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**GEELY**

**吉利汽車控股有限公司**

**GEELY AUTOMOBILE HOLDINGS LIMITED**

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

(Stock code: 175)

**VOLUNTARY ANNOUNCEMENT  
FORMATION OF JOINT VENTURE**

On 27 July 2021, Jirun Automobile, an indirect 99% owned subsidiary of the Company, entered into the Joint Venture Agreement with Sunwoda and Geely Holding Automobile, pursuant to which the parties agreed to form the Joint Venture to engage in the development, production and sales of hybrid battery cells, battery modules and battery packs.

The registered capital of the Joint Venture will be RMB100 million, and will be contributed as to 41.50%, 30% and 28.50% by Jirun Automobile, Sunwoda and Geely Holding Automobile, respectively.

As at the date of this announcement, Geely Holding Automobile is a wholly-owned subsidiary of Geely Holding. Geely Holding is beneficially wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a Controlling Shareholder holding approximately 41.16% of the total issued share capital of the Company as at the date of this announcement. As such, Geely Holding Automobile is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Accordingly, the JV Formation constitutes a connected transaction of the Company.

As each of the applicable percentage ratios in respect of the JV Formation is less than 0.1%, the JV Formation under the Joint Venture Agreement falls within the *de minimis* threshold under Rule 14A.76(1)(a) of the Listing Rules and is fully exempt under Chapter 14A of the Listing Rules. This announcement is made by the Company on a voluntary basis.

**THE JV FORMATION**

On 27 July 2021, Jirun Automobile, an indirect 99% owned subsidiary of the Company, entered into the Joint Venture Agreement with Sunwoda and Geely Holding Automobile, pursuant to which the parties agreed to form the Joint Venture to engage in the development, production and sales of hybrid battery cells, battery modules and battery packs. The formation of the Joint Venture is subject to regulatory approval.

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

Date: 27 July 2021

Parties: Jirun Automobile;

Sunwoda; and

Geely Holding Automobile.

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

Capital Contribution: The JV Partners will pay up their respective contributions in cash to the Joint Venture as follows:

<b>JV Partner</b>	<b>Amount of Contribution (RMB million)</b>	<b>Interests in the Joint Venture (%)</b>
Jirun Automobile	41.5	41.5
Sunwoda	30.0	30.0
Geely Holding Automobile	<u>28.5</u>	<u>28.5</u>
Total	<u><u>100</u></u>	<u><u>100</u></u>

The first capital contribution of RMB20 million will be paid by the JV Partners in proportion to their respective shareholding of the Joint Venture within 30 days upon obtaining the business license of the Joint Venture. The remaining capital contribution will be made within six months upon obtaining the business license of the Joint Venture.

Term of the Joint Venture: The Joint Venture has a term of operation of 20 years.

**Business scope:** The Joint Venture will principally be engaged in (1) the development, production, sales and after-sales service of lithium ion batteries, lithium polymer batteries, power batteries, energy storage batteries, battery management systems and rechargeable battery packs; and (2) technical services, testing services and consulting services for lithium batteries and related products. The business scope of the Joint Venture will be based on the scope registered in the State Administration for Industry and Commerce of the PRC.

**Registered capital:** The registered capital of the Joint Venture will be RMB100 million, and will be contributed as to 41.50% (equivalent to RMB41.5 million) in cash by Jirun Automobile, as to 30% (equivalent to RMB30.0 million) in cash by Sunwoda and as to 28.50% (equivalent to RMB28.5 million) in cash by Geely Holding Automobile. According to the Joint Venture Agreement, the JV Partners will further negotiate and determine separately if further capital increase is required in the future.

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

**Composition of the board of directors and board of supervisors:** The board of directors of the Joint Venture will consist of five directors, two of whom will be nominated by Jirun Automobile, two of whom will be nominated by Sunwoda and one of whom will be nominated by Geely Holding Automobile. The board meeting will be held only when more than one-half of the board of directors are present.

The board of supervisors of the Joint Venture will comprise two supervisors. Jirun Automobile and Sunwoda will each appoint one supervisor.

**Profit Sharing:** Upon approval by the JV Partners, distributable profit of the Joint Venture may be distributed to the JV Partners in proportion to their actual capital contribution made to the Joint Venture.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding. Jirun Automobile is a limited liability company incorporated in the PRC and is an indirect 99% owned subsidiary of the Company. It is principally engaged in the research, development, production, marketing and sales of vehicles and related automobile components in the PRC.

### **Geely Holding Automobile**

Geely Holding Automobile is a private limited liability company established in the PRC which is wholly owned by Geely Holding. Geely Holding Automobile is principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses.

### **Sunwoda**

Sunwoda is a limited liability company established in the PRC and is a wholly-owned subsidiary of Sunwoda Electronic Company Ltd.\* (欣旺達電子股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300207). It is principally engaged in providing electric vehicle battery-system solutions worldwide.

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

The establishment of the Joint Venture will leverage on the strength, resources and expertise of all parties in the manufacturing of batteries for new energy vehicles in the PRC, which in turn will ensure a stable supply of the electric vehicles batteries to the Group in the future. In line with the government's initiative in transforming and upgrading vehicle by using energy-saving technology, the Group has been making efforts in developing vehicles which could reduce carbon emission and conserve more energy. The Company believes through establishment of the Joint Venture, the Group will be able to enhance its supply chain capability and effectively reduce costs. Upon the completion of the JV Formation, the financial results of the Joint Venture will be accounted for using the equity method in the consolidated financial statements of the Group.

The Directors (including the independent non-executive Directors) consider that the JV Formation is conducted in the ordinary and usual course of business of the Company, the terms of which are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## GENERAL

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Formation are under 5%, the JV Formation does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, Geely Holding Automobile is a wholly-owned subsidiary of Geely Holding. Geely Holding is beneficially wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a Controlling Shareholder holding approximately 41.16% of the total issued share capital of the Company as at the date of this announcement. As such, Geely Holding Automobile is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Accordingly, the JV Formation constitutes a connected transaction of the Company. As each of the applicable percentage ratios in respect of the JV Formation is less than 0.1%, the JV Formation under the Joint Venture Agreement falls within the *de minimis* threshold under Rule 14A.76(1)(a) of the Listing Rules and is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. This announcement is made by the Company on a voluntary basis.

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 175);
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Geely Holding Automobile”	Geely Automobile Group Company Limited* (吉利汽車集團有限公司), a private limited liability company established in the PRC, and is wholly owned by Geely Holding as at the date of this announcement;
“Geely Holding”	Zhejiang Geely Holding Group Company Limited* (浙江吉利控股集團有限公司), a private limited liability company incorporated in Zhejiang Province, the PRC, and is beneficially wholly owned by Mr. Li and his associate as at the date of this announcement;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jirun Automobile”	Zhejiang Jirun Automobile Company Limited* (浙江吉潤汽車有限公司), a limited liability company established in the PRC and an indirect 99% owned subsidiary of the Company as at the date of this announcement;
“Joint Venture”	a limited liability company to be established in the PRC pursuant to the Joint Venture Agreement;
“Joint Venture Agreement”	the agreement dated 27 July 2021 entered into among Jirun Automobile, Sunwoda and Geely Holding Automobile in relation to the JV Formation;
“JV Formation”	the formation of the Joint Venture by the parties pursuant to the Joint Venture Agreement;
“JV Partners”	the party(ies) to the Joint Venture Agreement, namely Jirun Automobile, Sunwoda and Geely Holding Automobile;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Li”	Mr. Li Shu Fu, an executive Director and holds approximately 41.16% of the total issued share capital of the Company as at the date of this announcement;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan);
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company;
“Shareholders”	the holder(s) of the Share(s);
“Sunwoda”	Sunwoda Electric Vehicle Battery Company Ltd.* (欣旺達電動汽車電池有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Sunwoda Electronic Company Ltd.* (欣旺達電子股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300207);
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

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

Hong Kong, 28 July 2021

*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 purpose only*