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;
(2) EXEMPTED CONNECTED TRANSACTIONS

Financial Adviser to Geely Automobile Holdings Limited

浦銀國際
SPDB INTERNATIONAL

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(A) CBUs Sales Agreement

On 26 November 2019, the Company entered into the CBUs Sales Agreement with Geely Holding pursuant to which the Group agreed to sell, and the Geely Holding Group agreed to purchase, CBUs and related after-sales parts, components and accessories manufactured by the Group from 1 January 2020 to 31 December 2021.

The proposed annual caps under the CBUs Sales Agreement for the two years ending 31 December 2021 are approximately RMB1,528.2 million and RMB2,628.6 million, respectively.

(B) R&D and Technology Support Agreement

On 26 November 2019, the Company, Geely Holding and LYNK & CO entered into the R&D and Technology Support Agreement pursuant to which (i) the Group agreed to provide to the Geely Holding Group and LYNK & CO Group R&D and relevant technology support service related to the proprietary technologies owned by the Group, including technologies related to engine and transmission products, and vehicle styling; and (ii) the Group agreed to procure from the Geely Holding Group R&D and relevant technology support service related to general and collaborative technologies, including technologies related to jointly-developed engine and transmission products, for a term from the date of the R&D and Technology Support Agreement to 31 December 2021.

The proposed annual caps of the service fees receivable by the Group under the R&D and Technology Support Agreement for the three years ending 31 December 2021 are approximately RMB76.2 million, RMB539.7 million and RMB550.9 million, respectively.

The proposed annual caps of the service fees payable by the Group under the R&D and Technology Support Agreement for the three years ending 31 December 2021 are approximately RMB52.4 million, RMB408.1 million and RMB478.8 million, respectively.

(C) Operation Services Agreement

On 26 November 2019, the Company, Geely Holding and LYNK & CO entered into the Operation Services Agreement pursuant to which (i) the Group agreed to provide to the Geely Holding Group and LYNK & CO Group operation services that mainly include IT, logistics, finance, human resources and other administrative functions; and (ii) the Group agreed to procure from the Geely Holding Group operation services that mainly include manufacturing engineering services, construction management services and other engineering services for a term from the date of the Operation Services Agreement to 31 December 2021.

The proposed annual caps of the service fees receivable by the Group under the Operation Services Agreement for the three years ending 31 December 2021 are approximately RMB159.1 million, RMB1,198.4 million and RMB1,964.5 million, respectively.

The proposed annual caps of the service fees payable by the Group under the Operation Services Agreement for the three years ending 31 December 2021 are approximately RMB51.8 million, RMB207.3 million and RMB269.5 million, respectively.

EXEMPTED CONNECTED TRANSACTIONS

(A) GEP3 Licensing Agreement

On 26 November 2019, the Company entered into the GEP3 Licensing Agreement with Geely Holding pursuant to which the Group agreed to license to the Geely Holding Group the Intellectual Properties for the design, development, manufacture, sale, marketing and distribution of the Licensed Engine and related parts and components within the Licensed Regions during the Licensed Period. Pursuant to the GEP3 Licensing Agreement, Geely Holding is permitted to sub-license the Intellectual Properties only to the Proton Group for the aforesaid purposes during the Licensed Period.

The total license fee for the Intellectual Properties is RMB300 million, which shall be settled by Geely Holding in five equal annual installments over the course of five years from the date on which the Licensed Period commences.

(B) JN Disposal Agreement

On 26 November 2019, Zhejiang Jirun and Shanghai Maple, both of which are indirect 99% owned subsidiaries of the Company, entered into the JN Disposal Agreement with Geely Industry, pursuant to which (i) Zhejiang Jirun conditionally agreed to sell 90% of the registered capital of the JN Target; (ii) Shanghai Maple conditionally agreed to sell 10% of the registered capital of the JN Target; and (iii) Geely Industry conditionally agreed to acquire the entire registered capital of the JN Target for a cash consideration of approximately RMB507.1 million.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement:

(i) 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;

(ii) Geely Industry is directly wholly owned by Geely Holding; and

(iii) Geely Holding is ultimately wholly owned by Mr. Li and his associate.

Therefore, each of LYNK & CO, Geely Industry 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 CBUs Sales Agreement, R&D and Technology Support Agreement and the Operation Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the GEP3 Licensing Agreement and the JN Disposal Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the proposed annual caps for the transactions contemplated under the CBUs Sales Agreement and the R&D and Technology Support Agreement on an annual basis are over 0.1% but less than 5%, the transactions contemplated under the CBUs Sales Agreement and the R&D and Technology Support Agreement 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.

Reference is made to the announcement of the Company dated 5 October 2018 in relation to the LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement. The LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement both have terms from 1 January 2019 to 31 December 2021 and are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. As the scope of the

Operation Services Agreement is similar in nature to that of the LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement, the Operation Services Agreement should be aggregated with the LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement pursuant to Rule 14A.81 of the Listing Rules. As the applicable percentage ratios for the aggregated annual caps under the Operation Services Agreement, LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement are over 0.1% but less than 5%, the transactions contemplated under the Operation Services Agreement 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 respective Exempted Connected Transactions are over 0.1% but less than 5%, the Exempted Connected Transactions are subject to the reporting and announcement requirements, but are 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 Exempted Connected Transactions 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 Exempted Connected Transactions.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(A) CBUs Sales Agreement

The principal terms of the CBUs Sales Agreement are summarised below:

Date

26 November 2019

Parties

Vendor:	the Company
Purchaser:	Geely Holding

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

Geely Holding is principally engaged in the sales of automobiles and related parts and components wholesale and retail business. As at the date of this announcement, Geely Holding is ultimately wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 44.21% of the total issued share capital of the Company as at the date of this announcement. Accordingly, Geely Holding is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

Subject matter

Pursuant to the CBUs Sales Agreement, the Group agreed to sell, and the Geely Holding Group agreed to purchase, CBUs and related after-sales parts, components and accessories manufactured by the Group. The CBUs and related after-sales parts, components and accessories to be purchased by the Geely Holding Group pursuant to the CBUs Sales Agreement will be further sold to end customers by the dealerships owned and operated by the Geely Holding Group.

The sale of CBUs and related after-sales parts, components and accessories 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 from other independent third parties to the Company.

Pricing basis

The selling price of the CBUs and related after-sales parts, components and accessories under the CBUs Sales Agreement will be determined on an arm's length basis and on normal commercial terms with reference to the prevailing market price for similar products, and will not be lower than the prices offered by the Group to other independent third party distributors by the Group. The prevailing market price as described above will be determined based on the following:

(i) the price of the same or similar automobile products available to other independent third party distributors in the same or proximate regions on normal commercial terms and in the ordinary course of business; or

(ii) if (i) is not applicable, the price of the same or similar automobile products available to other independent third party distributors in the PRC agreed on normal commercial terms and in the ordinary course of business.

Term

From 1 January 2020 to 31 December 2021

Condition precedent

The CBUs Sales 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 CBUs Sales Agreement.

If the above condition has not been fulfilled on or before 31 December 2019 (or such later date as the parties may agree in writing), the CBUs Sales Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The CBUs Sales Agreement may be terminated if:

(i) a three-month prior written notice to terminate the CBUs Sales 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 CBUs Sales 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

Reference is made to the Company's announcement dated 12 December 2014. Pursuant to the 2014 CBU Agreement, the Group agreed to sell CBUs to a distributor owned by the Geely Holding Group in Taizhou City, Zhejiang Province, the PRC with a term from 1 January 2015 to 31 December 2017. The Group has not sold any CBU or related parts and components to the distributor of the Geely Holding Group since 1 January 2018 and up to the date of this announcement. Furthermore, the Group will not sell any CBU or related parts and components to the distributor of the Geely Holding Group in 2019.

The table below sets out the historical transaction amounts for the sale of CBUs by the Group to the Geely Holding Group pursuant to the 2014 CBU Agreement during the three years ended 31 December 2017.

	Historical transaction amounts for the year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Sales of CBUs by the Group to the Geely Holding Group	186,964	507,913	580,737

The table below sets out the proposed annual caps for the sales of CBUs and related after-sales parts, components and accessories by the Group to the Geely Holding Group pursuant to the CBUs Sales Agreement for each of the two years ending 31 December 2021.

	Proposed annual caps for the year ending 31 December	
	2020	**2021**
	RMB'000	*RMB'000*
Sales of CBUs and related after-sales parts, components and accessories by the Group to the Geely Holding Group	1,528,218	2,628,596

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 units of automobile products to be sold to the Geely Holding Group based on the projected number of dealerships of the Geely Holding Group and the projected average units sales of the Group's automobile products per distributor for the two years ending 31 December 2021; and (ii) the projected average selling price of the automobile products to the independent third party distributors of the Group for the two years ending 31 December 2021.

The Directors (including the independent non-executive Directors) are of the view that the CBUs Sales 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 CBUs Sales Agreement for the two years ending 31 December 2021 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(B) R&D and Technology Support Agreement

The principal terms of the R&D and Technology Support Agreement are summarised below:

Date

26 November 2019

Parties

The Company, Geely Holding and LYNK & CO

Please refer to the paragraph headed "Exempted continuing connected transactions – (A) CBUs Sales 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 R&D and Technology Support Agreement, the Group agreed to provide to the Geely Holding Group and LYNK & CO Group R&D and relevant technology support service related to proprietary technologies owned by the Group, including technologies related to engine and transmission products, and vehicle styling.

On the other hand, the Group agreed to procure from the Geely Holding Group R&D and relevant technology support service related to general and collaborative technologies, such as technologies related to jointly-developed engine and transmission products.

The R&D and relevant technology support services provided by either the Group or the Geely Holding Group will be conducted 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 R&D and Technology Support Agreement, the service fee of the R&D and relevant technology support will be determined on the basis of arm's length negotiations between the relevant parties. The parties will refer to the market price of similar services, and if there is no such reference, the price will be determined based on the costs incurred for providing the relevant services plus a margin rate with reference to the cost-plus-margin rate of the comparable companies providing similar services as stated in the transfer pricing analysis report prepared by an independent certified public accountant firm (the "**R&D Transfer**

Pricing Analysis Report”). The margin rate will be reviewed and adjusted on a yearly or as-needed basis by the relevant parties taking into account the fact that the margin rate of comparable companies may change over time.

Term

From the date of the R&D and Technology Support Agreement to 31 December 2021.

Condition precedent

The R&D and Technology Support 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 R&D and Technology Support Agreement.

If the above condition has not been fulfilled on or before 31 December 2019 (or such later date as the parties may agree in writing), the R&D and Technology Support Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The R&D and Technology Support Agreement may be terminated if:

(i) a three-month prior written notice to terminate the R&D and Technology Support Agreement is served by any party;

(ii) any 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 R&D and Technology Support Agreement due to force majeure; or

(iii) Geely Holding and its associates or LYNK & CO and its associates cease to be connected persons of the Company.

Historical transaction amounts and proposed annual caps

Reference is made to the Company’s announcement dated 20 August 2009. Pursuant to the 2009 R&D Agreement, the Group agreed to provide and procure R&D services to and from the Geely Holding Group with a term from 20 August 2009 to 31 December 2011. The Group has not provided or procured any R&D and technology support services to or from the Geely Holding Group since 1 January 2012.

The table below sets out the historical transaction amounts for (i) the provision of R&D services by the Group to the Geely Holding Group and (ii) the procurement of R&D services by the Group from the Geely Holding Group pursuant to the 2009 R&D Agreement during the three years ended 31 December 2011.

	Historical transaction amounts for the year ended 31 December		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Service fees received from the Geely Holding Group for the R&D services provided by the Group	–	57,154	9,270
Service fees paid to the Geely Holding Group for the R&D services provided by the Geely Holding Group	48,060	–	–

The table below sets out the proposed annual caps for the R&D and technology support service fees receivable and payable by the Group pursuant to the R&D and Technology Support 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 receivable from the Geely Holding Group and the LYNK & CO Group for the R&D and technology support services provided by the Group	76,198	539,727	550,935
Service fees payable to the Geely Holding Group for the R&D and technology support services provided by the Geely Holding Group	52,408	408,143	478,793

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 total staff hours required for each R&D and technology support project; (ii) the projected hourly cost for the R&D staff based on historical cost; (iii) other relevant costs incurred for the R&D and technology support project; (iv) the estimated stage of completion of the R&D and technology support projects for each of the three years ending 31 December 2021; and (v) the margin rate of 7.78% as stated in the R&D Transfer Pricing Analysis Report over the estimated costs. Please note that the aforementioned margin rate is only for the purpose of calculating the proposed annual caps above and shall not be deemed as fixed for the transactions throughout the term of the R&D and Technology Support Agreement.

The Directors (including the independent non-executive Directors) are of the view that the R&D and Technology Support 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 R&D and Technology Support 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) Operation Services Agreement

The principal terms of the Operation Services Agreement are summarised below:

Date

26 November 2019

Parties

The Company, Geely Holding and LYNK & CO

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

Please refer to the paragraph headed "Exempted continuing connected transactions – (B) R&D and Technology Support Agreement – Parties" for further details regarding LYNK & CO.

Subject matter

Pursuant to the Operation Services Agreement, (i) the Group agreed to provide to the Geely Holding Group and the LYNK & CO Group, operation services that mainly include IT, logistics, finance, human resources and other administrative functions; and (ii) the Group agreed to procure from the Geely Holding Group operation services that mainly include manufacturing engineering services, construction management services and other engineering services.

The provision of operation services by the Group or the Geely Holding Group under the Operation Services Agreement will be conducted 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 Operation Services Agreement, the service fee of the operation services will be determined on the basis of arm's length negotiations between the relevant parties. The parties will refer to the market price of similar services, and if there is no such reference, the price will be determined based on the costs incurred for providing the relevant services plus a margin rate with reference to the cost-plus-margin rate of the comparable companies providing similar services as stated in the transfer pricing analysis reports prepared by an independent certified public accountant firm (the "**Operation Services Transfer Pricing Analysis Reports**"). The margin rate will be reviewed and adjusted on a yearly or as-needed basis by the relevant parties taking into account the fact that the margin rate of comparable companies may change over time.

Term

From the date of the Operation Services Agreement to 31 December 2021

Condition precedent

The Operation 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 Operation Services Agreement.

If the above condition has not been fulfilled on or before 31 December 2019 (or such later date as the parties may agree in writing), the Operation Services Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Termination

The Operation Services Agreement may be terminated if:

(i) a three-month prior written notice to terminate the Operation Services Agreement is served by any party;

(ii) any 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 Operation Services Agreement due to force majeure; or

(iii) Geely Holding and its associates or LYNK & CO and its associates cease to be connected persons of the Company.

Proposed annual caps

There was no historical figure for the transactions contemplated under the Operation Services Agreement. The table below sets out the proposed annual caps for the service fees receivable and payable by the Group pursuant to the Operation Services Agreement for 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 receivable by the Group for the provision of operation services to the Geely Holding Group and the LYNK & CO Group	159,139	1,198,419	1,964,474
Service fees payable to the Geely Holding Group for the provision of operation services to the Group	51,836	207,344	269,547

Basis of determination of the proposed annual caps

The proposed annual caps for operation services to be provided by the Group have been determined by the Directors with reference to (i) the projected staff costs of the Group to perform functions of IT, finance, human resources and other administrative functions for each of the three years ending 31 December 2021; (ii) the estimated portion of the IT, finance, human resources and other administrative functions solely for the Geely Holding Group and the LYNK & CO Group as compared to the Group's overall IT, finance, human resources and other administrative functions based on the amounts of relevant historical costs incurred by each party; (iii) the estimated costs (including but not limited to transportation, packaging, and labour costs) for the transportation of each vehicle based on historical costs for logistic services; (iv) the estimated number of vehicles for which the Group will provide the logistic services for each of the three years ending 31 December 2021; (v) the projected total staff hours required for supplier quality engineering services and procurement services for each of the three years ending 31 December 2021; (vi) the projected hourly cost for the staff of supplier quality engineering function and procurement function based on historical cost; and (vii) the margin rates of 6.26% for services in relation to IT, 5.39% for services in relation to logistics, 4.25% for services in relation to finance, human resources and legal compliance, 7.44% for services in relation to supplier quality engineering, and 11.00% for services in relation to procurement over the estimated costs with reference to the Operation Services Transfer Pricing Analysis Reports. Please note that the aforementioned margin rates are only for the purpose of calculating the proposed annual caps above and shall not be deemed as fixed for the transactions throughout the term of the Operation Services Agreement.

The proposed annual caps for operation services to be provided by the Geely Holding Group to the Group have been determined by the Directors with reference to (i) the projected total staff hours required for the construction management in relation to the Group's manufacturing plants for each of the three years ending 31 December 2021; (ii) the projected hourly cost for the staff of manufacturing engineering, construction management and other engineering functions based on historical cost; and (iii) the margin rate of 7.44% for services in relation to manufacturing engineering services, construction management services and other engineering services over the estimated costs with reference to the Operation Services Transfer Pricing Analysis Report. Please note that the aforementioned margin rate is only for the purpose of calculating the proposed annual caps above and shall not be deemed as fixed for the transactions throughout the term of the Operation Services Agreement.

The Directors (including the independent non-executive Directors) are of the view that although the Operation Services Agreement is not entered into in the ordinary and usual course of business of the Group, the Operation Services Agreement is entered into on normal commercial terms, and the terms and the proposed annual caps of the Operation 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 TRANSACTIONS

(A) GEP3 Licensing Agreement

Details of the GEP3 Licensing Agreement are set out below:

Date

26 November 2019 (after trading hours)

Parties

Licensor: the Company

Licensee: Geely Holding

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

Subject matter

Pursuant to the GEP3 Licensing Agreement, the Group agreed to license to the Geely Holding Group the Intellectual Properties for the design, development, manufacture, sale, marketing and distribution of the Licensed Engine and the related parts and components within the Licensed

Regions. Pursuant to the GEP3 Licensing Agreement, Geely Holding is permitted to sub-license the Intellectual Properties only to the Proton Group for the aforesaid purposes during the Licensed Period.

Pursuant to the GEP3 Licensing Agreement, the Licensed Engine may only be used by the vehicles developed, manufactured and/or assembled by the Proton Group under Proton brand.

Intellectual Properties

Pursuant to the GEP3 Licensing Agreement, the Intellectual Properties to be licensed to the Geely Holding Group by the Group include, among other things, patents, inventions, designs, copyrights etc. associated with the Licensed Engine (that is, the GEP3 Engine).

License fee

The total license fee for the Intellectual Properties is RMB300 million, which shall be settled by Geely Holding in five equal annual installments over the course of five years from the date on which the Licensed Period commences.

The license fee for the Intellectual Properties was determined after arm's length negotiations between the Company and Geely Holding with reference to (i) the actual research and development costs (including labour costs, design and testing costs, prototype costs etc.) incurred by the Group in developing the Intellectual Properties; and (ii) the estimated production volume of vehicles by the Proton Group using the Licensed Engine as compared to the Group. Having considered that (i) the Group has been manufacturing, selling, marketing and distributing the vehicles using the Licensed Engine in the PRC using the Intellectual Properties (that is, the research and development costs of the Intellectual Properties would have been incurred by the Group regardless of whether the GEP3 Licensing Agreement was entered into); and (ii) the total license fee of RMB300 million represents a significant portion of the actual research and development costs incurred in developing the Intellectual Properties, the Directors (including the independent non-executive Directors) are of the view that the license fee is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Licensed Period

The licensed period under the GEP3 Licensing Agreement shall be 20 years from the date of the GEP3 Licensing Agreement or the date on which the production of the relevant Licensed Engine in the Licensed Regions commences, whichever is later. From the beginning of the 11th year to the end of the Licensed Period, the Group may only license the Intellectual Properties to the Geely Holding Group for the procurement, manufacture and sale of the parts and components of the Licensed Engine for warranty purpose.

Termination

Without prejudice to any other remedies that the party may enjoy, either party may terminate the GEP3 Licensing Agreement by written notice if the other party (i) materially breaches the GEP3 Licensing Agreement and such breach is capable of remedy but not remedied within 60 days of the observant party giving written notice requesting for remedy; (ii) has defaulted on its debts; (iii) is in the process of winding-up either compulsorily or voluntarily; (iv) is in the process of settling or holding meetings with its creditors; (v) has been appointed a receiver or administrator to take custody of its assets; (vi) ceases or has the risk of ceasing its business.

(B) JN Disposal Agreement

The principal terms of the JN Disposal Agreement are summarized below:

Date

26 November 2019 (after trading hours)

Parties

Vendor:	Zhejiang Jirun and Shanghai Maple
Purchaser:	Geely Industry

Zhejiang Jirun and Shanghai Maple are principally engaged in the research, development, production, marketing and sale of automobiles, automobile parts and related automobile components in the PRC, and both are indirect 99% owned subsidiaries of the Company. The remaining 1% interests in Zhejiang Jirun and Shanghai Maple are both indirectly held by other Mr. Li's interested entities as at the date of this announcement.

Geely Industry is an investment arm of the Geely Holding Group and is directly wholly owned by Geely Holding as at the date of this announcement. Please refer to the paragraph headed "Exempted continuing connected transactions – (A) CBUs Sales Agreement – Parties" for further details regarding Geely Holding.

Subject matter

Pursuant to the JN Disposal Agreement, (i) Zhejiang Jirun conditionally agreed to sell 90% of the registered capital of the JN Target; (ii) Shanghai Maple conditionally agreed to sell 10% of the registered capital of the JN Target; and (iii) Geely Industry conditionally agreed to acquire the entire registered capital of the JN Target. Details of the JN Target Group are set out in the paragraph headed "Exempted connected transactions – (B) JN Disposal Agreement – Information on the JN Target Group".

Upon completion of the JN Disposal, the JN Target together with its subsidiary will become wholly owned subsidiaries of Geely Industry, and the financial statements of the JN Target Group will cease to be consolidated into the financial statements of the Group.

Consideration

The consideration for the JN Disposal is approximately RMB507.1 million, which will be payable in cash within three months from the date of completion of the JN Disposal.

The consideration for the JN Disposal was determined after arm's length negotiations among Zhejiang Jirun, Shanghai Maple and Geely Industry with reference to the market value of the net assets of the JN Target Group as stated in the Valuation Report prepared based on asset-based approach. The market value of the JN Target Group consists of (i) carrying value of the net assets of the JN Target Group prepared under the HKFRS as at 30 September 2019 of approximately RMB341.5 million; (ii) the valuation premium of the JN Properties of approximately RMB170.9 million, being the difference between the JN Properties Value of RMB584.3 million and the carrying value of the JN Properties of approximately RMB413.4 million as at 30 September 2019; and (iii) the net valuation impairment of other fixed assets held by the JN Target Group of approximately RMB5.3 million.

JN Shareholder's Loan

As at 30 September 2019, the Group has advanced to the JN Target Group the outstanding JN Shareholder's Loan amounted to approximately RMB660 million. The Company expects that the amount of the outstanding JN Shareholder's Loan will not be higher than RMB660 million from 1 October 2019 to the date of completion of the JN Disposal. Pursuant to the JN Disposal Agreement, the outstanding JN Shareholder's Loan will be repaid by the Geely Holding Group to the Group before or upon completion of the JN Disposal.

Conditions precedent

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

(i) Geely Industry being satisfied with the results of its due diligence review on the JN Target, including, but not limited to, the possession by the JN Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the JN Target;

(ii) the Company having made the announcement and obtained the Independent Shareholders' approval (if applicable) for the JN Disposal Agreement and the transaction contemplated thereunder in accordance with the Listing Rules;

(iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the JN Disposal, including but not limited to, the obtaining of the new business license of the JN Target and that Geely Industry is shown as the sole shareholder of the JN Target on the SAIC's website;

(iv) the representations and warranties made by Zhejiang Jirun and Shanghai Maple in the JN Disposal Agreement remaining true and accurate in all material respects and not misleading in any respect, and Zhejiang Jirun and Shanghai Maple having performed fully their obligations under the JN Disposal Agreement on or before completion of the JN Disposal; and

(v) (a) there being no material adverse change in the existence, business and financial positions of the JN Target; and (b) no statute, regulation, proceeding or order pertaining to the JN Target having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the JN Disposal that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the JN Disposal Agreement.

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

Completion of the JN Disposal

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

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

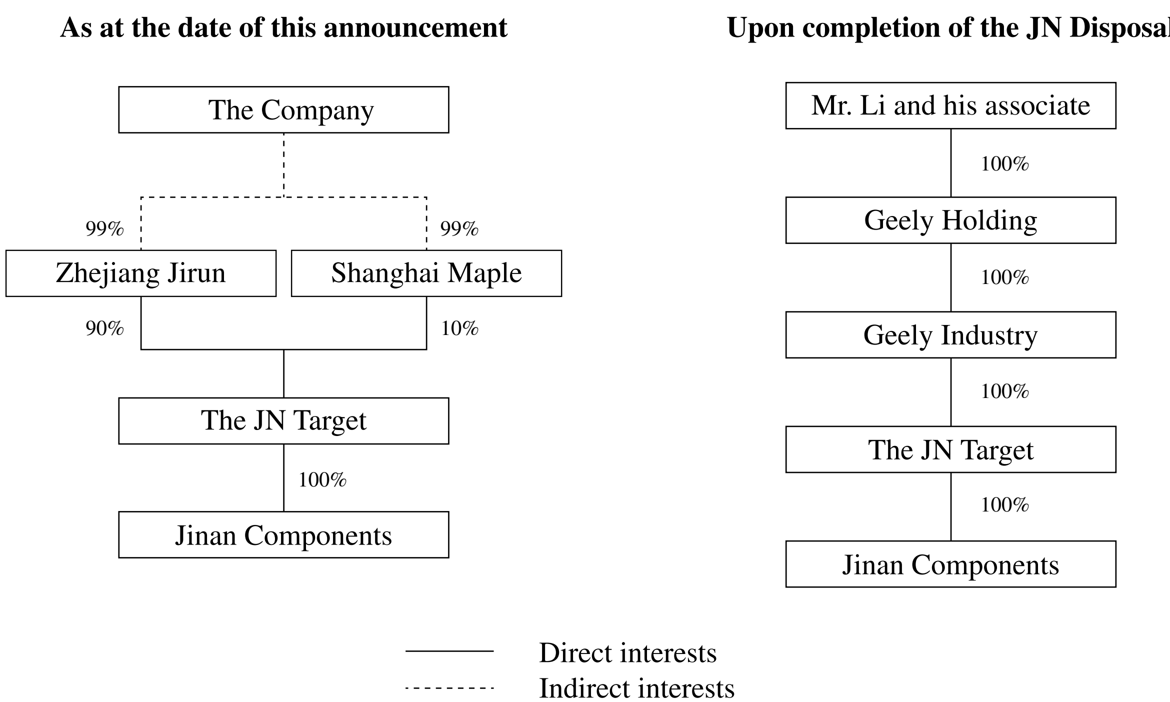
Information on the JN Target Group

Principal businesses of the JN Target Group

The JN Target is a limited liability company incorporated in the PRC on 10 May 2006. The JN Target Group is principally engaged in the manufacture and sale of automobile vehicles and automobile engines, and the provision of after-sales services in the PRC.

Shareholding structures of the JN Target Group

The following diagrams set out the shareholding structures of the JN Target Group before and upon completion of the JN Disposal:



Financial information on the JN Target Group

Set out below is the unaudited consolidated financial information of the JN Target Group for the periods as indicated below prepared under the HKFRS:

	For the year ended 31 December 2017	**For the year ended 31 December 2018**	**For the nine months ended 30 September 2019**
	(Audited)	(Audited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*
Revenue	1,633,777	903,114	399,270

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the nine months ended 30 September 2019
	(Audited)	(Audited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*
Profit/(Loss) before taxation	133,007	(78,863)	42,237
Profit/(Loss) after taxation	108,096	(79,315)	33,440

The unaudited net asset value of the JN Target Group as at 30 September 2019 amounted to approximately RMB341.5 million. As at 30 September 2019, the outstanding JN Shareholder's Loan amounted to approximately RMB660 million.

Information of the JN Properties

The JN Properties are located in High-tech Industrial Development District, Jinan City, Shandong Province, the PRC. According to the Valuation Report, as at 30 September 2019, the JN Properties comprised:

(i) a parcel of land with a total site area of 746,730 sq.m.; and

(ii) 12 industrial and ancillary buildings with a total gross floor area of 168,292 sq.m.

As at the date of this announcement, the JN Target Group holds 13 real estate rights certificates for the JN Properties.

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

(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.

(A) CBUs Sales Agreement

In view of the weakened passenger vehicle market in the PRC caused by the trade friction between the PRC and the United States of America as well as the fall in demand for passenger vehicles, the Geely Holding Group has planned to strategically operate its own dealerships to enhance customer satisfaction and experience and to facilitate the sales of auto brands including Geely, LYNK & CO, and other brands owned by the Geely Holding Group from 2020. The Directors noted that such strategy of the Geely Holding Group is in line with the market trend that other vehicle manufacturers have implemented in China. The Directors are of the view that the entering into of the CBUs Sales Agreement is beneficial to the Group as (i) the Group has no intention to set up dealership network on its own and by entering into the CBUs Sales Agreement, the Group will enjoy additional distribution channels for the sale of CBUs without incurring additional selling and distribution costs; and (ii) the CBUs and related after-sales parts, components and accessories will be sold at the prevailing market price since the Group will ensure that the terms and pricing policy for the transactions contemplated under the CBUs Sales Agreement will be consistent with the practices between the Group and other independent distributors.

(B) R&D and Technology Support Agreement

The R&D and technology support services provided by the Group to the Geely Holding Group and the LYNK & CO Group are mainly for engines, transmissions and other automobile-related products to be used by the models under the brands of Proton, LYNK & CO and other brands owned by Geely Holding Group. The R&D and technology support services provided by the Geely Holding Group to the Group will give the Group access to the global R&D resources of the Geely Holding Group. The Directors are of the view that the entering into of the R&D and Technology Support Agreement is beneficial to the Group as (i) it enhances synergy and co-sharing of technology among the parties, which reduces the overall R&D costs for the Group; (ii) it provides an additional income source to the Group; and (iii) it supports further technology upgrade for the Group's engine, transmissions and other automobile-related products which in turn improves the competitiveness of the Group's vehicles.

(C) Operation Services Agreement

The services to be provided by the Group pursuant to the Operation Services Agreement will be primarily for the LYNK & CO Group, the Proton Group and other companies associated with the Geely Holding Group. With established history in the automobile industry, the Group already possesses the administrative resources and experience in the operation of IT, logistics, finance, human resources and other administrative functions.

The manufacturing engineering services, construction management services and other engineering services to be provided by the Geely Holding Group is for the continuous management in the construction and modification stage of the Group's existing and new production plants. Since 2017, the Group has acquired nine manufacturing plants from the Geely Holding Group which were still under development at the times of the acquisitions. The initial preparation and construction stage of these plants were managed by staff from the Geely Holding Group prior to the acquisitions.

The Directors are of the view that the entering into of the Operation Services Agreement is beneficial to the Group as (i) the operation services to be provided by the Group to the Geely Holding Group and the LYNK & CO Group are charged with reasonable margin rates over the actual costs, which will bring in additional revenue and income to the Group; and (ii) the operation services to be provided by the Geely Holding Group to the Group will provide relevant expertise to the Group in managing the construction and modification process of the Group's existing and new production plants. Furthermore, the operation services to be provided to the Geely Holding Group and the LYNK & CO Group will be on terms no less favourable than those offered to the Geely Holding Group and the LYNK & CO Group by other independent third parties.

Having considered the foregoing, the Directors (including the independent non-executive Directors) are of the view that the CBUs Sales Agreement and the R&D and Technology Support Agreement are entered into in the ordinary and usual course of business of the Group and on normal commercial terms. Although the Operation Services Agreement is not entered into in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that it is entered into on normal commercial terms. Furthermore, the Directors (including the independent non-executive Directors) are of the view that 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 TRANSACTIONS

(A) GEP3 Licensing Agreement

On 23 June 2017, Geely Holding entered into an agreement with DRB-HICOM pursuant to which the Geely Holding Group acquired from DRB-HICOM 49.9% interests in Proton, a Malaysia-based automobile company established in 1983. The Intellectual Properties to be licensed to the Geely Holding Group pursuant to the GEP3 Licensing Agreement will ultimately be used by the Proton Group for their design, development, manufacture, sale, marketing and distribution of the Licensed Engine in the Licensed Regions.

The Licensed Engine is currently being used by the vehicles manufactured by the Group. The Company considers that since the R&D costs of the Licensed Engine have been incurred by the Group, the license fee charged under the GEP3 Licensing Agreement can bring in additional revenue to cover the Group's R&D costs. Furthermore, the Company considers that the GEP3 Licensing Agreement will provide an opportunity for the Group to export its technology on engine product, which will enhance and promote the Group's corporate image in the South East Asia market.

The Directors (including the independent non-executive Directors) are of the view that the GEP3 Licensing Agreement is entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

(B) JN Disposal Agreement

As disclosed in the section headed "Exempted connected transactions – (B) JN Disposal Agreement – Information on the JN Target Group", the JN Target Group is principally engaged in the manufacture and sale of automobile vehicles and automobile engines, and the provision of after-sales services in the PRC.

The JN Target was established in 2006. During the two years ended 31 December 2018 and the nine months ended 30 September 2019, the JN Target only manufactured the knock-down kits for Vision X1 model and for vehicles under the Zhidou brand.

After taking into account the downward market demand of the automobile models manufactured by the JN Target, the Directors are of the view that continuing the production activities of the JN Target will not be economically beneficial to the Group. Furthermore, the engine products manufactured by the Jinan Components, the sole subsidiary of the JN Target, cannot fulfill the prevailing stricter standards on the emission of engines in the PRC. Therefore, as at the date of this announcement, the JN Target Group has stopped its production activities. In light of the enormous costs to be incurred for retooling the production facilities to manufacture other automobile models and to meet the prevailing emission standard on engines, the Directors are of the view that disposing the JN Target Group is beneficial to the Group because it will bring in proceeds as the Group's working capital. Following the completion of the JN Disposal, the Company will no longer be interested in the JN Target Group, and the Company will record a gain on the JN Disposal of approximately RMB166 million.

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

RELEVANT INTERNAL CONTROL MEASURES

In order to ensure that the aforesaid pricing bases for the CBUs Sales Agreement, the R&D and Technology Support Agreement and the Operation Services Agreement are adhered to, the Company will adopt the following internal control measures.

CBUs Sales Agreement

The Group will monitor the expected selling price of the CBUs and related after-sales parts, components and accessories to ensure the fairness of the selling price of the CBUs and related after-sales parts, components and accessories. The Group will ensure that the pricing policies for the CBUs and related after-sales parts, components and accessories will be circulated to all of the Group's distributors including those owned by the Geely Holding Group and there will not be different pricing policies separately circulated to the distributors owned by the Geely Holding Group. The sales team and the finance department of the Group will monitor the terms and pricing policy for each transaction between the Group and the Geely Holding Group and ensure that the terms and pricing policy for the transactions contemplated under the CBUs Sales Agreement are consistent with the practices between the Group and the independent third party distributor. The finance department of the Group will also ensure the continuing connected transactions are conducted on normal commercial terms, in the ordinary course of business and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

R&D and Technology Support Agreement

In terms of the R&D and technology support services provided by the Group to the Geely Holding Group and the LYNK & CO Group, the finance department of the Group will coordinate with the R&D department and review the relevant cost items as well as other necessary and reasonable expenses incurred by the Group for the relevant R&D and technology support projects. The finance department of the Group will carry out the aforesaid work regularly to ensure that the continuing connected transactions are being implemented in accordance with the pricing policies.

In terms of the R&D and technology support services provided by the Geely Holding Group to the Group, the R&D department of the Group will regularly review the relevant costs items provided by the Geely Holding Group in relation to the R&D and technology support services performed and ensure the existence and accuracy of such costs. Then the R&D department will coordinate with the finance department which will further review the pricing from the Geely Holding Group to ensure that such transactions are being implemented in accordance with the pricing policies.

The Group, the Geely Holding Group and the LYNK & CO Group will negotiate regularly the terms of the continuing connected transactions to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred by the Group or the Geely Holding Group in such transactions.

Operation Services Agreement

The finance department of the Group will regularly monitor the relevant cost items, as well as other necessary and reasonable expenses for each type of operation services provided by the Group to the Geely Holding Group and the LYNK & CO Group and ensure that the service fees charged for such operation services are determined properly. The Group will negotiate with the Geely Holding Group and the LYNK & CO Group the terms of such transactions regularly to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred by the Group in such transactions.

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) 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;

(ii) Geely Industry is directly wholly owned by Geely Holding; and

(iii) Geely Holding is ultimately wholly owned by Mr. Li and his associate.

Therefore, each of LYNK & CO, Geely Industry 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 CBUs Sales Agreement, R&D and Technology Support Agreement and Operation Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the GEP3 Licensing Agreement and the JN Disposal Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the proposed annual caps for the transactions contemplated under the CBUs Sales Agreement and the R&D and Technology Support Agreement on an annual basis are over 0.1% but less than 5%, the transactions contemplated under the CBUs Sales Agreement and the R&D and Technology Support Agreement 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.

Reference is made to the announcement of the Company dated 5 October 2018 in relation to the LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement. The LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement both have terms from 1 January 2019 to 31 December 2021 and are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. As the scope of the Operation Services Agreement is similar in nature to that of the LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement, the Operation Services Agreement should be aggregated with the LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement pursuant to Rule 14A.81 of the Listing Rules. As the applicable percentage ratios for the aggregated annual caps under the Operation Services Agreement, LYNK & CO Warehouse Services Agreement and the Business Travel Services Agreement are over 0.1% but less than 5%, the transactions contemplated under the Operation Services Agreement 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 respective Exempted Connected Transactions are over 0.1% but less than 5%, the Exempted Connected Transactions are subject to the reporting and announcement requirements, but are 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 Exempted Connected Transactions 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 Exempted Connected Transactions.

DEFINITIONS

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

"2009 R&D Agreement"	the master agreement dated 20 August 2009 entered into between the Company and Geely Holding pursuant to which the Group and the Geely Holding Group provided R&D services to each other
"2014 CBU Agreement"	the master agreement dated 12 December 2014 entered into between the Company and Geely Holding for the sale of CBUs by the Group to the Geely Holding Group
"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
"CBU(s)"	Complete Buildup Unit(s) (整車), a complete vehicle after the final assembly
"CBUs Sales Agreement"	a master agreement dated 26 November 2019 entered into between the Company and Geely Holding for the sale of CBUs and the related after-sales parts, components and accessories by the Group to the Geely Holding Group
"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
"DRB-HICOM"	DRB-HICOM Berhad, a public company whose shares are listed on the Kuala Lumpur Stock Exchange
"Exempted Connected Transactions"	transactions contemplated under (i) the GEP3 Licensing Agreement; and (ii) the JN Disposal Agreement
"Exempted Continuing Connected Transactions"	transactions contemplated under (i) the CBUs Sales Agreement; (ii) the R&D and Technology Support Agreement; and (iii) the Operation 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 Industry"	浙江吉利汽車實業有限公司 (Zhejiang Geely Automobile Industry Company Limited*), a limited liability company established in the PRC and an 100% directly owned subsidiary of Geely Holding

"GEP3 Licensing Agreement"	the licensing agreement entered into between the Company and Geely Holding on 26 November 2019 in relation to the licensing of the Intellectual Properties by the Group to the Geely Holding for the design, development, manufacture, sale, marketing and distribution of the Licensed Engine within the Licensed Regions during the Licensed Period
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholder(s) other than Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel, Mr. An Cong Hui and their respective associates
"Intellectual Properties"	the intellectual properties including, among other things, patents, inventions, designs, copyrights etc. associated with the Licensed Engine
"IT"	information technology
"JN Components"	濟南吉利汽車零部件有限公司 (Jinan Geely Automobile Components Company Limited*), a limited liability company incorporated in the PRC, and owned as to 100% by the JN Target as at the date of this announcement
"JN Disposal"	the disposal of the entire registered capital of the JN Target by Zhejiang Jirun and Shanghai Maple to Geely Industry pursuant to the JN Disposal Agreement
"JN Disposal Agreement"	the disposal agreement entered into among Zhejiang Jirun, Shanghai Maple and Geely Industry on 26 November 2019 in relation to the JN Disposal
"JN Properties"	an industrial complex located in High-tech Industrial Development District, Jinan City, Shandong Province, the PRC
"JN Properties Value"	market value of the JN Properties as stated in the Valuation Report
"JN Shareholder's Loan"	interest-free loan made to the JN Target Group by the Group

"JN Target"	濟南吉利汽車有限公司 (Jinan Geely Automobile Company Limited*), a limited liability company incorporated in the PRC, and owned as to 90% by Zhejiang Jirun and 10% by Shanghai Maple as at the date of this announcement
"JN Target Group"	JN Target together with JN Components
"Licensed Engine"	the GEP3 engine, a three-cylinder turbo-charged engine developed by the Group
"Licensed Period"	the licensed period for the Licensed Engine, which shall be 20 years from the date of the GEP3 Licensing Agreement or the date on which the production of the Licensed Engine in the Licensed Regions commences, whichever is later
"Licensed Regions"	Negara Brunei Darussalam, Republic of Indonesia, Malaysia, Republic of Singapore, and Thailand as the initial licensed regions and other regions in the world to be approved by the Company before the license becomes effective in such region
"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 44.21% interests in the total issued share capital of the Company as at the date of this announcement
"Operation Services Agreement"	a master agreement dated 26 November 2019 entered into among the Company, Geely Holding and LYNK & CO for the operation services provided by the Group and the Geely Holding Group

"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
"Proton"	Proton Holdings Berhad, a private limited liability company incorporated in Malaysia, and is owned as to 49.9% by the Geely Holding Group
"Proton Group"	Proton and its subsidiaries
"R&D"	research and development
"R&D and Technology Support Agreement"	a master agreement dated 26 November 2019 entered into among the Company, Geely Holding and LYNK & CO for the R&D and technology support services provided by the Group and the Geely Holding Group
"RMB"	Renminbi, the lawful currency of the PRC
"SAIC"	State Administration for Industry and Commerce or its local bureaus
"Shanghai Maple"	上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited*), a limited liability company established in the PRC and an indirect 99% owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.02 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuation Report"	the valuation report on the JN Properties and other fixed assets held by the JN Target Group prepared by an independent valuer

"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
"Vision X1"	a sport utility vehicle model developed by the Group
"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
"%"	per cent

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

Hong Kong, 26 November 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, 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*