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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 codes: 175 (HKD counter) and 80175 (RMB counter)

**(1) UPDATE IN RELATION TO THE PROPOSED SPIN-OFF;
(2) THE PROPOSED SUBSCRIPTION; AND
(3) NOTICE OF BOARD MEETING**

References are made to the announcements of the Company dated 31 October 2022, 13 December 2022, 25 August 2023, 10 November 2023, 26 November 2023 and 21 March 2024 (collectively, the “**Announcements**”) in relation to the Proposed Spin-off. Capitalised terms used herein shall have the same meanings as defined in the Announcements, unless otherwise stated.

UPDATE IN RELATION TO THE PROPOSED SPIN-OFF

On 3 May 2024 (New York time), ZEEKR made a public filing of the Red Herring Prospectus with the SEC. Subject to the final terms of an underwriting agreement to be agreed upon by ZEEKR, the Underwriters and other relevant parties, if any, and to market conditions, the ZEEKR Offering is expected to consist of an initial offering of 17,500,000 ADSs to be sold by ZEEKR. The Underwriters will also have an option to subscribe up to an additional 2,625,000 ADSs upon exercise of the Over-allotment Option (as defined below).

The initial offer price of each ADS is expected to be between US\$18 and US\$21.

THE PROPOSED SUBSCRIPTION

On the same day, the Company has provided the Written Indication (as defined below) indicating its interest in subscribing up to US\$320 million (equivalent to approximately HK\$2,505.6 million) of the ADSs being offered in the ZEEKR Offering at the initial public offering price and on the same terms as the other ADSs being offered. The final number of ADSs to be subscribed by the Company will be subject to the final offer price of the ADSs being offered in the ZEEKR Offering. The Written Indication is merely non-binding indication of interest and does not create any legal obligation on any party. The Company will comply with applicable requirements under the Listing Rules in relation to the Proposed Subscription as and when appropriate.

LISTING RULES IMPLICATION

The Proposed Spin-off

As at the date of this announcement, ZEEKR is a non-wholly owned Subsidiary of the Company. Following completion of the Proposed Spin-off, it is expected that ZEEKR will continue being a non-wholly owned Subsidiary of the Company. The Proposed Spin-off, if proceeded with, will constitute a deemed disposal of the interest in a Subsidiary under Rule 14.29 of the Listing Rules.

It is expected that the highest applicable percentage ratio in respect of the Proposed Spin-off will be less than 5%. Therefore, the Proposed Spin-off, if proceeded with, will not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

The Proposed Subscription

ZEEKR is owned as to approximately 54.7% (on an as-converted basis) and approximately 51.3% (on a fully-diluted and as-converted basis) by the Company, and is owned as to approximately 13.2% (on an as-converted basis) and approximately 12.4% (on a fully-diluted and as-converted basis) by Geely Holding. As at the date of this announcement, Geely Holding is beneficially wholly-owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 41.19% of the issued share capital of the Company. Accordingly, Geely Holding is an associate of Mr. Li and a connected person of the Company. ZEEKR is hence a connected Subsidiary of the Company. As such, the Proposed Subscription, if proceeded with, will constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

It is expected that the highest applicable percentage ratio in respect of the Proposed Subscription may exceed 0.1% but less than 5%. Therefore, the Proposed Subscription, if proceeded with, will be subject to the reporting and announcement requirements, but exempt from the circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

NOTICE OF BOARD MEETING

In accordance with the requirements of paragraph 3(f) of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing a distribution in specie of ADSs to the Shareholders (or cash alternative for those Shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the U.S. or are U.S. persons (as defined in Regulation S), or are otherwise ineligible holders of ADSs) (the “**Assured Entitlement**”).

The Board hereby announces that, under Rule 13.43 of the Listing Rules, a meeting of the Board will be held on 16 May 2024 for the purposes of considering the Assured Entitlement. Details of the terms of the proposed Assured Entitlement have not yet been finalised as at the date of this announcement. The Company will announce the declaration and detailed terms of the proposed Assured Entitlement immediately after it is declared in accordance with the requirements under Rule 13.45 of the Listing Rules.

The Proposed Spin-off is subject to, among other things, the obtaining of approvals from the relevant authorities in respect of the listing of, and permission to deal in, securities of ZEEKR, and the final decisions of the Company and ZEEKR. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the ZEEKR Offering will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

References are made to the announcements of the Company dated 31 October 2022, 13 December 2022, 25 August 2023, 10 November 2023, 26 November 2023 and 21 March 2024 (collectively, the “**Announcements**”) in relation to the Proposed Spin-off. Capitalised terms used herein shall have the same meanings as defined in the Announcements, unless otherwise stated.

UPDATE IN RELATION TO THE PROPOSED SPIN-OFF

On 3 May 2024 (New York time), ZEEKR made a public filing of the Red Herring Prospectus with the SEC. Subject to the final terms of an underwriting agreement to be agreed upon by ZEEKR, the Underwriters and other relevant parties, if any, and to market conditions, the ZEEKR Offering is expected to consist of an initial offering of 20,125,000 ADSs to be sold by ZEEKR, representing 201,250,000 ZEEKR Shares, assuming full exercise of the Over-allotment Option (as defined below) by the Underwriters:

- an initial offering of 17,500,000 ADSs to be sold by ZEEKR, assuming the Over-allotment Option is not exercised; and
- an over-allotment option, which may be exercised by the Underwriters, of up to 2,625,000 additional ADSs, such option to be granted by ZEEKR to the Underwriters (the “**Over-allotment Option**”).

Offer Price

The initial offer price of each ADS is expected to be between US\$18 and US\$21. It is expected that ZEEKR and the Underwriters will determine the final offer price and enter into an underwriting agreement in respect of the ZEEKR Offering on or about 9 May 2024 (New York time).

Intended Use of Proceeds

The net proceeds to be received by ZEEKR from the ZEEKR Offering are estimated to be approximately US\$308.6 million (equivalent to approximately HK\$2,416.3 million), or approximately US\$356.2 million (equivalent to approximately HK\$2,789.0 million) if the Over-allotment Option is exercised in full by the Underwriters, based on an assumed initial offer price of US\$19.5 per ADS, being the midpoint of the estimated initial offer price range set forth on the front cover of the Red Herring Prospectus, after deducting underwriting discounts and commissions and the estimated offering expenses payable by ZEEKR. ZEEKR intends to use the net proceeds for the following purposes:

- (i) approximately 45% for the development of more advanced battery electric passenger vehicle technologies, as well as expansion of product portfolio;
- (ii) approximately 45% for the sales and marketing, and expansion of the service and charging network of the ZEEKR Group; and
- (iii) approximately 10% for general corporate purposes, including working capital needs, to support the business operations and growth of the ZEEKR Group.

Conditions to the ZEEKR Offering

The ZEEKR Offering is conditional on, among other things, the following:

- the Red Herring Prospectus being declared effective by the SEC and the New York Stock Exchange granting approval for the listing of the ADSs; and
- the entering into by ZEEKR, the Underwriters and other relevant parties, if any, of an underwriting agreement for the initial purchase by the Underwriters of the number of ADSs to be specified therein, the satisfaction of certain conditions to closing set forth in the underwriting agreement and the underwriting agreement not being terminated in accordance with its terms or otherwise, on or before the date and time to be specified therein.

If these or any other applicable conditions are not fulfilled or waived (if possible) prior to the dates and times to be specified, the ZEEKR Offering and thus the Proposed Spin-off will lapse and a notice will be published by the Company as soon as practicable after such lapse.

THE PROPOSED SUBSCRIPTION

On the same day, the Company has provided written indication indicating its interest in subscribing up to US\$320 million (equivalent to approximately HK\$2,505.6 million) of the ADSs being offered in the ZEEKR Offering at the initial offer price and on the same terms as the other ADSs being offered (the “**Written Indication**”). The final number of ADSs to be subscribed by the Company will be subject to the final offer price of the ADSs. The Written Indication is merely non-binding indication of interest and does not create any legal obligation on any party. The Company intends to fund the Proposed Subscription by its internal resources and will comply with applicable requirements under the Listing Rules in relation to the Proposed Subscription as and when appropriate.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no connected persons of the Company have indicated an interest in subscribing the ADSs.

Assuming full exercise of the Over-allotment Option by the Underwriters and the number of ZEEKR Shares described above being issued and allotted, the shareholding of the Company in ZEEKR will be diluted and reduced from 51.3% as at the date of this announcement to 47.4% (without taking into account the Proposed Subscription and excluding the provision of the Assured Entitlement and vesting of the restricted share units, if any) on a fully-diluted and as-converted basis upon completion of the ZEEKR Offering. Upon completion of the Proposed Spin-off, ZEEKR will continue being a non-wholly owned Subsidiary of the Company and the financial results of ZEEKR will continue being consolidated into the financial results of the Group.

REASONS AND BENEFITS OF THE PROPOSED SPIN-OFF AND THE PROPOSED SUBSCRIPTION

The Proposed Spin-off

The Company considers that the Proposed Spin-off is in the interests of the Shareholders as a whole. The Proposed Spin-off would, among other things, enable investors to better value the Group with its focus on the principal business operated by the Group (excluding the ZEEKR Group), while providing ZEEKR with continuing direct and independent access to the equity and debt capital markets in the future should the need arise. In light of the industry trend and based on assessment of the business and operations of the Group and the ZEEKR Group, the Proposed Spin-off would enhance the value of ZEEKR and enable ZEEKR to develop independently and unleash its full potential, thereby benefiting the Shareholders.

The Proposed Subscription

The Proposed Subscription allows the Company to increase its investment in ZEEKR during a market correction and strengthens the Company’s controlling interest in ZEEKR, ensuring the continued influence of the Company over the operation of ZEEKR.

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

INFORMATION OF THE PARTIES TO THE PROPOSED SUBSCRIPTION

The Company

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

ZEEKR

ZEEKR is a limited liability company incorporated in the Cayman Islands and is principally engaged in the research and development, purchase and sale of the electric mobility related products such as the premium intelligent electric vehicles under the ZEEKR brand and the provision of service relating thereto. As at the date of this announcement, ZEEKR is owned as to approximately 54.7% (on an as-converted basis) and approximately 51.3% (on a fully-diluted and as-converted basis) by the Company, and is owned as to approximately 13.2% (on an as-converted basis) and approximately 12.4% (on a fully-diluted and as-converted basis) by Geely Holding.

Set out below is the financial information of ZEEKR Group prepared in accordance with U.S. GAAP for the two financial years ended 31 December 2023 based on the Red Herring Prospectus:

	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Loss before income tax and share of losses in equity method investments	7,355,091	8,288,920
Net loss	7,655,146	8,264,191

As at 31 December 2023, the net liabilities of ZEEKR Group was approximately RMB8,678,600,000.

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The Proposed Spin-off

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The Proposed Subscription

ZEEKR is owned as to approximately 54.7% (on an as-converted basis) and approximately 51.3% (on a fully-diluted and as-converted basis) by the Company, and is owned as to approximately 13.2% (on an as-converted basis) and approximately 12.4% (on a fully-diluted and as-converted basis) by Geely Holding. As at the date of this announcement, Geely Holding is beneficially wholly-owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 41.19% of the issued share capital of the Company. Accordingly, Geely Holding is an associate of Mr. Li and a connected person of the Company. ZEEKR is hence a connected Subsidiary of the Company. As such, the Proposed Subscription, if proceeded with, will constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

It is expected that the highest applicable percentage ratio in respect of the Proposed Subscription may exceed 0.1% but less than 5%. Therefore, the Proposed Subscription, if proceeded with, will be subject to the reporting and announcement requirements, but exempt from the circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

Mr. Li and Mr. Li Dong Hui, Daniel, each an executive Director, are considered to be interested in the transactions contemplated under the Proposed Subscription by virtue of their interests and/or directorships in Geely Holding. As a result, each of Mr. Li and Mr. Li Dong Hui, Daniel has abstained from voting on the Board resolution for approving the Proposed Subscription.

In addition, Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei and Mr. Gan Jia Yue, each an executive Director, are considered to be interested in the Proposed Subscription by virtue of their interests and/or directorships in ZEEKR. As a result, each of Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei and Mr. Gan Jia Yue has abstained from voting on the Board resolution for approving the Proposed Subscription.

ASSURED ENTITLEMENT AND NOTICE OF BOARD MEETING

In accordance with the requirements of paragraph 3(f) of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing a distribution in specie of ADSs to the Shareholders (or cash alternative for those Shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the U.S. or are U.S. persons (as defined in Regulation S), or are otherwise ineligible holders of ADSs) (the “**Assured Entitlement**”).

The Board hereby announces that, under Rule 13.43 of the Listing Rules, a meeting of the Board will be held on 16 May 2024 for the purposes of considering the Assured Entitlement. Details of the terms of the proposed Assured Entitlement have not yet been finalised as at the date of this announcement. The Company will announce the declaration and detailed terms of the proposed Assured Entitlement immediately after it is declared in accordance with the requirements under Rule 13.45 of the Listing Rules.

The Proposed Spin-off is subject to, among other things, the obtaining of approvals from the relevant authorities in respect of the listing of, and permission to deal in, securities of ZEEKR, and the final decisions of the Company and ZEEKR. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the ZEEKR Offering will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“ADS(s)”	the American Depositary Share(s) to be issued pursuant to a deposit agreement between ZEEKR and a depositary, each representing 10 ZEEKR Shares, which are expected to be listed on the New York Stock Exchange;
“Board”	the board of Directors of the Company;
“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 codes: 175 (HKD counter) and 80175 (RMB counter));
“Director(s)”	the director(s) of the Company;
“Geely Holding”	Zhejiang Geely Holding Group Company Limited* (浙江吉利控股集团有限公司), a limited liability company established in the PRC, and is ultimately wholly-owned by Mr. Li and his associate as at the date of this announcement;
“Group”	the Company and its Subsidiaries;
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“independent third party(ies)”	individual(s) or company(ies) who or which is (or are) not a connected person of the Company, any of its Subsidiaries or any of their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder holding approximately 41.19% interests in the total issued share capital of the Company as at the date of this announcement;
“PN15”	Practice Note 15 to the Listing Rules;
“PRC”	the People’s Republic of China, and for the purposes of this announcement for geographical reference only (unless otherwise indicated), excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong;
“Proposed Spin-off”	the proposed spin-off of ZEEKR, involving the ZEEKR Offering and the proposed separate listing of the ADSs on the New York Stock Exchange;
“Proposed Subscription”	the proposed subscription of ADSs of up to US\$320 million by the Company;
“Red Herring Prospectus”	the amendment no.5 to the registration statement that includes a prospectus with a price range filed to the SEC by ZEEKR on 3 May 2024;
“Regulation S”	Regulation S under the United States Securities Act of 1933, as amended from time to time;
“RMB”	Renminbi, the lawful currency of the PRC;
“SEC”	the Securities and Exchange Commission of the U.S.;
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.02 each in the share capital of the Company;
“Shareholder(s)”	the holders of Shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	has the meaning as ascribed thereto in the Listing Rules;

“Underwriters”	the underwriters to the ZEEKR Offering. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, all Underwriters are the independent third parties;
“US\$”	United States Dollar, the lawful currency of the U.S.;
“U.S.”	the United States of America;
“U.S. GAAP”	Generally Accepted Accounting Principles in the U.S.;
“ZEEKR”	ZEEKR Intelligent Technology Holding Limited, a non-wholly owned Subsidiary of the Company;
“ZEEKR Group”	ZEEKR and its Subsidiaries;
“ZEEKR Offering”	an offering of shares in ZEEKR represented by ADSs in the U.S. to be registered with the SEC;
“ZEEKR Shares”	ordinary shares of par value US\$0.0002 each in the capital of ZEEKR; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00 = HK\$7.83 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

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

Hong Kong, 5 May 2024

As at the date of this announcement, the executive directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Li Dong Hui, Daniel (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Ms. Wei Mei and Mr. Gan Jia Yue, and the independent non-executive directors of the Company are Mr. An Qing Heng, Mr. Wang Yang, Ms. Gao Jie, Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song.

* *For identification purposes only*