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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)

INSIDE INFORMATION

This announcement is made by Geely Automobile Holdings Limited (the “**Company**”) in accordance with Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”) concerning disclosure of inside information and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

On 10 February 2020, the Company announced that it was in discussions with the management of Volvo Car AB (publ) (“**Volvo Cars**”) (hereinafter collectively referred to as the “**Parties**”) regarding the possible restructuring through the business combination of the Parties. For details, please refer to the announcement of the Company published on 10 February 2020. After a detailed review of various combination solutions, the Company is pleased to announce that the Parties have now found the best combination solution. While maintaining their existing independent corporate structure, the Parties will carry out the following series of business combination and collaboration (hereinafter collectively referred to as “**Business Combination and Collaboration**” or “**Combination Solution**”):

- **POWERTRAIN**

To combine powertrain operations through equity merger in order to provide powertrain products to the Parties and to develop powertrain products and next-generation dual-motor hybrid system (applicable to hybrid electric vehicles and plug-in hybrid electric vehicles) for the Parties. The post-merger powertrain company will commence operation this year and will offer products and services to other automobile companies.

- **ELECTRIFICATION**

To jointly develop the next-generation modular electric vehicle architecture for use by the Parties, the Lynk&Co brand (an automobile brand operated by a joint venture of the Parties and their substantial shareholder, 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited) (“**Geely Holding**”)) and the Polestar brand (an automobile brand operated by a joint venture of Volvo Cars and Geely Holding), on the basis of the current sharing of two

modular electric vehicle architectures, namely Sustainable Experience Architecture (SEA) and Scalable Product Architecture 2 (SPA 2). Also, to share technologies on electrification (including battery packs and electric drive systems) and intelligent connectivity and carry out joint procurement to reduce costs.

- **AUTONOMOUS DRIVING**

To jointly develop advanced autonomous driving solution under the lead of Zenseact AB, an autonomous driving software development company and a wholly-owned subsidiary of Volvo Cars.

- **OPERATIONAL COLLABORATION**

The Lynk&Co brand was officially launched in Europe at the end of last year, and will gradually provide its service to global customers through overseas sales channels and after-sales network of Volvo Cars.

To progress the Combination Solution, the Parties will establish a new governance model to ensure the efficient and smooth implementation of various projects.

Both Parties believe that the above Business Combination and Collaboration is made based on their close collaboration and good synergies in the past 10 years, and is formulated based on the existing foundation in order to cope with tremendous changes in the global automobile industry. This best Combination Solution continues to explore the synergetic business areas of the Parties. While enjoying the advantages of a business combination, the Parties can continue to maintain their existing merits of effective decision-making, capitalize on familiar market segments and regional advantages, and protect the interests of their respective shareholders. Meanwhile, the above Combination Solution could eliminate the uncertainty that will bring to their respective shareholders and potential investors from equity merger of the Parties. In addition, the above Combination Solution will allow the Parties to achieve better sustainable development in their respective business areas, enabling the Parties to truly realize the maximum value of combination synergy and seek maximum return for the respective shareholders of the Parties.

The board of directors (including the independent non-executive directors) of the Company is of the view that, through the above Business Combination and Collaboration, the major potential competition between the Parties has been mitigated. The irrevocable undertaking given by Geely Holding to the Company in relation to the Geely Holding Acquisition on 27 March 2010 has now been fully reflected and fulfilled. For details of the definition of the Geely Holding Acquisition and the irrevocable undertaking, please refer to the announcement of the Company published on 29 March 2010.

Geely Holding and Volvo Cars are connected persons of the Company under the Listing Rules by virtue of the fact that Geely Holding is a substantial shareholder indirectly holding approximately 40.94% interests in the issued share capital of the Company and also that it is an associate of Mr. Li

Shu Fu, an executive director of the Company, and Geely Holding indirectly holds approximately 97.8% interests in Volvo Cars. Consequently, to the extent that any actual collaboration takes place between Geely Holding or Volvo Cars and the Company which constitutes a notifiable transaction and/or a connected transaction for the Company, the Company will comply with the relevant requirements of the Listing Rules.

Save for disclosed above, as at the date of this announcement, no concrete timetable or detailed plans of the above Business Combination and Collaboration have been concluded. As the above Business Combination and Collaboration is only preliminary in nature, it may not necessarily proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 February 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.