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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) ADOPTION OF SHARE AWARD SCHEME
AND
(2) AWARD OF GRANT SHARES UNDER THE SCHEME
PURSUANT TO GENERAL MANDATE**

ADOPTION OF SHARE AWARD SCHEME

The Board resolved on 30 August 2021 to adopt the Scheme in which Selected Participants will be entitled to participate. The purposes of the Scheme are to encourage the Selected Participants to continuously make greater contributions to the long-term growth of the Group and thereby enhancing the value of the Company and its Shares for the benefit of the Shareholders, and to attract and retain high calibre employees whose contributions will be beneficial to the growth and development of the Group.

The Scheme will be subject to the administration of the Board in accordance with the Scheme Rules. Subject to compliance with all applicable laws, regulations and rules (including but not limited to the Listing Rules), the Board may from time to time instruct the Trustee to directly or indirectly purchase Shares in the open market or subscribe for new Shares for the purpose of the Scheme.

The Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the Scheme.

AWARD OF GRANT SHARES

Following the adoption of the Scheme, the Board resolved to award an aggregate of 167,022,000 Grant Shares to 10,884 Selected Participants under the Scheme by way of issue and allotment of new Shares pursuant to the General Mandate.

The issue and allotment of the Grant Shares under the Award will be subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Grant Shares.

ADOPTION OF SHARE AWARD SCHEME

On 30 August 2021, the Board resolved to adopt the Scheme in which Selected Participants will be entitled to participate. A summary of the Scheme Rules is set out below:

Summary of the Scheme Rules

Purposes

The purposes of the Scheme are: (i) to provide the Selected Participants with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with the Company; and (iii) to provide additional incentive for the Selected Participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to the shareholders of the Company through ownership of Shares.

Administration

The Scheme will be subject to the administration of the Board in accordance with the Scheme Rules. The Board may by resolutions amend the Scheme Rules from time to time.

The Trustee will hold the Shares and the income derived therefrom in accordance with the Scheme Rules and subject to the terms of the Trust Deed.

The administration and amendment of the Scheme will be subject to compliance with the Company's articles of association, and all applicable laws, regulations and rules (including but not limited to the Listing Rules and the Takeovers Code).

Operation of the Scheme

The Board or the Committee may, subject always to the Scheme Rules, from time to time by resolution determine the number of Shares to be granted and at its absolute discretion select any Participant (other than an Excluded Participant) to be a Selected Participant under the Scheme.

The Board or the Committee is entitled to impose any conditions (including remaining as a Selected Participant and meeting the prescribed performance target), as it deems appropriate in its absolute discretion with respect to the entitlement of the Selected Participant to the Grant Shares.

After the Board has determined the number of Grant Shares and the Selected Participants, it shall cause to be paid to the Trustee from the Company's resources such sum for the purchase or subscription by the Trustee of the Grant Shares (including brokerage fee, stamp duty, SFC transaction levy and Stock Exchange trading fee and such other necessary expenses).

Subject to compliance with all applicable laws, regulations and rules (including but not limited to the Listing Rules), the Board may from time to time instruct the Trustee to directly or indirectly purchase Shares in the open market or subscribe for new Shares for the purpose of the Scheme. Such Shares purchased or subscribed by the Trustee and any returned Shares will be held by the Trustee until they are vested in the Selected Participants in accordance with the Scheme Rules and the Trust Deed.

Vesting of Grant Shares

Prior to a Vesting Date, the Board will send to the Selected Participant a vesting notice and the Selected Participant is required to return a confirmation in the manner decided by the Company to the Board. The Board will then deliver to the Trustee a confirmation that the vesting conditions have been fulfilled and the Trustee will transfer to and vest in the Selected Participant the legal and beneficial ownership of the Grant Shares to which the Selected Participant is entitled under the relevant Award on the Vesting Date.

Lapse

If a Selected Participant fails to confirm in the manner decided by the Company for the relevant Grant Shares within the stipulated period, the relevant part of the Award made to such Selected Participant will automatically lapse forthwith and the relevant Grant Shares will not vest on the relevant Vesting Date but will become Unvested Shares for the purpose of the Scheme.

Subject to other provisions of the Scheme Rules and unless otherwise determined by the Board, in the event that:

- (i) the performance target is not met (or partially achieved then vest pro rata if applicable);
- (ii) the Selected Participant ceases to be a Participant for whatever reason;
- (iii) the Affiliate by which the Selected Participant is employed ceases to be an Affiliate; or
- (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company,

the Award will automatically lapse forthwith and all the Grant Shares that have not been vested will not vest and will become Unvested Shares for the purposes of the Scheme.

Voting Rights of the Trustee

The Trustee will not exercise the voting rights in respect of any Shares held under the Trust.

Restrictions

Prior to the vesting of the relevant Grant Shares, (i) an Award made pursuant to the Scheme Rules will be personal to the Selected Participant to whom it is made and will not be assignable, and no Selected Participant will in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Grant Shares referable to him/her pursuant to such Award; and (ii) a Selected Participant is not entitled to any rights attaching to the unvested Grant Shares (including but not limited to any voting rights and rights to dividends or distributions). Further, a Selected Participant will have no rights in any cash or non-cash income in respect of the Grant Shares, and any cash remaining in the trust fund of the Trust under the Scheme prior to the vesting of the relevant Grant Shares.

No payment will be made to the Trustee and no instructions to acquire Shares will be given to the Trustee under the Scheme when any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Further, the Board will not make an Award during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

Scheme limit

The maximum number of Grant Shares that may be granted under the Scheme is 350,000,000 Shares, representing approximately 3.56% of the total number of issued Shares in issue as at the Adoption Date.

The Board will not make any further grant of award such that the total number of Shares granted under the Scheme will exceed 3.56% percent of the total number of issued Shares as at the Adoption Date.

Further, if the relevant subscription or purchase would result in the Trustee holding in aggregate, more than 3.56% of the total number of issued Shares of the Company as at the Adoption Date, the Trustee will not subscribe for or purchase any further Shares.

Duration and termination

The Scheme will be valid and effective from the Adoption Date and will terminate on the earlier of (i) the tenth (10th) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination will not affect any subsisting rights of any Selected Participant under the Scheme.

Listing Rules implications

The Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Scheme.

AWARD OF GRANT SHARES

Details of the Award

Following the adoption of the Scheme, the Board resolved to award an aggregate of 167,022,000 Grant Shares to 10,884 Selected Participants under the Scheme by way of issue and allotment of new Shares pursuant to the General Mandate.

Upon the issue and allotment of the new Shares, the Trustee will hold the new Shares in trust for the Selected Participants. Subject to the satisfaction of the vesting conditions, such new Shares will be transferred to the Selected Participants at nominal value on the Vesting Date.

The Selected Participants are employees of the Company and its Affiliates, and they are not connected persons of the Company.

General Mandate

The Grant Shares will be issued under the General Mandate. At the annual general meeting of the Company held on 24 May 2021, the Shareholders have resolved to grant to the Directors a general authority to allot and issue up to 982,020,154 Shares, representing 10% of the total number of Shares in issue on the date of the passing of the relevant resolution. No Shares have been issued under the General Mandate from the date of its resolution to the date of this announcement.

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 167,022,000 Grant Shares.

Condition

The issue and allotment of the 167,022,000 Grant Shares to the Selected Participants under the Award will be subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Grant Shares.

Further details of the Grant Shares under the Award

Number of Grant Shares

167,022,000 Grant Shares will be issued under the Award.

The 167,022,000 new Grant Shares to be issued and allotted by the Company to the Selected Participants represent approximately 1.70% of the total number of Shares in issue as at the date of this announcement and approximately 1.67% of the total number of Shares in issue as enlarged by the issue and allotment of the Grant Shares (assuming no issue or buy back of Shares other than the issue of the Grant Shares).

Issue price of the Grant Shares

The Grant Shares will be issued and allotted to the Trustee at the nominal value of HK\$0.02 per Share. The aggregate nominal value of the 167,022,000 Grant Shares is HK\$3,340,440.

Market price of the Shares

The closing price of the Shares as at 30 August 2021 as quoted on the Stock Exchange was HK\$26.90 per Share. The average closing price of the Shares for the five consecutive trading days immediately preceding 30 August 2021 as quoted on the Stock Exchange is HK\$25.49 per Share.

Based on the closing price of HK\$26.90 per Share as quoted on the Stock Exchange as at the date of the Award, the market values of 167,022,000 Grant Shares is HK\$4,492,891,800.

The Selected Participants are required to pay the nominal value for the Grant Shares.

Status of the Grant Shares

The Grant Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

Identity of the allottee

The Grant Shares will be allotted and issued to the Trustee, BOCI-Prudential Trustee Limited, who will hold the Grant Shares in trust in accordance with the Trust Deed for the Selected Participants.

To the best knowledge, information and belief of the Directors, the Trustee is independent of the Company and connected persons of the Company.

Vesting

Subject to the satisfaction of the vesting conditions, including but not limited to remaining as a Selected Participant and meeting the prescribed performance target, the Grant Shares with respect to a Selected Participant will vest in 4 tranches of 25% each year from 30 August 2022 to 29 August 2025.

These Awards are subject to various vesting conditions, including but not limited to meeting the company-level performance target and the Selected Participant's level performance target. Subject to the fulfilment of other applicable conditions, the vesting percentage of Grant Shares awarded in a given year with respect to a particular Selected Participant will be determined by evaluating the foregoing vesting conditions.

Among these vesting conditions, the company-level performance evaluation metrics include (but not limited to) sales metrics exemplified by sales volume, market position metrics exemplified by market share, and profitability metrics exemplified by net profit. The sales metrics are the core strategic metrics of the Company, and introducing such metrics serves to make it clear to the Company's employees the future sales targets that need to be achieved jointly by the Company and the employees. Market position metrics are the ultimate expression of the Company's position in the industry, and pursuing the number one (1) amongst indigenous brands in the PRC is the requisite goal for the Company. Profitability metrics are the embodiment of the Company's self-sustainability, and form the basis for the Company's survival and development. The specific company-level performance evaluation metrics will be determined by consideration of various factors in a timely manner during each vesting period. Specifically, considering the Company's positioning and middle- to long-term development plan, it has been determined that the annual sales volume evaluation target for 2025 shall be not less than 3,000,000 vehicles. During the entire evaluation period, the market share of the Company shall maintain number one (1) amongst indigenous brands in the PRC.

The foregoing sales volume evaluation target does not include Zeekr brand and only applies to the Scheme under this announcement. Separately, for statistic purpose and not intended as any form of sales forecast, the Company has set a combined sales volume evaluation target of 3,650,000 vehicles in 2025 for itself and its subsidiary Zeekr, of which the sales volume of new energy vehicles (including battery electric vehicle ("BEV") and plug-in hybrid electric vehicles ("PHEV")) will account for more than 30%.

Equity fund raising activities of the Company in the past twelve-month period

The Company has not engaged in any fund raising activities by any issue of Shares in the twelve-month period immediately preceding the date of this announcement.

Reasons for the Award

The Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Grant Shares to the Selected Participants serves to recognize the contributions of the Selected Participants to the Group, and provides them with rewards and incentives to allow the Group to retain talents for the continual operation and development of the Group.

Furthermore, there will not be any actual cash outflow by the Group under the award of the Grant Shares to the Selected Participants. In this regard, the Directors consider that the terms and conditions of the Award are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

“Adoption Date”	30 August 2021, being the date on which the Company adopted the Scheme;
“Affiliate”	means in relation to the Company, its holding company, controlling shareholder, subsidiaries and companies controlled by such holding company and controlling shareholder, joint ventures of the Company and investee companies in which the Company holds not less than 10% equity interests;
“Award”	an award of Grant Shares by the Board to a Selected Participant pursuant to the Scheme Rules on such terms and conditions as the Board may from time to time determine;
“Board”	the board of Directors of the Company;
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a black rain warning signal is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which the Stock Exchange is open for trading and on which banks in Hong Kong and the PRC are open for business;
“Committee”	the committee delegated by the Board with the authority to administer the Scheme;
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 0175);
“connected person”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Excluded Participant”	any Participant who is resident in a place where the grant of the Grant Shares and/or the vesting and transfer of the Grant Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant;
“General Mandate”	the general mandate to issue up to 982,020,154 Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 24 May 2021;
“Grant Shares”	in respect of a Selected Participant, such number of Shares determined by the Board under an Award;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Participant”	means any individual being a director (including executive and non-executive director), employee, officer, agent or consultant of the Company or any of its Affiliates or any individual approved by the Board from time to time;
“PRC”	the People’s Republic of China;
“Scheme/Share Award Scheme”	the restricted share award scheme adopted by the Company on the Adoption Date (in its present or any amended form);
“Scheme Rules”	the rules of the Scheme, as amended from time to time;
“Selected Participant(s)”	means any Participant selected by the Board or the Committee in accordance with the terms of and entitled to receive an Award under the Scheme;
“SFC”	the Securities and Futures Commission;

“Share(s)”	ordinary share(s) of HK\$0.02 each in the capital of the Company (or of such other nominal amount as will result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as modified from time to time);
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee;
“Trustee”	BOCI-Prudential Trustee Limited, the appointed trustee, or any additional or replacement trustees;
“Unvested Shares”	means such Shares which do not vest in the Selected Participants and have been or will be forfeited in accordance with terms of the Scheme Rules;
“Vesting Date”	in respect of an Selected Participant, the vesting date on which the Trustee may vest the legal and beneficial ownership of the relevant Grant Shares (or the relevant portions thereof) in such Selected Participant;
“%”	per cent; and
“Zeekr”	means Zeekr Intelligent Technology Holding Limited, a company incorporated in the Cayman Islands and is a subsidiary of the Company as at the date of this announcement.

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

Hong Kong, 30 August 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.