing of CBUs and after-sale parts of the Lynk & Co 01 Model.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, both Zhejiang Haoqing and VCI are indirectly controlled by Geely Holding, which in turn are beneficially wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 44.14% of the total issued share capital of the Company as at the date of this announcement. As such, each of Zhejiang Haoqing and VCI is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Accordingly, each of the JV Formation and the Disposal constitutes a connected transaction of the Company.

As one of the applicable percentage ratios for the JV Formation exceeds 5%, the JV Formation is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one of the applicable percentage ratios for the JV Formation exceeds 5% but is less than 25%, the JV Formation also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the applicable percentage ratios for the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular and 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 have material interests in the JV Formation and the Disposal by virtue of their interests and/or directorship in Geely Holding. As a result, Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui have abstained from voting on the Board resolutions for approving the JV Formation and the Disposal.

EGM

The EGM will be convened to consider and approve the JV Formation. Mr. Li and his associates together holding 3,948,604,000 Shares (representing approximately 44.14% 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 resolution to be proposed at the EGM to approve the JV Formation.

GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the JV Formation, and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the JV Formation in this regard.

A circular containing, among other things, (i) further information about the JV Formation; (ii) the recommendation of the Independent Board Committee in respect of the JV Formation; (iii) the advice of an independent financial adviser regarding the terms of the JV Formation; 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 28 August 2017.

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

INTRODUCTION

Reference is made to the announcement of the Company dated 20 July 2017 in relation to the MOU on the proposed formation of the JV Company. The Board is pleased to announce that on 4 August 2017, Zhejiang Jirun, a subsidiary of the Company, entered into the Joint Venture Agreement with Zhejiang Haoqing and VCI, pursuant to which Zhejiang Jirun, Zhejiang Haoqing and VCI have conditionally agreed to form the JV Company to engage in the manufacturing and sale of vehicles under the Lynk & Co brand, and the provision of after-sale services relating thereto.

Also on 4 August 2017, Fulin Guorun and Centurion, both being subsidiaries of the Company, entered into the Disposal Agreement with Zhejiang Haoqing, pursuant to which Fulin Guorun and Centurion have conditionally agreed to dispose of their respective 8% and 91% equity interests in the Disposal Company to Zhejiang Haoqing.

1. THE JV FORMATION

Principal terms of the Joint Venture Agreement are set forth below:

Date

4 August 2017

Parties: (i) Zhejiang Jirun;
(ii) Zhejiang Haoqing; and
(iii) VCI

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

Zhejiang Haoqing is a non-wholly owned subsidiary of Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate. Accordingly, Zhejiang Haoqing is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Zhejiang Haoqing is principally engaged in manufacturing and sales of automobiles and related components; and agricultural-use vehicles and agricultural related engines, machinery and accessories. Geely Holding and its subsidiaries are principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses.

VCI is an indirect wholly owned subsidiary of Volvo Car Group. Volvo Car Group is indirectly controlled by Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate. Accordingly, VCI is an associate of Mr. Li and a connected person of the Company under the Listing Rules. VCI is principally engaged in investment holding. Volvo Car Group produces a premium range of cars including sedans, cross country, estates and luxury SUV with manufacturing facilities in Sweden, Belgium and the PRC.

Subject matter

Pursuant to the Joint Venture Agreement, Zhejiang Jirun, Zhejiang Haoqing and VCI have conditionally agreed to form the JV Company to engage in the manufacturing and sale of vehicles under the Lynk & Co brand, and the provision of after-sale services relating thereto.

Upon establishment, the JV Company will become a joint venture of the Company and its financial results will be equity accounted for in the consolidated financial statements of the Group.

Term

The JV Company shall have a term of 50 years, commencing on the date on which the business license of the JV Company is first issued.

Business scope and business of the JV Company

The business scope of the JV Company is to engage in the manufacturing and sale of vehicles under the Lynk & Co brand, and the provision of after-sale services relating thereto.

The JV Company shall be established as a holding company for all relevant entities and assets to own and operate the business as described above. The JV Company shall, immediately after its formation and in each case subject to acceptance of the applicable due diligence results by all JV Parties and upon terms and conditions of the applicable definitive agreements to be entered into by the JV Company and the applicable parties, acquire the following entities and assets:

- (i) 100% equity interests in Kai Yue Zhangjiakou Component Manufacturing Co., Ltd.* (凱悅汽車大部件製造(張家口)有限公司) (“**Kai Yue**”), a non-wholly owned subsidiary of Geely Holding as at the date of this announcement, which shall be responsible for the production of the Lynk & Co 02 Model and the Lynk & Co 03 Model; and
- (ii) 100% equity interests in Lynk & Co Auto Sales Company Limited* (領克汽車銷售有限公司) (“**Lynk & Co Sales**”), a non-wholly owned subsidiary of the Company as at the date of this announcement, which (a) shall be responsible for the establishment of Lynk & Co’s dealer network, sales and marketing and after-sale services in the PRC; (b) shall establish a subsidiary to own the intellectual properties in respect of the technology for use in the production of the Lynk & Co 01 Model, and to bear the royalties for use of the CMA in the production of the Lynk & Co 01 Model; and (c) shall establish another subsidiary to be responsible for the sale of vehicles under the Lynk & Co brand and the provision of after-sale services relating thereto outside the PRC.

Pursuant to the Joint Venture Agreement, the technologies for use in the production of the Lynk & Co 01 Model, the Lynk & Co 02 Model and the Lynk & Co 03 Model developed by CEVT and Ningbo Research, both being non-wholly owned subsidiaries of Geely Holding, shall be transferred to and owned by the JV Company or its designated subsidiaries pursuant to the relevant technology transfer agreement(s) and/or technology development agreement(s) to be entered into between the JV Company and the applicable parties.

For the purpose of, amongst others, setting out the principles and primary terms of the above equity interest or asset transfers, and providing framework within which each of such transfers will be given effect by the relevant parties, the Company, Geely Holding and Volvo Car Corporation, on 4 August 2017, entered into a framework agreement in conjunction with the Joint Venture Agreement.

As at the date of this announcement, the principal assets of Kai Yue are the production facilities located in Zhangjiakou City, Hebei Province, the PRC for the production of vehicles. The construction work of the production facilities held by Kai Yue has recently been completed and it is expected that trial production will commence in the second half of 2017 before commercial

production can take place in early 2018. The consideration payable by the JV Company for the acquisition of Kai Yue will be based on the then net assets value of Kai Yue prepared under the HKFRS at the time the relevant acquisition agreement is entered into.

As at the date of this announcement, Lynk & Co Sales has not commenced any business operation. The consideration payable by the JV Company for the acquisition of Lynk & Co Sales will be based on the then registered capital of Lynk & Co Sales contributed by the Group at the time the relevant acquisition agreement is entered into.

The consideration payable by the JV Company for the transfer of the technologies for use in the production of the Lynk & Co 01 Model, the Lynk & Co 02 Model and the Lynk & Co 03 Model will be primarily based on the then actual costs incurred by Geely Holding Group for the research and development of the respective technologies at the time the relevant transfer/development agreement is entered into.

Registered capital

The registered capital of the JV Company shall be RMB7,500,000,000. Zhejiang Jirun, Zhejiang Haoqing and VCI shall subscribe to RMB3,750,000,000, RMB1,500,000,000 and RMB2,250,000,000 in cash, which constitute 50%, 20% and 30% of the registered capital of the JV Company, respectively.

The timing for the JV Parties to make their respective contributions to the registered capital of the JV Company shall be mutually determined and agreed to by the JV Parties based upon the business needs of the JV Company and in compliance with the relevant requirements of the PRC laws. In particular, the JV Parties shall only be obligated to make the initial portion of their respective contributions to the registered capital of the JV Company after the JV Company has obtained its business license setting out information which is consistent with the terms of the Joint Venture Agreement.

Any additional financing which the JV Company may require from time to time over the amounts described above, may be raised by means of equity interest holder's loans on commercial terms, equity contributions by the JV Parties or loans from commercial banks or other parties. Notwithstanding the foregoing, no JV Party shall have any obligation to provide any financing to the JV Company other than making its contributions to the JV Company's registered capital as described above.

The amount of capital contributions to the JV Company was determined after arm's length negotiation between the JV Parties having taking into account the estimated capital requirements of the JV Company as described in the paragraph headed "Business scope and business of the JV Company" above.

It is expected that the registered capital to be contributed by Zhejiang Jirun will be funded by internal resources of the Group.

Conditions precedent

The Joint Venture Agreement shall become effective on the date as of which all of the following conditions have been fulfilled:

- (i) the Joint Venture Agreement and the Articles of Association have been executed by the JV Parties;
- (ii) the Joint Venture Agreement and the Articles of Association have been approved by the board of directors of each of the JV Parties; and
- (iii) the Joint Venture Agreement and the transactions contemplated thereunder have been approved by the Independent Shareholders at the EGM.

The Joint Venture Agreement shall automatically terminate if any condition(s) precedent of the Joint Venture Agreement fail(s) to be fulfilled as of 90 days after the date of the Joint Venture Agreement and within 30 days thereafter the JV Parties fail to reach agreement on extending the time period within which fulfilment of such condition(s) precedent can continue to be pursued.

Composition of the JV Board

The JV Board shall consist of four directors. Zhejiang Jirun shall appoint two directors (one of whom shall be the chairman of the JV Board), Zhejiang Haoqing shall appoint one director and VCI shall appoint one director. Each director shall be appointed for a term of three years and may serve consecutive terms if re-appointed by the JV Party originally appointing him/her.

The chief executive officer and the chief financial officer of the JV Company shall be nominated by Zhejiang Jirun and appointed by the JV Board for a term of three years and may serve consecutive terms if re-nominated by Zhejiang Jirun and re-appointed by the JV Board.

Appointment of supervisors

The JV Company shall have two supervisors with one being appointed by Zhejiang Jirun and the other one being appointed by VCI. Each supervisor shall be appointed for a term of three years and may serve consecutive terms if re-appointed.

2. THE DISPOSAL

Principal terms of the Disposal Agreement are set forth below:

Date

4 August 2017

Parties:

- (i) Fulin Guorun as vendor;
- (ii) Centurion as vendor; and
- (iii) Zhejiang Haoqing as purchaser

Fulin Guorun is an indirect wholly owned subsidiary of the Company and is principally engaged in the research, production, marketing and sales of automobile parts and related components in the PRC.

Centurion is a direct wholly owned subsidiary of the Company and is principally engaged in investment holding.

Please refer to the section headed “1. THE JV FORMATION” above for details of Zhejiang Haoqing.

Subject matter

Pursuant to the Disposal Agreement, Fulin Guorun and Centurion have conditionally agreed to sell, and Zhejiang Haoqing has conditionally agreed to acquire, their respective 8% and 91% equity interests in the Disposal Company. Details of the Disposal Company are set out in the section headed “INFORMATION ON THE DISPOSAL COMPANY” below.

Upon completion of the Disposal, the Company will no longer have any interests in the Disposal Company, and the financial results of the Disposal Company will no longer be consolidated into the financial statements of the Group.

Consideration

The aggregate consideration for the Disposal is RMB1,241,686,840, of which RMB100,338,330 and RMB1,141,348,510 will be payable by Zhejiang Haoqing to Fulin Guorun and Centurion, respectively. Subject to the fulfilment or waiver (as the case may be) of the conditions precedent to the Disposal Agreement, the consideration for the Disposal will be payable in cash within 60 calendar days from the date of completion of the Disposal Agreement.

The consideration for the Disposal was determined after arm’s length negotiations amongst Fulin Guorun, Centurion and Zhejiang Haoqing, which represents a premium of approximately 50% over the net assets value of the Disposal Company prepared under the HKFRS as adjusted by the appraised value of the land and properties of the Disposal Company as at 30 June 2017.

Conditions precedent

Completion of the Disposal will be conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) Zhejiang Haoqing being satisfied with the results of its due diligence review on the Disposal Company, including but not limited to the obtaining of all licenses, consents, and approvals necessary to conduct the business operations of the Disposal Company;
- (ii) the obtaining of all consents, waivers or approvals from the relevant government authorities or third parties required for the transactions contemplated under the Disposal Agreement, including but not limited to the obtaining of the new business license of the Disposal Company and the online search results on the SAIC's website showing that Zhejiang Haoqing is the sole shareholder of the Disposal Company;
- (iii) the representations and warranties made by Fulin Guorun and Centurion in the Disposal Agreement remaining true and accurate in all material respects and not misleading in any respect, and Fulin Guorun and Centurion having performed fully their obligations under the Disposal Agreement on or before the completion of the Disposal; and
- (iv) (a) there being no material adverse change in the existence, business, financial positions of the Disposal Company; and (b) no statute, regulation, proceeding or order pertaining to the Disposal Company that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the Disposal Agreement having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the Disposal.

Zhejiang Haoqing will have the right to waive conditions (i) and (iv) above in part or in full.

In the event the conditions set out above are not fulfilled or waived (as the case may be) on or before 30 September 2017 (or such later date as the parties may agree in writing no later than 7 days before 30 September 2017), any party to the Disposal Agreement will have the right to terminate the Disposal Agreement by prior written notice to the other parties. In the event of such termination, no party to the Disposal Agreement may raise any claim against the other parties or demand the other parties to undertake any liability. All rights, obligations and liabilities under the Disposal Agreement will become null and void upon such termination and the Disposal Agreement will be of no further effect, save for any antecedent breaches.

Completion of the Disposal

Completion of the Disposal will take place on the second business day immediately after the date on which all the conditions precedent to the Disposal Agreement have been fulfilled or waived (as the case may be).

INFORMATION ON THE DISPOSAL COMPANY

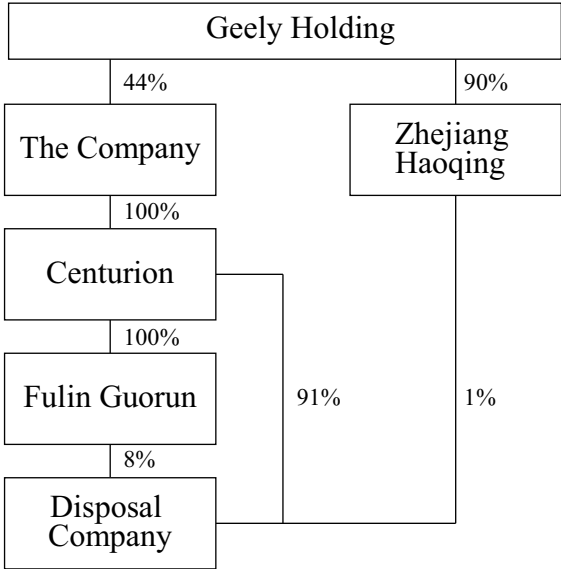
Principal business of the Disposal Company

The Disposal Company is a private limited liability company incorporated in the PRC on 21 December 2006. It is principally engaged in the research, development, production and sales of vehicles and related automobile components in the PRC and its key vehicle model produced was “Geely Kingkong” of the Group. Upon completion of the Disposal, the Disposal Company will provide manufacturing services to the JV Company for the manufacturing of CBUs and after-sale parts of the Lynk & Co 01 Model. Pursuant to an internal restructuring of the Group in November 2016, all the machinery and assets used for the production of vehicles under “Geely Kingkong” model and relevant business operations were transferred from the Disposal Company to Fulin Guorun and all relevant income and expenses (including claims) in relation to the “Geely Kingkong” model incurred after 30 November 2016 have not been assumed by the Disposal Company. The majority of the remaining assets of the Disposal Company were land and buildings under construction as well as equipment for use in the production of the Lynk & Co 01 Model as well as other vehicle models under the Geely Holding Group.

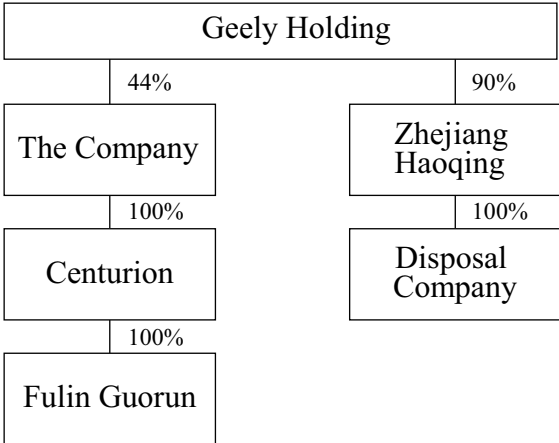
Shareholding structures of the Disposal Company

The following diagrams set out the shareholding structures of the Disposal Company before and upon completion of the Disposal:

As at the date of the announcement:



Upon completion of the Disposal:



Financial information of the Disposal Company

Set out below is the financial information of the Disposal Company for the two financial years ended 31 December 2016 and the six months ended 30 June 2017 prepared under the HKFRS:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the six months ended 30 June 2017
	(Audited)	(Audited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,844,654	1,689,200	–
Net profit/(loss) before taxation	(68,124)	293,576	(13,323)
Net profit/(loss) after taxation	(55,427)	249,706	(32,856)

The unaudited net assets value of the Disposal Company as at 30 June 2017 amounted to approximately RMB707,445,000.

Subject to final audit, it is expected that the Group will realize a gain on disposal of approximately RMB541.3 million which is calculated by reference to the carrying value of the Disposal Company as at 30 June 2017.

The Directors currently intend to apply the proceeds from the Disposal as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE JV FORMATION AND THE DISPOSAL

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

Upon establishment, the JV Company will be principally engaged in the manufacturing and sale of vehicles under the Lynk & Co brand, and the provision of after-sale services relating thereto. The Lynk & Co brand will be marketed globally striving towards a premium position. The first car launched will be Lynk & Co 01 Model, which will be a SUV.

As provided in the Joint Venture Agreement, the JV Company shall, immediately after its formation and subject to due diligence by the JV Parties and upon terms and conditions of the applicable definitive agreements to be entered into by the relevant parties, acquire, amongst others, 100% equity interests in Kai Yue, a non-wholly owned subsidiary of Geely Holding as at the date of this announcement. The principal assets of Kai Yue are the production facilities located in Zhangjiakou City, Hebei Province, the PRC for the production of vehicles under the Lynk & Co 02 Model and the Lynk & Co 03 Model. The construction work of the production facilities held by Kai Yue has

recently been completed and it is expected that trial production will commence in the second half of 2017 before commercial production can take place in early 2018. While the Lynk & Co 02 Model and the Lynk & Co 03 Model will be manufactured in the production facilities held by Kai Yue in the future, the manufacturing of the Lynk & Co 01 Model, which is expected to be launched in the fourth quarter of 2017, will be handled by the Disposal Company which will act as the original equipment manufacturer of the Lynk & Co 01 Model upon completion of the Disposal.

The Group's cooperation with Volvo Car Corporation has been mainly through CEVT, a research and development centre based in Lindholmen Science Park in Gothenburg, Sweden and a non-wholly owned subsidiary of Geely Holding, which Volvo Car Corporation has provided valuable assistance to its establishment and contributed tremendously to the development of the CMA. The CMA will deliver not only world-class product technologies and attributes, but also cost savings in terms of development, testing and sourcing, which lead to the realisation of significant economies of scale.

In addition to the development of the CMA, CEVT, together with Ningbo Research, a research and development centre and a non-wholly owned subsidiary of Geely Holding, are in the process of developing technologies for use in the production of the Lynk & Co 01 Model, the Lynk & Co 02 Model and the Lynk & Co 03 Model. The production of the Lynk & Co 01 Model, the Lynk & Co 02 Model and the Lynk & Co 03 Model will require the utilisation of the CMA as well as the technologies developed by CEVT and Ningbo Research as described above.

It is expected that Volvo Car Group's equity interests in the JV Company demonstrate its support to the Lynk & Co brand going forward.

The Board considers that the JV Formation will allow the Company, through its 50% equity interests in the JV Company, to participate in the operation of the Lynk & Co business, which will be marketed globally striving towards a premium position, and are expected to broaden the income stream of the Group and further strengthen the Group's market position in the automobile market, while the Disposal will facilitate the optimisation of the Company's resources utilization.

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 adviser) consider that the JV Formation is entered into in the ordinary and usual course of business of the Company, is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Although the Disposal is not entered into in the ordinary and usual course of business of the Company, the Directors consider that the Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, both Zhejiang Haoqing and VCI are indirectly controlled by Geely Holding, which in turn are beneficially wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 44.14% of the total issued

share capital of the Company as at the date of this announcement. As such, each of Zhejiang Haoqing and VCI is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Accordingly, each of the JV Formation and the Disposal constitutes a connected transaction of the Company.

As one of the applicable percentage ratios for the JV Formation exceeds 5%, the JV Formation is subject to the reporting and announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one of the applicable percentage ratios for the JV Formation exceeds 5% but is less than 25%, the JV Formation also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the applicable percentage ratios for the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened to consider and approve the JV Formation. Mr. Li and his associates together holding 3,948,604,000 Shares (representing approximately 44.14% 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 resolution to be proposed at the EGM to approve the JV Formation.

GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the JV Formation, and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the JV Formation in this regard.

A circular containing, among other things, (i) further information about the JV Formation; (ii) the recommendation of the Independent Board Committee in respect of the JV Formation; (iii) the advice of an independent financial adviser regarding the terms of the JV Formation; 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 28 August 2017.

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

DEFINITIONS

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

“Articles of Association”	the articles of association of the JV Company executed by the JV Parties on the same date of the Joint Venture Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CBU(s)”	Complete Build-up Unit (整車), a complete vehicle after the final assembly
“CEVT”	China-Euro Vehicle Technology AB, a development centre and a non-wholly owned subsidiary of Geely Holding with operation based in Lindholmen Science Park in Gothenburg, Sweden
“Centurion”	Centurion Industries Limited, a limited company established in the British Virgin Islands and a direct wholly owned subsidiary of the Company
“CMA”	compact modular architecture developed by CEVT, which will be used for developing compact models equipped with the relevant specifically designed powertrain system
“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(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 99% equity interests in the registered capital of the Disposal Company by the Group to Zhejiang Haoqing pursuant to the Disposal Agreement

“Disposal Company”	浙江金剛汽車有限公司(Zhejiang Kingkong Automobile Company Limited*), a limited company established in the PRC and is directly owned as to 8%, 91% and 1% by Fulin Guorun, Centurion and Zhejiang Haoqing, respectively, as at the date of this announcement
“Disposal Agreement”	the disposal agreement entered into between Fulin Guorun, Centurion and Zhejiang Haoqing on 4 August 2017 in relation to the Disposal
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the JV Formation
“Fulin Guorun”	浙江福林國潤汽車零部件有限公司 (Zhejiang Fulin Guorun Automobile Parts & Components Company Limited*), a limited company established in the PRC and an indirect wholly owned subsidiary of the Company
“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 Zhejiang Province, the PRC, and is 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
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 respect of the JV Formation
“Independent Shareholders”	Shareholder(s) other than Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui, and their respective associates
“Joint Venture Agreement”	the joint venture agreement dated 4 August 2017 entered into between Zhejiang Jirun, Zhejiang Haoqing and VCI in relation to the formation of the JV Company
“JV Board”	the board of directors of the JV Company

“JV Company”	LYNK & CO Investment Co., Ltd., a Chinese-foreign equity joint venture company to be established in the PRC by Zhejiang Jirun, Zhejiang Haoqing and VCI pursuant to the Joint Venture Agreement
“JV Formation”	the formation of the JV Company by Zhejiang Jirun, Zhejiang Haoqing and VCI pursuant to the Joint Venture Agreement
“JV Parties”	parties to the Joint Venture Agreement, being Zhejiang Jirun, Zhejiang Haoqing and VCI, and “JV Party” shall be construed accordingly
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lynk & Co”	a new car brand will be marketed globally striving towards a premium position, under which the Lynk & Co 01 Model will be its first vehicle model to be launched to the market
“Lynk & Co 01 Model”	a new SUV model which will be the first vehicle model under the Lynk & Co brand to be marketed
“Lynk & Co 02 Model”	a new vehicle model under the Lynk & Co brand to be manufactured in the production facilities held by Kai Yue
“Lynk & Co 03 Model”	a new vehicle model under the Lynk & Co brand to be manufactured in the production facilities held by Kai Yue
“MOU”	the memorandum of understanding dated 20 July 2017 entered into between the Company, Geely Holding and Volvo Car Corporation in relation to the proposed formation of the JV Company
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder holding 44.14% interests in the total issued share capital of the Company as at the date of this announcement
“Ningbo Research”	寧波吉利汽車研究開發有限公司 (Ningbo Geely Automobile Research and Development Co., Ltd*), a development centre and a non-wholly owned subsidiary of Geely Holding in the PRC
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules

“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	State Administration for Industry and Commerce and its local bureaus
“Shares”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“SUV”	sport utility vehicle
“VCI”	沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Company Limited*), a limited liability company established in the PRC and a subsidiary of Volvo Car Corporation
“Volvo Car Corporation”	an automobile manufacturer established in 1927 and headquartered in Gothenburg, Sweden, a wholly owned subsidiary of Volvo Car AB and is indirectly controlled by Geely Holding
“Volvo Car AB”	Volvo Car AB, a limited liability company incorporated in Sweden and is indirectly controlled by Geely Holding as at the date of this announcement
“Volvo Car Group”	Volvo Car AB and its subsidiaries
“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 is a non-wholly owned subsidiary of Geely Holding 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 a 99% owned subsidiary of the Company

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

Hong Kong, 4 August 2017

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 purpose only*