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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  
IN RELATION TO FORMATION OF A JOINT VENTURE  
AND  
POTENTIAL DISPOSAL OF A SUBSIDIARY**

This is a voluntary announcement made by the Company.

On 1 February 2013, Shanghai Maple Guorun, an indirectly 99% owned subsidiary of the Company, entered into the Framework Agreement with Kandi Vehicles, an indirect wholly-owned subsidiary of Kandi Technologies, pursuant to which the parties agreed to establish the JV Company to engage in the investment, research and development, production, marketing and sales of electric vehicles in the PRC.

Pursuant to the terms of the Framework Agreement, the JV Company will be owned as to 50% by Shanghai Maple Guorun and as to 50% by Kandi Vehicles. The registered capital of the JV Company will be RMB1,000,000,000 and will be contributed by the parties as to 50% each. Upon the establishment of the JV Company, the JV Company will acquire certain assets from each of the Group and Kandi Group so that the JV Company will possess the necessary properties, assets and technologies to commence the electric vehicle business. To enable the proposed acquisitions to take place, both the Group and Kandi Group will establish new wholly-owned subsidiaries and inject certain assets into these companies. The JV Company will then acquire all the equity interests in each of these companies. The transfer of the equity interest in the newly established subsidiary of the Group to the JV Company will constitute a disposal of a subsidiary by the Group. As the principal terms of the Potential Disposal are yet to be finalized, the Company will make further announcement in relation to the Potential Disposal pursuant to the requirements of the Listing Rules as and when appropriate.

The reason for the Group to enter into the Framework Agreement is to leverage on the strength, resources and expertise of both the Group and Kandi Group in the electric vehicles segment in the PRC. With concerted efforts from both parties, there will be synergy for the JV Company to become an industry leader in the electric vehicles segment in the future, which will be beneficial to both the Group and Kandi Group.

The establishment of the JV Company as set out in the Framework Agreement does not constitute a notifiable transaction or a connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company is making this announcement on a voluntary basis in order to update its shareholders and investors on the recent development of the Group.

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The principal terms of the Framework Agreement are set out below:

Date: 1 February 2013

Parties: Shanghai Maple Guorun, an indirectly 99% owned subsidiary of the Company, which is principally engaged in the research and development, production, marketing and sales of sedans and related automobile components in the PRC; and

Kandi Vehicles, an indirect wholly-owned subsidiary of Kandi Technologies, which is principally engaged in the research and development, production, marketing and sales of electric vehicles and special purpose vehicles (excluding automobiles) in the PRC.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Kandi Vehicles and Kandi Technologies and their ultimate beneficial owner are parties independent of and not connected with the Company and its connected persons.

Formation and structure of the JV Company:

The JV Company will be owned as to 50% by Shanghai Maple Guorun and as to 50% by Kandi Vehicles. The JV Company will not become a subsidiary of the Group or Kandi Group and its financial results will not be consolidated into the financial statements of either the Group or Kandi Group or their respective subsidiaries.

Scope of business:	The JV Company will be principally engaged in the investment, research and development, production, marketing and sales of electric vehicles in the PRC.
Registered capital:	<p>The total registered capital of the JV Company will be RMB1,000,000,000, and will be contributed as to 50% (RMB500,000,000) by Shanghai Maple Guorun and as to 50% (RMB500,000,000) by Kandi Vehicles.</p> <p>The timing for the contribution to the registered capital of the JV Company will be subject to further agreements between the parties.</p>
The board of directors and management structure:	<p>The board of directors of the JV Company will consist of four directors, of which two will be nominated by Shanghai Maple Guorun and two will be nominated by Kandi Vehicles.</p> <p>The first chairman of the JV Company will be Mr. Li and the chairman will have tenure of three years. The board of directors of the JV Company will elect a new chairman every three years.</p> <p>The first general manager of the JV Company will be Mr. Hu and the general manager will have tenure of three years. The board of directors of the JV Company will approve the appointment of a new general manager every three years.</p>

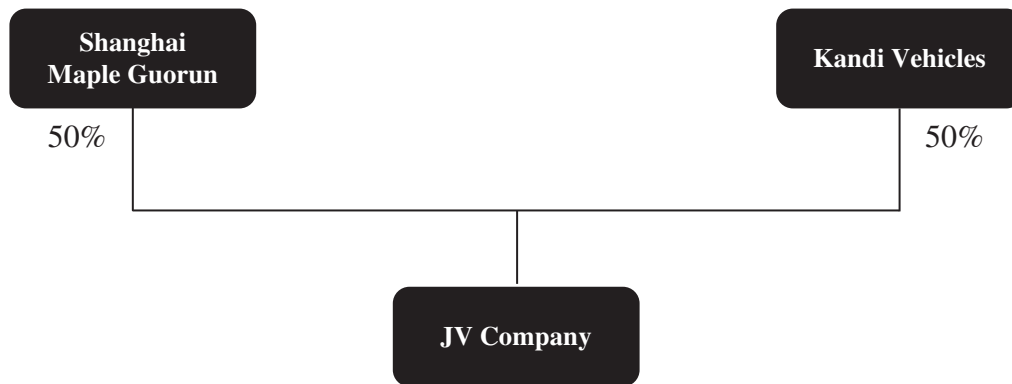
## **POTENTIAL DISPOSAL**

Upon the establishment of the JV Company, the JV Company will acquire certain assets from each of the Group and Kandi Group so that the JV Company will possess the necessary properties, assets and technologies to commence the electric vehicle business. To enable the proposed acquisitions to take place, both the Group and Kandi Group will establish new wholly-owned subsidiaries and inject certain assets into these companies. The JV Company will then acquire all the equity interests in each of these companies. The transfer of the equity interest in the newly established subsidiary of the Group to the JV Company will constitute a disposal of a subsidiary by the Group. As the principal terms of the Potential Disposal are yet to be finalized, the Company will make further announcement in relation to the Potential Disposal pursuant to the requirements of the Listing Rules as and when appropriate.

## **PROPOSED TRANSACTIONS STRUCTURE**

The following diagrams illustrate the changes in shareholding structures for the proposed transactions contemplated under the Framework Agreement:

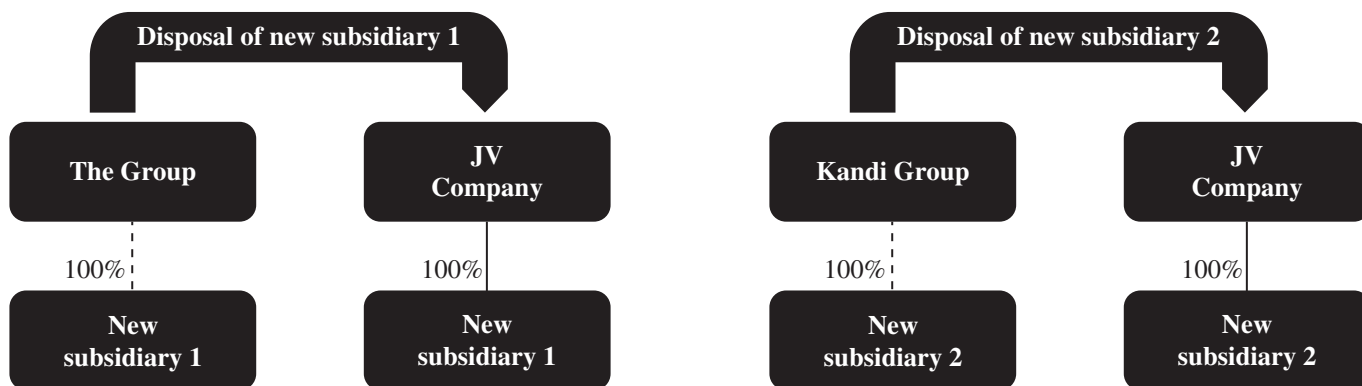
### Establishment of the JV Company



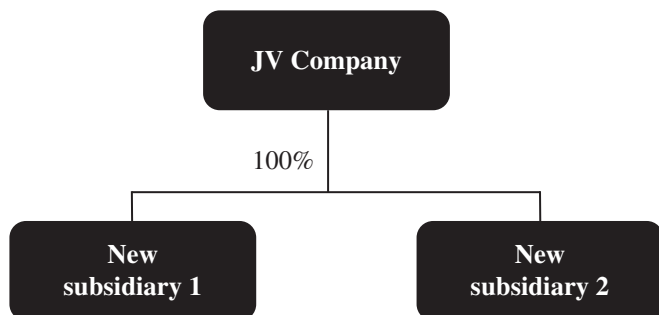
### Establishment of new subsidiaries by the Group and Kandi Group



### Potential disposal of new subsidiaries by the Group and Kandi Group



### After the completion of potential disposal above



## **REASONS AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT**

The development of electric vehicles in the past decade has established electric vehicles as a major branch of the mainstream vehicles market, with many major brands now having electric vehicles in their products line up. With consumers' higher awareness of environmental protection and the recent trend of major vehicles manufacturers developing and testing electric vehicles, the Board recognized the development potentials in the electric vehicles market in the PRC. The reason for the Group to enter into the Framework Agreement is to leverage on the strength, resources and expertise of both the Group and Kandi Group in the electric vehicles segment in the PRC. With concerted efforts from both parties, there will be synergy for the JV Company to become an industry leader in the electric vehicles segment in the future, which will be beneficial to both the Group and Kandi Group.

## **GENERAL**

The transaction contemplated under the Framework Agreement does not constitute a notifiable transaction or a connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company is making this announcement on a voluntary basis in order to update its shareholders and investors on the recent development of the Group.

The Company will make further announcement in relation to the Potential Disposal pursuant to the requirements of the Listing Rules as and when appropriate.

## **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
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the agreement dated 1 February 2013 between Shanghai Maple Guorun and Kandi Vehicles
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“JV Company”	浙江康迪電動汽車投資有限公司 (Zhejiang Kandi Electric Vehicle Investment Co., Ltd.), a limited liability company to be incorporated in the PRC pursuant to the Framework Agreement
“Kandi Group”	Kandi Technologies and its subsidiaries
“Kandi Technologies”	Kandi Technologies Group, Inc., a limited liability company incorporated in Delaware, the United States of America, the shares of which are listed on the NASDAQ
“Kandi Vehicles”	浙江康迪車業有限公司 (Zhejiang Kandi Vehicles Co., Ltd.), a limited liability company incorporated in the PRC and is indirectly wholly owned by Kandi Technologies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. Hu Xiao Ming, an executive director and a substantial shareholder of Kandi Technologies as at the date of this announcement
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial shareholder holding 45.40% interest in the issued share capital of the Company as at the date of this announcement
“NASDAQ”	National Association of Securities Dealers Automated Quotations
“Potential Disposal”	the transfer of certain assets of the Group to the JV Company by way of acquisition of the equity interest in the subsidiary company to be established by the Group to hold the assets that the JV Company would need for business operation
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Maple Guorun”	上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited), a limited liability company incorporated in the PRC and is indirectly owned as to 99% by the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 1 February 2013

*As at the date of this announcement, the executive Directors are Mr. Li Shu Fu (Chairman), Mr. Yang Jian (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Mr. Li Dong Hui, Daniel, Mr. Liu Jin Liang, Dr. Zhao Fuquan and Ms. Wei Mei; the non-executive Director is Mr. Carl Peter Edmund Moriz Forster; and the independent non-executive Directors are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu and Mr. Wang Yang.*