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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 JV COMPANY**

On 20 December 2018, Zhejiang Jirun, an indirect 99% owned subsidiary of the Company, entered into the Joint Venture Agreement with CATL Battery, pursuant to which the parties agreed to establish the JV Company to principally engage in the research and development, manufacture and sale of battery cells, battery modules and battery packs.

The registered capital of the JV Company will be RMB1,000,000,000, and will be contributed as to 49% (equivalent to RMB490,000,000) in cash by Zhejiang Jirun and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery.

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

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**ESTABLISHMENT OF THE JV COMPANY**

On 20 December 2018, Zhejiang Jirun, an indirect 99% owned subsidiary of the Company, entered into the Joint Venture Agreement with CATL Battery, pursuant to which the parties agreed to establish the JV Company to principally engage in the research and development, manufacture and sale of the Products.

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

Date: 20 December 2018

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

CATL Battery, which is principally engaged in the research and development, production and sale of electric vehicle (EV) battery and energy storage battery systems.

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

Shareholding of the JV Company: The JV Company will be owned as to 49% by Zhejiang Jirun and as to 51% by CATL Battery.

Term of the JV Company: The JV Company will have an initial term of 20 years and the term may be further extended by resolution of the shareholders of the JV Company.

Business scope: The JV Company will principally be engaged in the research and development, manufacture and sale of the Products.

Registered capital: The registered capital of the JV Company will be RMB1,000,000,000, and will be contributed as to 49% (equivalent to RMB490,000,000) in cash by Zhejiang Jirun and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery.

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

Board of directors: The board of directors of the JV Company will consist of five directors, two of which will be nominated by Zhejiang Jirun and three will be nominated by CATL Battery.

Under the articles of association of the JV Company, two-thirds or above majority resolution of the directors (present in person or represented by proxy for the board meeting) of the JV Company is needed for some corporate matters.

Accounting treatment of the JV Company:

The JV Company is a joint venture of the Group and its financial results will be accounted for in the consolidated financial statements of the Group using the equity method.

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

With increasing public awareness of the importance of environmental protection and the PRC's government policy relating to fuel saving and reducing vehicle emission, major automobile manufacturers are actively developing and promoting electric vehicles and hybrid vehicles. The Board has long recognised the development potential of the electric vehicle market in the PRC. As disclosed in the Company's interim report for the six months ended 30 June 2018, the Group commenced the implementation of its new energy vehicle strategy in November 2015. The initiative is a 5-year campaign demonstrating the Group's dedication in transforming into the industry leader in new energy vehicle technologies. The reliable supply of advanced and high performance battery cells, battery modules and battery packs for new energy vehicles is indispensable for the execution of the new energy vehicle strategy.

The establishment of the JV Company will leverage on the strength, resources and expertise of both parties in the manufacturing of battery cells, battery modules and battery packs for new energy vehicles in the PRC, which in turn will ensure a stable supply of the Products to the Group in the future.

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

## **GENERAL**

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

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“CATL Battery”	寧德時代新能源科技股份有限公司(Contemporary Amperex Technology Company Limited*), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300750)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the agreement dated 20 December 2018 between Zhejiang Jirun and CATL Battery
“JV Company”	a limited liability company to be incorporated in the PRC pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Products”	battery cells, battery modules and battery packs
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhejiang Jirun”

浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited\*), a limited liability company incorporated in the PRC, and is an indirect 99% owned subsidiary of the Company as at the date of this announcement

“%”

per cent.

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

\* *For identification purposes only*

Hong Kong, 20 December 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Yang Jian (Vice Chairman), Mr. Li Dong Hui, Daniel (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence and Ms. Wei Mei, the non-executive director of the Company is Mr. Carl Peter Edmund Moriz Forster, and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. An Qing Heng and Mr. Wang Yang.*