THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Geely Automobile Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

(I) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE AND DEEMED DISPOSAL; (II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF FORMATION OF A JOINT VENTURE

Financial Adviser to the Company in relation to the Transaction and the Joint Venture Agreement

BNP PARIBAS

Financial Adviser to the Company in relation to the Non-Exempt Continuing Connected Transactions

浦銀國際
SPDB INTERNATIONAL

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

BALLAS CAPITAL
A subsidiary of Crosby

A letter from the Board is set out on pages 15 to 49 of this circular. A letter from the Independent Board Committee is set out on pages 50 to 51 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 52 to 96 of this circular. A notice convening the EGM to be held at Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 22 September 2023 at 4:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

6 September 2023

CONTENTS

Unless the context requires otherwise, the following expressions shall have the following meanings in this circular:

"Agreements"	the Contribution Agreement, the Joint Venture Agreement and the Powertrain Purchase Agreement
"APA"	Asia-Pacific Consulting and Appraisal Limited, an independent valuer
"associate(s)"	having the meaning ascribed thereto under the Listing Rules
"Aurobay Business"	the powertrain business as carried out by the Aurobay Group on or prior to Closing, relating to (i) activities of research, development, production, procurement, trading (including sales) and aftersales activity of ICE, hybrid and plug-in hybrid engines and gearboxes as well as the components and parts thereof (but excluding activities relating to hybrid and plug-in hybrid batteries) for passenger vehicles (excluding, for the avoidance of doubt, light commercial vehicles) and (ii) contract manufacturing services relating to the production of electric drive unit
"Aurobay Group"	the Aurobay Holding Group and the Aurobay SG Group
"Aurobay Group Valuation"	the independent valuations of the Aurobay Technology Group and the Aurobay SG Operating Group performed by APA, details of which are set out in the section headed "*VI. Independent valuation of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group*" in this circular
"Aurobay Holding (BVI)"	Aurobay Holding Limited, a private limited company incorporated in the British Virgin Islands, which was an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Aurobay Holding"	a private limited company to be incorporated in Singapore upon obtaining Independent Shareholders' approval at the EGM for the Agreements and the transactions contemplated thereunder. Aurobay Holding is contemplated to be an indirectly wholly-owned subsidiary of the Company
"Aurobay Holding Contributed Shares"	the contribution of the entire issued share capital of Aurobay Holding
"Aurobay Holding Enterprise Value"	the enterprise value of the Aurobay Holding Group in the amount of EUR3,066,000,000 (equivalent to approximately RMB23,736,389,460)
"Aurobay Holding Group"	Aurobay Holding and its subsidiaries

"Aurobay Powertrain"	浙江極光灣動力總成科技有限公司 (Zhejiang Aurobay Powertrain Technology Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"Aurobay SG"	Aurobay International PTE. LTD., a private limited company incorporated under the laws of Singapore, which was an indirectly wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"Aurobay SG Contributed Shares"	the contribution of the entire issued share capital of Aurobay SG
"Aurobay SG Enterprise Value"	the enterprise value of the Aurobay SG Group in the amount of EUR934,000,000 (equivalent to approximately RMB7,230,850,540)
"Aurobay SG Group"	Aurobay SG and its subsidiaries
"Aurobay SG Operating Group"	Changxing Powertrain, ZJK, PES and their respective subsidiaries
"Aurobay Technology"	極光灣科技有限公司 (Aurobay Technology Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Aurobay Technology Group"	Aurobay Technology and its subsidiaries
"AVISTA"	AVISTA Valuation Advisory Limited, an independent valuer
"BNPP PF"	BNP Paribas Personal Finance, a subsidiary of the BNP Paribas Group, which is principally engaged in consumer credit and mortgage lending activities
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or public holiday) on which banks are open for non-automated business in the United Kingdom, France, the PRC and Hong Kong
"Call Option Notice"	a notice issued by the Founding Shareholders to the Call Option Shareholder, requiring the Call Option Shareholder to sell all of its JV Instruments to the Founding Shareholders at a price determined with reference to the then fair market value of the JV Company

"Call Option Shareholder"	any shareholder of the JV Company, except for the Founding Shareholders, who (i) fails to remedy a material breach caused by such shareholder, (ii) experiences a change of control, or (iii) becomes a Sanctioned Person
"CBU(s)"	complete buildup unit(s) (整車), a complete vehicle after the final assembly
"CEVT"	China-Europe Vehicle Technology AB, a limited liability company incorporated in Sweden, which was an indirectly wholly-owned subsidiary of ZEEKR as at the Latest Practicable Date
"Changxing Powertrain"	長興吉利動力總成有限公司(Changxing Geely Powertrain Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly non wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"CKD(s)"	complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle
"Closing"	completion of the Transaction, which would occur on the Closing Date
"Closing Date"	on the last Business Day of the month in which the Unconditional Date occurs, if the Unconditional Date is less than ten Business Days before the last Business Day of that month, the last Business Day of the subsequent calendar month, or any other date to be agreed upon by the Parties
"Cofiplan"	Cofiplan S.A., a subsidiary of the BNP Paribas Group, which is principally engaged in financing activities
"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))
"Condition(s)"	the conditions precedent to the Contribution Agreement, as set out in the section headed "*II. The Contribution Agreement – Conditions precedent*" in this circular
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"continuing connected transactions"	has the meaning ascribed to it under the Listing Rules

"Contributed Shares"	the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares, held directly or indirectly by the respective Parties
"Contribution"	the contribution of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares, which shall constitute the consideration paid to the JV Company in exchange for the JV Shares
"Contribution Agreement"	the agreement entered into between the Company, Geely Holding and Renault on 11 July 2023, pursuant to which the Parties conditionally agreed to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding to the JV Company in exchange for the JV Shares
"Contribution Value(s)"	the contribution value of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares, which shall be calculated in accordance with the Formula
"Deemed Disposal"	upon Closing, the Group's shareholding interest in the JV Company and the Aurobay Technology Group will be reduced from 100% to 33%, and as such, the JV Company and the Aurobay Technology Group will no longer be subsidiaries of the Company
"Defaulting Shareholder(s)"	where a shareholder of the JV Company or member of its group commit a breach that has a material adverse effect or a breach of the restrictive covenant under the Joint Venture Agreement, the summary of which is set out in the section headed "*III. The Joint Venture Agreement - Restrictive covenant*"
"Definitive Aurobay Holding Contribution Value"	the final contribution value of Aurobay Holding, which will be calculated in accordance with the Formula using the Aurobay Holding Group's audited consolidated accounts as at the Closing Date
"Definitive Aurobay SG Contribution Value"	the final contribution value of Aurobay SG, which will be calculated in accordance with the Formula using the Aurobay SG Group's audited consolidated accounts as at the Closing Date
"Definitive Contribution Values"	the final contribution value of the Contributed Shares, which will be calculated based on the audited consolidated or combined accounts of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group as at the Closing Date, in accordance with the Formula

"Definitive Horse Contribution Value"	the final contribution value of Horse Holding, which will be calculated in accordance with the Formula using the Horse Holding Group's audited consolidated accounts as at the Closing Date
"DHG"	DRB-HICOM Geely Sdn. Bhd., an investment holding company incorporated in Malaysia
"Director(s)"	the director(s) of the Company
"ECARX"	ECARX Holdings Inc., a public company incorporated in the Cayman Islands and the shares of which are listed on NASDAQ (stock symbol: ECX). On an as-converted basis, ECARX was ultimately and beneficially owned as to 42.55%, 0.66% and 0.96% by Mr. Li, Mr. Li Dong Hui, Daniel, and Mr. An Cong Hui, respectively, as at the Latest Practicable Date
"Effective Date"	the Closing Date or 1 January 2024, whichever is later
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of approving, amongst other things, the Agreements and the transactions contemplated thereunder
"EUR"	Euros, the lawful currency of the European Union Member States
"Euro 7"	a collection of regulations that set a maximum standard for emissions from new cars and vehicles sold in Europe, effective from 1 July 2025
"EV/EBITDA"	the enterprise value-to-earnings before interest, tax, depreciation and amortization
"Farizon"	a commercial vehicle brand owned by the Geely Holding Group
"Fengsheng"	楓盛汽車科技集團有限公司 (Fengsheng Automobile Technology Group Co., Ltd.*), a limited liability company established in the PRC, which was wholly-owned by Geely Holding Automobile as at the Latest Practicable Date
"Final Top-Down Amount"	the relevant adjustment(s) to be made by way of recording a shareholder loan to the JV Company such that the Definitive Contribution Value of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group are in the ratio of 33:17:50 (if applicable)

"Final Top-Up Amount"	the relevant adjustment(s) to be made by way of making a cash payment to the JV Company such that the Definitive Contribution Value of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group are in the ratio of 33:17:50 (if applicable)
"Formula"	the formula used for calculating the Contribution Values, details of which are set out in the section headed "*II. The Contribution Agreement – Determination of the Contribution Value*" in this circular
"Founding Shareholder(s)"	Renault, Aurobay Holding (BVI) and GHPT Limited and each a "Founding Shareholder"
"GAAP"	Generally Accepted Accounting Principles
"Geely Auto Manufacturing"	浙江吉利汽車製造有限公司 (Zhejiang Geely Auto Manufacturing Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly non wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"Geely-branded" or "Geely Brand"	automobile brands of the Group
"Geely Changxing"	吉利長興自動變速器有限公司 (Geely Changxing Automatic Transmission Co., Ltd.*), a limited liability company established in the PRC, which was ultimately beneficially approximately 50.68% owned by Mr. Li and his associate as at the Latest Practicable Date
"Geely Changxing Group"	Geely Changxing and its subsidiaries
"Geely Group Limited"	Geely Group Limited, a limited liability company incorporated in the British Virgin Islands, which was beneficially wholly-owned by Mr. Li as at the Latest Practicable Date
"Geely Group"	the Group and the Geely Holding Group
"Geely Holding"	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a limited liability company established in the PRC, which was ultimately beneficially wholly-owned by Mr. Li and his associate as at the Latest Practicable Date
"Geely Holding Automobile"	吉利汽車集團有限公司 (Geely Automobile Group Company Limited*), a limited liability company established in the PRC, which was wholly-owned by Geely Holding as at the Latest Practicable Date

"Geely Holding Group"	Geely Holding and its subsidiaries
"Geely-branded Vehicles"	vehicles of automobile brands of the Group
"Genius AFC"	吉致汽車金融有限公司 (Genius Auto Finance Co., Ltd.*), a limited liability company established in the PRC which was owned as to 75% by the Company, as to 20% by BNPP PF, and as to 5% by Cofiplan, respectively, as at the Latest Practicable Date. As certain key corporate matters of Genius AFC require a positive vote from BNPP PF or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC, Genius AFC is treated as a jointly controlled entity of the Company
"GHPT Limited"	GHPT Limited, a limited liability company incorporated in the British Virgin Islands, which was an indirectly wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"HK$" or "HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Horse Business"	the powertrain business as carried out by the Renault Group on or prior to Closing, relating to (i) activities of research, development, procurement, production, trading (including sales) and aftersales activity of ICE, hybrid and plug-in hybrid engines and gearboxes as well as the components and parts thereof (including development of hybrid and plug-in hybrid batteries but excluding manufacturing and process engineering relating to hybrid and plug-in hybrid batteries) for passenger and light commercial vehicles and (ii) activities relating to production of certain type of the electric vehicles reducer battery engine vehicles
"Horse Contributed Shares"	the contribution of the entire issued share capital of Horse Holding
"Horse Enterprise Value"	the enterprise value of the Horse Holding Group in the amount of EUR4,000,000,000 (equivalent to approximately RMB30,967,240,000)
"Horse Holding"	New H Powertrain Holding, S.L.U., a company organised and existing under the laws of Spain, which was a wholly-owned subsidiary of Renault as at the Latest Practicable Date
"Horse Holding Group"	Horse Holding and its subsidiaries

"ICE"	all types of internal combustion engine developed and/or used by each of Renault, the Company or Geely Holding or members of its group, including gasoline, diesel, methanol, compressed natural gas, liquefied petroleum gas, hydrogen and ethanol but excluding fuel cell
"Independent Board Committee"	the independent committee of the Board, which comprises all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders on the terms of the Agreements
"Independent Financial Adviser"	Ballas Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than Mr. Li, Mr. Li Dong Hui, Daniel, Mr. Gan Jia Yue, and their respective associates
"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
"Independent Valuers"	APA and AVISTA
"Joint Venture Agreement"	the joint venture agreement entered into between the Company, Geely Holding and Renault on 11 July 2023, pursuant to which the Parties conditionally agreed to establish the JV Company to engage in the Powertrain Business
"JV Board"	the board of directors of the JV Company
"JV Company"	a private company to be incorporated in England and Wales, which will be limited by shares
"JV Company Group"	the JV Company and its subsidiaries
"JV Director(s)"	directors of the JV Company, each a "JV Director"
"JV Instruments"	(i) any JV Shares and (ii) any instrument, document or security granting a right of subscription for, or conversion into JV Shares, and (iii) any shareholder loan of the JV Company (if any)

"JV Shares"	ordinary shares of EUR1.00 each in the share capital of the JV Company
"Latest Practicable Date"	1 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Lifan Technology"	力帆科技(集團)股份有限公司 (Lifan Technology (Group) Co., Ltd.*), a company limited by shares established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601777)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lock-In Period"	the period starting from the Closing Date and ending on the tenth anniversary of such date
"Long Stop Date"	30 June 2024 (or such other date as may be agreed between the Parties in writing)
"Lotus"	a manufacture brand under Lotus Advance Technologies Sdn. Bhd., which is controlled by Geely Holding. As at the Latest Practicable Date, Geely Holding indirectly held 51% equity interests in Lotus Advance Technologies Sdn. Bhd. and controlled Lotus Advance Technologies Sdn. Bhd
"LYNK & CO"	領克投資有限公司 (LYNK & CO Investment Co., Ltd.*), a Chinese-foreign equity joint venture of the Company established in the PRC, which was owned as to 50%, 20% and 30% by Ningbo Geely, Geely Holding and VCI, respectively, as at the Latest Practicable Date
"Maximum Aurobay Holding Contribution Value"	the maximum Aurobay Holding Contribution Value in the amount of EUR2,310,000,000 (equivalent to approximately RMB17,883,581,100)
"Maximum Aurobay SG Contribution Value"	the maximum Aurobay SG Contribution Value in the amount of EUR1,190,000,000 (equivalent to approximately RMB9,212,753,900)
"Maximum Contribution Value(s)"	the Maximum Aurobay Holding Contribution Value, the Maximum Aurobay SG Contribution Value or the Maximum Horse Contribution Value (as the case may be)
"Maximum Horse Contribution Value"	the maximum Horse Contribution Value in the amount of EUR3,500,000,000 (equivalent to approximately RMB27,096,335,000)

"Mr. Li"	Mr. Li Shu Fu, an executive Director and a substantial shareholder together with his associates holding approximately 42.12% interests in the total issued share capital of the Company as at the Latest Practicable Date
"NEVs"	new energy vehicles
"Ningbo Geely"	寧波吉利汽車實業有限公司 (Ningbo Geely Auto Industry Company Limited*), a limited liability company established in the PRC, which was an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Ningbo Viridi"	威睿電動汽車技術(寧波)有限公司 (Viridi E-Mobility Technology (Ningbo) Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly non wholly-owned subsidiary of ZEEKR as at the Latest Practicable Date
"Non-Exempt Continuing Connected Transactions"	the Powertrain Purchase Agreement and the transactions contemplated thereunder
"OEM"	original equipment manufacturer
"Parties" or "Party"	the Company, Renault and Geely Holding, each a "Party"
"percentage ratios"	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
"Permitted Transferee(s)"	members of the JV Company's shareholders' group
"PES"	Powertrain Engineering Sweden AB, a company incorporated in Sweden, which was an indirectly wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"Polestar"	a manufacture brand under Polestar Automotive Holding UK PLC. As at the Latest Practicable Date, Polestar Automotive Holding UK PLC was owned as to 39.3% by PSD Investment Limited and as to 48.3% by Volvo. As at the Latest Practicable Date, PSD Investment Limited was a company controlled by Mr. Li
"Powertrain Business"	the activities of the Horse Business and the Aurobay Business as conducted by the JV Company Group from time to time
"Powertrain Pricing Analysis Report"	a transfer pricing analysis report dated 31 May 2023 and issued by one of the big four international accounting firms

"Powertrain Products"	engine, transmission and relevant after-sale parts and other products as the Group may specify from time to time
"Powertrain Purchase Agreement"	the master agreement dated 11 July 2023 entered into among the Company, Aurobay Technology and Geely Changxing for the purchase of Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group by the Group
"Powertrain Purchase Annual Cap(s)"	the proposed annual cap(s) in relation to the purchase of Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group by the Group for each of the financial years ending on 31 December 2024, 2025 and 2026
"PRC"	the People's Republic of China, but for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Proper Glory"	Proper Glory Holding Inc., a limited liability company incorporated in the British Virgin Islands, which was owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited as at the Latest Practicable Date
"Proton"	Proton Holdings Berhad, a limited liability company incorporated in Malaysia
"Proton-branded Vehicles"	vehicles manufactured by Proton under Proton's brand name
"Provisional Contribution Value(s)"	the good faith estimate of the Contribution Value(s) of the relevant Party, which is calculated based on the Formula and a provisional contribution value statement to be provided to each other Party no later than 45 days prior to the expected Closing Date
"Provisional Top-Down Amount"	the relevant adjustment(s) to be made by way of recording a shareholder loan to the JV Company such that the Provisional Contribution Value of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group are in the ratio of 33:17:50 (if applicable)
"Provisional Top-Up Amount"	the relevant adjustment(s) to be made by way of making a cash payment to the JV Company such that the Provisional Contribution Value of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group are in the ratio of 33:17:50 (if applicable)
"PUR"	plant utilization ratio

"Purchase Orders"	the written orders issued by the Group to the Suppliers Group, setting out the quantity and price of the Powertrain Products to be purchased by the Group
"R&D"	research and development
"Renault"	Renault S.A.S., a company incorporated in Boulogne-Billancourt, France and is a wholly-owned subsidiary of Renault S.A., a limited liability company whose shares are listed on Euronext Paris (stock code: RNO.PA). Renault is principally engaged in automobile business
"Renault Group"	Renault and its subsidiaries
"Reorganisation"	list of actions to be performed by Renault, Geely Holding, and the Company in relation to the internal reorganisation as required under the Contribution Agreement
"RICS"	Royal Institution of Chartered Surveyors
"RMB"	Renminbi, the lawful currency of the PRC
"Sanctioned Person"	situations where (i) a shareholder of the JV Company (or member of its group) becomes a sanctioned person; (ii) a place where a shareholder of the JV Company is located becomes a sanctioned territory; (iii) the government of a shareholder of the JV Company becomes the subject of sanctions; (iv) the ability of any shareholder of the JV Company to perform the Powertrain Business is materially affected by the imposition of sanctions; or (v) a shareholder of the JV Company conducts business that is prohibited under trade sanctions or export control restrictions, and would materially adversely affect the JV Company Group taken as a whole, the Powertrain Business, the Parties, the Founding Shareholders, and/or the transactions contemplated under the Joint Venture Agreement
"SEK"	Swedish krona, the official currency of the Kingdom of Sweden
"SFO"	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.02 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the shares of the Company

"Special Majority"	affirmative votes from at least a majority of the JV Directors appointed by the Founding Shareholders, and in certain circumstances, refer to the affirmative votes from a majority of the JV Directors respectively appointed by the Geely Group and the Renault Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Suppliers"	Aurobay Technology and Geely Changxing
"Suppliers Group"	the Aurobay Technology Group and the Geely Changxing Group
"Transaction"	the transaction contemplated under the Contribution Agreement
"Transitional Period"	include the period from the Closing Date to the date immediately before the second anniversary of the Closing Date, or such other period to be agreed between the Founding Shareholders in writing
"Unconditional Date"	the first Business Day on which the last of the Conditions has been satisfied or, as the case may be, waived in accordance with the terms of the Contribution Agreement
"VCI"	沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Co., Ltd.*), a limited liability company established in the PRC, which was a wholly-owned subsidiary of Volvo as at the Latest Practicable Date
"Volvo"	Volvo Car Corporation, a limited liability company incorporated under the laws of Sweden, which was an indirectly non wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"ZEEKR"	ZEEKR Intelligent Technology Holding Limited, a limited liability company incorporated in the Cayman Islands, which was an indirectly non wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Zhejiang Geely"	浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited*), a limited liability company established in the PRC, which was 72.40% owned by Geely Holding as at the Latest Practicable Date

"Zhejiang Haoqing"	浙江豪情汽車製造有限公司 (Zhejiang Haoqing Automobile Manufacturing Company Limited*), a limited liability company established in the PRC, which was beneficially wholly-owned by Mr. Li and his associate as at the Latest Practicable Date
"Zhejiang Jichuang"	浙江吉創產業發展有限公司 (Zhejiang Jichuang Industrial Development Co., Limited*), a limited liability company established in the PRC, which was wholly-owned by Geely Holding as at the Latest Practicable Date
"Zhejiang Jirun"	浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly 99% owned subsidiary of the Company as at the Latest Practicable Date
"Zhejiang Maple"	浙江吉利華普汽車有限公司 (Zhejiang Geely Maple Automobile Company Limited*), a limited liability company established in the PRC, which was wholly-owned by Geely Holding as at the Latest Practicable Date
"ZJK"	張家口極光灣發動機製造有限公司 (Zhangjiakou Aurobay Engine Manufacturing Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly wholly-owned subsidiary of Geely Holding as at the Latest Practicable Date
"%"	per cent

For the purpose of this circular, the exchange rate of EUR1.00 = RMB7.74181 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in EUR or RMB has been, could have been or may be converted at such a rate.

* *For reference purpose only, the English names of these companies, persons or documents are only a translation of their respective Chinese names. In the event of any discrepancies between the Chinese names and their respective English translations, the Chinese version shall prevail.*

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)

Executive Directors:
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
Mr. Gan Jia Yue

Independent non-executive Directors:
Mr. An Qing Heng
Mr. Wang Yang
Ms. Lam Yin Shan, Jocelyn
Ms. Gao Jie

Registered office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
Room 2301, 23rd Floor
Great Eagle Centre
23 Harbour Road Wanchai
Hong Kong

6 September 2023

To the Shareholders

Dear Sir or Madam,

(I) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE AND DEEMED DISPOSAL; (II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF FORMATION OF A JOINT VENTURE

I. INTRODUCTION

Reference is made to the announcement of the Company dated 11 July 2023. On 11 July 2023 (non-trading hours), the Company, Geely Holding and Renault entered into the Contribution Agreement and the Joint Venture Agreement, pursuant to which the Parties conditionally agreed to establish the JV Company to engage in the Powertrain Business and to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG and Horse Holding to the JV

Company in exchange for the JV Shares. Upon Closing, the JV Company will be owned as to 33% by Aurobay Holding (BVI), an indirectly wholly-owned subsidiary of the Company, 17% by GHPT Limited, an indirectly wholly-owned subsidiary of Geely Holding and 50% by Renault.

The JV Company will initially be formed as an indirectly wholly-owned subsidiary of the Company, and the Company will procure the contribution of the entire issued share capital of Aurobay Holding by Aurobay Holding (BVI) to the JV Company in exchange of the JV Shares. Subsequently, each of Geely Holding and Renault will contribute all of their respective shares, whether directly or indirectly held, in Aurobay SG and Horse Holding to the JV Company, which constitute the consideration paid to the JV Company in exchange for the JV Shares. As a result, upon Closing, the Group's shareholding interest in the JV Company and the Aurobay Technology Group will be reduced from 100% to 33% and the JV Company and the Aurobay Technology Group will no longer be subsidiaries of the Company. Accordingly, the financial results of the JV Company and the Aurobay Technology Group will no longer be consolidated by the Group, which constitutes a deemed disposal of the Group.

Upon Closing, Aurobay Technology and Geely Changxing will become subsidiaries of the JV Company. In order to continue the cooperation with the Aurobay Technology Group and the Geely Changxing Group, on 11 July 2023 (non-trading hours), the Company entered into the Powertrain Purchase Agreement with Aurobay Technology and Geely Changxing, pursuant to which the Group conditionally agreed to purchase the Powertrain Products from the Suppliers Group, and the Suppliers Group conditionally agreed to supply the Powertrain Products to the Group.

The purpose of this circular is to provide you with information, among other things, (i) further information about the Agreements and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee in relation to the terms of the Agreements; (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders in relation to the terms of the Agreements; (iv) the valuation reports of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group; and (v) the notice of the EGM.

II. THE CONTRIBUTION AGREEMENT

The principal terms of the Contribution Agreement are summarized as follows:

Date

11 July 2023 (non-trading hours)

Parties

(i) the Company;

(ii) Geely Holding; and

(iii) Renault.

Subject matter

Pursuant to the Contribution Agreement, the Parties have conditionally agreed to procure the contribution of, or to contribute the Contributed Shares to the JV Company in exchange for the JV Shares, in particular, (i) the Company has conditionally agreed to procure the contribution of the entire issued share capital of Aurobay Holding to the JV Company; (ii) Geely Holding has conditionally agreed to procure the contribution of the entire issued share capital of Aurobay SG to the JV Company; and (iii) Renault has conditionally agreed to contribute the entire issued share capital of Horse Holding to the JV Company.

Determination of the Contribution Value

The contribution value of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares shall be calculated in accordance with the following Formula:

Contribution Value = (a) – (b) + (c) – (d) + (e), where:

(a): the Aurobay Holding Enterprise Value, the Aurobay SG Enterprise Value or the Horse Enterprise Value (as the case may be)

(b): the total amount of debt of the relevant entity as at the Closing Date, including but not limited to (i) indebtedness for borrowed money, including the intra-group loans owed to the Group, the Geely Holding Group or the Renault Group (as the case may be) and (ii) debt-like items, including (a) corporate income tax payables and (b) dividends and distributions payable

(c): the total amount of cash of the relevant entity as at the Closing Date

(d): minority interest of the relevant entity as at the Closing Date

(e): the surplus or deficit in relation to the difference between the working capital of the relevant entity as at the Closing Date and the normalised working capital in the relevant entity (if any)

The aggregate value of the contributions by each of the Company, Geely Holding, and Renault shall be equal to (i) the Contribution Value; (ii) plus any Provisional Top-Up Amount and/or any Final Top-Up Amount; and (iii) minus any Provisional Top-Down Amount and/or any Final Top-Down Amount.

The Aurobay Holding Enterprise Value, the Aurobay SG Enterprise Value and the Horse Enterprise Value are EUR3,066,000,000 (equivalent to approximately RMB23,736,389,460), EUR934,000,000 (equivalent to approximately RMB7,230,850,540) and EUR4,000,000,000 (equivalent to approximately RMB30,967,240,000), respectively, which were determined on arm's length negotiations between the Parties on normal commercial terms, after taking into account, among other things, the appraised enterprise values of each of the Aurobay Technology Group, the Aurobay

SG Operating Group and the Horse Holding Group as at 31 May 2023 determined by the Independent Valuers by way of market approach, the details of which are provided in the section headed "*V. Information of the Company and Parties to the Agreements*" below.

Maximum Contribution Values

The Maximum Contribution Values as agreed by the Parties are:

(i) the maximum Aurobay Holding Contribution Value is EUR2,310,000,000 (equivalent to approximately RMB17,883,581,100);

(ii) the maximum Aurobay SG Contribution Value is EUR1,190,000,000 (equivalent to approximately RMB9,212,753,900); and

(iii) the maximum Horse Contribution Value is EUR3,500,000,000 (equivalent to approximately RMB27,096,335,000).

The Maximum Contribution Values were determined on arm's length negotiations between the Parties on normal commercial terms, after taking into account, among other things, (i) the Aurobay Holding Enterprise Value, the Aurobay SG Enterprise Value and the Horse Enterprise Value; (ii) the historical financial information of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group for the year ended 31 December 2022; and (iii) the application of the Formula and the adjustments for cash, debt (as set out in item (b) of the above Formula) and minority interests in the relevant entities.

Pre-Closing Provisional Contribution Values

Not later than 45 days prior to the expected Closing Date, the Company, Geely Holding and Renault shall provide a statement to each other, containing a good faith estimate of the respective Contribution Value, calculated in accordance with the Formula.

Based on such Provisional Contribution Values, the Parties agree to make adjustments to the Provisional Contribution Values, such that the Contribution Values of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group are in the ratio of 33:17:50, and at or below its respective Maximum Contribution Values.

Such adjustments, if any, will be considered as the Provisional Top-Up Amount or the Provisional Top-Down Amount, which shall be satisfied as follows:

(i) in relation to the Provisional Top-Up Amount, the relevant party will make a cash payment to the JV Company at Closing; or

(ii) in relation to the Provisional Top-Down Amount, the JV Company will record a liability owing to the relevant party in the form of a shareholder loan to the JV Company at Closing. The terms of such shareholder loan will be determined through arm's length negotiations between the Parties and based on normal commercial terms or better.

The JV Company shall issue the JV Shares to the Founding Shareholders based on their respective Provisional Contribution Values plus the Provisional Top-Up Amount (if any), and minus the Provisional Top-Down Amount (if any), as relevant to each Party upon Closing. For the avoidance of doubt, in the event that the Provisional Contribution Values of Aurobay Holding, Aurobay SG, or Horse Holding is equal to or higher than its respective Maximum Contribution Value, the JV Company shall issue the JV Shares to the Founding Shareholders based on the respective Maximum Contribution Values of the Parties.

At Closing and upon issuance of the JV Shares, (i) the Company via Aurobay Holding (BVI) will hold 1,980,000,000 JV Shares, representing 33% of the total issued share capital of the JV Company; (ii) Geely Holding via GHPT Limited will hold 1,020,000,000 JV Shares, representing 17% of the total issued share capital of the JV Company; and (iii) Renault will hold 3,000,000,000 JV Shares, representing 50% of the total issued share capital of the JV Company.

Post-Closing adjustment

Based on the audited consolidated or combined accounts of each of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group as at the Closing Date, the Parties shall calculate the Definitive Contribution Values in accordance with the Formula.

Based on such Definitive Contribution Values, the Parties agree to make adjustments such that the Contribution Values of each of Aurobay Holding, Aurobay SG, and Horse Holding are in the ratio of 33:17:50, and at or below the respective Maximum Contribution Values.

Such adjustments, if any, will be considered as the Final Top-Up Amount or the Final Top-Down Amount, which shall be satisfied as follows:

(i) in relation to the Final Top-Up Amount, the relevant party will make a cash payment to the JV Company; or

(ii) in relation to the Final Top-Down Amount, the JV Company will record a liability owing to the relevant party in the form of a shareholder loan to the JV Company. The terms of such shareholder loan will be determined through arm's length negotiations between the Parties based on normal commercial terms or better.

Any cash payment made by a Party to the JV Company, as well as any liabilities recorded by the JV Company due to adjustments related to the Provisional Top-Up Amount, the Provisional Top-Down Amount, the Final Top-Up Amount and/or the Final Top-Down Amount, will be netted against each other for the purpose of final settlement. Subject to this set-off arrangement, any cash payment required to be made by a Party to the JV Company shall be made in EUR within one month of the determination of the Definitive Aurobay Holding Contribution Value, the Definitive Aurobay SG Contribution Value, and the Definitive Horse Contribution Value.

Conditions precedent

Closing is conditional upon the fulfilment (or, to the extent legally permissible, waived by written agreement of all the Parties) of the following conditions on or before the Long Stop Date:

(i) clearances in relation to merger control have been granted by, or confirmation that prior merger control approval is not required from, the governmental entities in the relevant jurisdictions or, with respect to those governmental entities which have not granted clearance, the expiry of the applicable waiting period under applicable laws, where the failure to render a decision within such period is equivalent to the grant of clearance under the relevant applicable laws;

(ii) clearances in relation to the necessary regulatory approvals have been granted by, or confirmation that prior regulatory approval is not required from, the governmental entities in the relevant jurisdictions or, with respect to those governmental entities which have not given clearance, the expiry of the applicable waiting period under applicable laws, where the failure to render a decision within such period is equivalent to the grant of clearance under the relevant applicable laws;

(iii) Renault having completed the internal Reorganisation of Horse Holding Group;

(iv) the Company having completed the internal Reorganisation of Aurobay Holding Group;

(v) Geely Holding having completed the internal Reorganisation of Aurobay SG Group;

(vi) the Company having obtained its Independent Shareholders' approval at its general meeting as required under the Listing Rules in order for the Company to lawfully implement the Transaction;

(vii) the Company and Geely Holding having notified Renault that they consider the confirmatory due diligence review on Horse Holding Group to be reasonably satisfactory;

(viii) Renault having notified the Company and Geely Holding that it considers the respective confirmatory due diligence review on Aurobay Holding Group and Aurobay SG Group to be reasonably satisfactory; and

(ix) the Company and Geely Holding having provided to Renault the combined financial statements of the Aurobay Holding Group and Aurobay SG Group as at 31 December 2022, which shall be prepared in accordance with the requirements set out in the Contribution Agreement.

Save for (i), (ii) and (vi), other Conditions may be waived by written agreement of all the Parties.

As at the Latest Practicable Date, Condition (iii) above was fulfilled.

Closing of the Transaction

Closing will take place on the last Business Day of the month in which the Unconditional Date occurs, if the Unconditional Date is less than ten Business Days before the last Business Day of that month, the last Business Day of the subsequent calendar month, or any other date to be agreed by the Parties.

Subject to fulfillment or waiver (as the case may be) of the Conditions, it is expected that Closing will take place on or before 30 June 2024.

Intellectual property

Prior to the Closing Date, subject to any applicable third-party consents, each of the Parties, shall and shall cause its affiliates to assign, license, or sub-license the relevant intellectual property rights to the JV Company Group that are related to the ordinary course of the Powertrain Business and the retained businesses of the Parties.

Ancillary agreements

To support the operation of the JV Company Group and its Powertrain Business, the Parties or their respective group member have entered into or will enter into the transitional or long-term service agreements and the supply agreements with the relevant subsidiaries of the JV Company on or before Closing. For further details of the framework agreement in relation to the Powertrain Purchase Agreement entered into between the Company, Aurobay Technology and Geely Changxing, please refer to the paragraph headed "*IV. The Powertrain Purchase Agreement*" below.

Wrong pocket

If at any time before the second anniversary of the Closing Date, any Party discovers, among other thing, (i) any assets or rights or liability that should have been transferred to the JV Company but were not transferred to the JV Company, subject to any required consent and applicable laws, the relevant Party shall, as promptly as reasonably practicable, remit or transfer the omitted asset or liability to the JV Company Group at no cost, to the extent legally possible; and (ii) any asset or rights or liability that should not have been transferred to the JV Company but were transferred to the JV Company, the relevant party shall, as promptly as reasonably practicable, cause the JV Company to remit or transfer the wrongly transferred assets or liability to the respective Party at no cost, to the extent legally possible.

Indemnities

Subject to the applicable limitation under the Contribution Agreement, the Parties agreed to indemnify and hold harmless the JV Company and/or any JV Company Group member, as the case may be, from and against all losses suffered or incurred by the JV Company and/or such JV Company Group member as a result of, including but not limited to, failure to obtain approvals from the relevant government entities in relation to the internal Reorganisation, termination of licenses, claims from employees, failure to implement internal Reorganisation and claims related to pollution or environmental matters.

Intra-group loans

Intra-group liabilities owed between the Aurobay Group and the Geely Group, or the Renault Group and the Horse Holding Group will not be transferred to the JV Company. The Company, Geely Holding and Renault may discuss in good faith with each other to align the terms of the existing liabilities owed between the Aurobay Group and the Geely Group, or the Renault Group and the Horse Holding Group. As at 30 June 2023, intra-group loans of approximately RMB6,396.8 million between the Group and the Aurobay Technology Group remain outstanding (the "**Aurobay Technology Shareholder Loans**"). The Aurobay Technology Shareholder Loans have interest rates ranging from 3.70% to 4.65% per annum, which were determined after arm's length negotiations between the parties based on normal commercial terms. The repayment of the Aurobay Technology Shareholder Loans will depend on the cash flow of the Aurobay Technology Group. If the Aurobay Technology Group has sufficient cash and working capital for its daily operation and business development before Closing, it will repay the Aurobay Technology Shareholder Loans, whether in part or in full, to the Group.

Termination

The Contribution Agreement may be terminated under, among others, the following circumstances: (i) by mutual agreement; (ii) by serving notices to the other Parties stating that a Condition has not been satisfied or waived on or before the Long Stop Date. However, if a Party fails to fulfill its obligation under the Contribution Agreement, such Party does not have the right to terminate the agreement based on the unsatisfied Condition; (iii) if any fact, matter, or circumstance described in the relevant disclosure letter prepared by the relevant Party would constitute a breach of the other Party's fundamental warranties and/or a material breach of certain business warranties and such breach is unable to be remedied prior to Closing; (iv) if the Closing has been deferred at least once due to any Party's inability to deliver Closing deliverables or perform Closing actions; (v) if (a) any Party (or member of its group) becomes a sanctioned person; or (b) any places where a Party is located in became a sanctioned territory; or (c) its government becomes the subject of sanctions; or (d) any Party's ability to perform the Powertrain Business is materially affected by the imposition of sanctions; or (e) any Party conducts business that is prohibited under trade sanctions or export control restrictions, and would materially adversely affect the Powertrain Business of the JV Company Group and/or the Parties and/or the transactions contemplated under the Contribution Agreement; or (vi) if any of the Party becomes insolvent.

III. THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are summarized as follows:

Date

11 July 2023 (non-trading hours)

Parties

(i) the Company;

(ii) Geely Holding; and

(iii) Renault

Principal business of the JV Company

The principal business of the JV Company Group is to carry on and develop the Powertrain Business.

Funding

The shareholders of the JV Company intend that the JV Company Group will primarily be self-financed. Save for limited circumstances, no shareholder of the JV Company is obligated to contribute or provide further finance to the JV Company Group, whether by way of capital injection, subscription of or provision of any kind of JV Instruments or otherwise.

Dividend policy

Subject to, among others, the funding needs and the annual budgeting plan of the JV Company Group, the JV Company will distribute the maximum amount of its profit (after taxation, minority interests, and extraordinary items) that is available for distribution as shown in the JV Company's financial statements for that particular financial year in accordance with the applicable laws. The shareholders of the JV Company shall be entitled to dividends and other distributions in the JV Company in proportion to their aggregated shareholding interests in the JV Company.

During the Transitional Period, except with the Parties' consent, neither the JV Company nor Horse Holding nor Aurobay SG nor Aurobay Holding shall declare, distribute, or make any dividends or other distributions.

Transitional Period

During the Transitional Period, the Horse Business and the Aurobay Business shall both operate on a standalone basis, with the aim of creating synergies between them as soon as possible.

Term

Subject to the early termination of the Joint Venture Agreement, the Joint Venture Agreement shall continue in full force and effect for a period of 25 years (the "**Initial Term**") following the Closing and shall be automatically renewed for an additional period of five years, except a termination notice being served by a Founding Shareholder one year before the end of the Initial Term.

JV Board composition and appointment of JV Directors

The JV Board shall consist of up to ten JV Directors and any shareholder of the JV Company shall have the right to nominate, or appoint, or remove one JV Director for each 10% shareholding interest they hold in the JV Company. On Closing, the Founding Shareholders will be entitled to appoint JV Directors to the JV Board, in particular, Aurobay Holding (BVI) will appoint two JV Directors, GHPT Limited will appoint one JV Director and Renault will appoint three JV Directors.

The JV Board shall not approve, take any action to implement or proceed with any decisions relating to the reserved matters as set out in the Joint Venture Agreement, unless such matter has been approved by a Special Majority or by unanimity, as the case may be.

The JV Board

The JV Board is responsible for approving the strategy of the JV Company, deciding on the JV Board reserved matters, and any related party transactions. The chief executive officer of the JV Company, who will be appointed by the JV Board under a Special Majority, is responsible for the implementation of the JV Company's business plan, the Powertrain Business' strategy and the day-today management of the JV Company Group.

Exclusive procurement

Subject to applicable laws and the Listing Rules, and save for certain entities that are carved out under the Joint Venture Agreement, (i) the Group and Renault shall (or procure its respective affiliates to) exclusively procure ICE, hybrid, and plug-in hybrid powertrains (engines and transmissions) for passenger vehicles from the JV Company for a minimum of ten years from Closing; and (ii) Renault shall, or procure its affiliates to exclusively engage the JV Company Group for the development of hybrid and plug-in hybrid batteries for passenger and light commercial vehicles, as well as engines and transmissions for light commercial vehicles, for a minimum of ten years from Closing. If, at any time during the ten-year period, the Company and/or Renault is unable to comply with the exclusive procurement requirements set out above due to restrictions on applicable laws and the Listing Rules, the relevant clause will have no effect, and all Parties shall use reasonable endeavors to replace or identify a viable alternative that achieves a similar effect.

Restriction on transfer and the joint transfer

During the Lock-In Period, save for the permitted transfers as defined in the Joint Venture Agreement, no shareholder of the JV Company is allowed to transfer any of its JV Instruments to any person without the prior consent of the Parties. However, the Founding Shareholders may jointly decide to, whether directly or through their Permitted Transferee(s), (i) transfer a portion of their JV Instruments, which are of the same class, on a pro rata basis, and under the same price, terms and conditions; or (ii) authorise the issuance of new JV Instruments to a third party that is agreed among the Founding Shareholders.

Right of first refusal

If at any time after the Lock-In Period, any shareholder of the JV Company (the "**ROFR Transferor**") receives a bona fide offer for the purchase of the JV Instruments from another shareholder of the JV Company or any third party (the "**ROFR Transferee**"), the ROFR Transferor shall first provide notice in writing to the other shareholders of the JV Company, offering to sell part or all of its JV Instruments to the other shareholders of the JV Company on the same terms and conditions. If no offer is made or is rejected, subject to certain restrictions, the ROFR Transferor may proceed with the sale with the ROFR Transferee.

Drag-along right

If all of the Founding Shareholders wish to transfer the JV Shares, which in aggregate represent more than 50% of the total issued share capital of the JV Company, to a third party during or after the Lock-In Period, the Founding Shareholders may serve a written notice on the JV Company and other shareholders of the JV Company, requiring the remaining shareholders of the JV Company to sell all of their respective JV Shares at the same time and same price as set out in the notice.

Call option or buy-back

If any shareholder of the JV Company, except for the Founding Shareholders, (i) fails to remedy a material breach caused by such shareholder, (ii) experiences a change of control, or (iii) becomes a Sanctioned Person, the Founding Shareholders are entitled to exercise the call option. The exercise price of the call option shall be determined with reference to the then fair market value of the JV Company. During the Lock-In Period, the Founding Shareholders may jointly (but not individually); or after the Lock-In Period, the Founding Shareholders may jointly or individually, give a Call Option Notice to the Call Option Shareholder. Each Founding Shareholder's entitlement under the Call Option Notice shall equal to the proportion which (i) the number of JV Instruments of the same class held by that Founding Shareholder and its Permitted Transferee(s) bears to (ii) the aggregate number of all of the JV Instruments of that class held by the other Founding Shareholders having delivered a Call Option Notice and their respective Permitted Transferee(s).

Minimum shareholding of the Founding Shareholders

Unless prior consents have been obtained from the Parties, the aggregated shareholding interest of Aurobay Holding (BVI) and GHPT Limited (or their respective Permitted Transferee(s)), and/or Renault (or its respective Permitted Transferee(s)) in the JV Company shall not fall below 10%.

Third party investment

The shareholders of the JV Company agree to consider new minority shareholders that could complement and/or reinforcing the JV Company's business activities in its technological and/or geographical footprint.

In addition, as disclosed in the announcement of the Company dated 2 March 2023, the Company entered into a letter of intent with Saudi Arabian Oil Company, an independent third party, on 2 March 2023 in relation to, among others, the subscription of a minority stake in the JV Company. As at the Latest Practicable Date, no binding definitive agreement was entered into among the Parties and Saudi Arabian Oil Company. The Company will make further announcements in relation to the aforementioned if and when required under the Listing Rules.

Restrictive covenant

Subject to certain exceptions, the shareholders of the JV Company and their affiliates shall not (i)(a) enter into any agreement or discussions; and/or (b) carry on, be involved or engaged in any third party in relation to any activities that are similar or competing with the Powertrain Business, including licensing the intellectual property right to any third party; and (ii) solicit or entice away any person, firm, company, or entity who is or was a client of any member of the JV Company Group or any individual who is employed by any member of the JV Company Group.

Material breach

In the event that a shareholder of the JV Company or member of its group become a Defaulting Shareholder(s), the non-defaulting Founding Shareholder may issue a notice to the Defaulting Shareholder(s) containing a description of the relevant material breach with supporting documents establishing such breach (if any). The Defaulting Shareholder(s) is entitled to challenge such alleged material breach within a period of 15 Business Days from receipt of such notice by sending to the non-defaulting Founding Shareholder a notice detailing the reasons for such challenge together with the relevant supporting documents (if any). If the Defaulting Shareholder(s) and the non-defaulting Founding Shareholder have conflicting views on the existence of the material breach and are unable to reach consensus, it will be considered as a deadlock. If the Defaulting Shareholder is a Founding Shareholder and the material breach is not remedied by the date falling on the 15th Business Days after such breach has been determined still in existence (the "**Remedy Period**"), the non-defaulting Founding Shareholder may terminate the Joint Venture Agreement. If the Defaulting Shareholder is not a Founding Shareholder and the material breach is not remedied within the Remedy Period, the Founding Shareholders may exercise the call option or buy-back right.

Termination

The Joint Venture Agreement may be terminated under, among others, the following circumstances: (i) by written agreement of all shareholders of the JV Company; (ii) by the shareholders of the JV Company if they fail to resolve a deadlock; (iii) failure to remedy a material breach by the relevant Founding Shareholder; (iv) by Geely Holding and the Company if Renault has a change of control, or by Renault if Geely Holding and/or the Company and/or Aurobay Holding (BVI) and/or GHPT Limited has a change of control; (v) by the Founding Shareholders if, at the end of the Transitional Period, the JV Company incurs net losses exceeding 25% of the value of its total net assets on a consolidated basis and no turnaround plan has been agreed between the Founding Shareholders; (vi) by Geely Holding and/or the Company if, at the end of the Transitional Period, Horse Holding incurs accumulated net losses exceeding 25% of the value of its total net assets on a consolidated basis and no turnaround plan has been agreed between the Founding Shareholders; (vii) by Renault if, at the end of the Transitional Period, Aurobay Holding and/or Aurobay SG incurs accumulated net losses exceeding 25% of the value of its respective total net assets on a consolidated basis and no turnaround plan has been agreed between the Founding Shareholders; (viii) insolvency of any Founding Shareholder and the Parties; (ix) expiration of the Joint Venture Agreement's term; (x) Closing does not occur by the Long Stop Date; and (xi) when all JV Instruments of the JV Company are being held by one person or members of the same shareholder and members of its group.

Reasons and benefits for the Transaction

The formation of the JV Company will combine the ICE, hybrid, and plug-in hybrid engine and transmission activities of the Group, the Geely Holding Group and the Renault Group. The JV Company Group will benefit from significant strategic, product and geographic complementarity, as well as economies of scale between the businesses of the Group, the Geely Holding Group and the Renault Group. This will provide the JV Company with the opportunity to gain additional market share, target new third-party customers, pursue production efficiencies, and develop new technology solutions. In particular, the product portfolio of the JV Company Group will encompass various types of fuel, such as synthetic fuel (including e-fuel) and others, enabling the offering of a wide range of Powertrain Products and solutions to meet customer needs and comply with future regulations in different regions such as Euro 7 and potentially the next emission standard in the PRC. In addition, the JV Company Group will benefit from global geographical presence, with 17 plants strategically located worldwide, each equipped with advanced production facilities and supported by five dedicated research and development centres. Further, the JV Company will operate as a fully-fledged autonomous entity, leveraging the Group's, the Geely Holding Group's and the Renault Group's extensive expertise in ICE, hybrid, and plug-in hybrid powertrain, which positions it well to serve existing customers and secure new contracts from third party customers.

The Company believes that the JV Company could achieve several areas of potential synergies including increasing top-line sales through external sales to third-party OEMs, exploring cross-selling and cross-badging opportunities, improving profitability through supplier panel rationalization and enforcing best-pricing, and standardizing product features and production processes.

Following the formation of the JV Company, the Aurobay Technology Group will no longer be subsidiaries of the Group. This structure allows the Group to reduce exposure to its ICE powertrain manufacturing business by outsourcing to the JV Company while still maintaining control over its powertrain supplies and influence over product and technology development, which will benefit the Group.

The fully autonomous JV Company will enable the Company's management to allocate more time and resources to developing the next-generation battery electric vehicle product portfolio, thus accelerating its transformation into an industry leader in new energy vehicle technologies.

The Board (including the independent non-executive Directors) is of the view that (i) there is no specific disadvantage for the Company to enter into the Contribution Agreement and the Joint Venture Agreement and the transactions contemplated thereunder and (ii) the terms of the

Contribution Agreement and the Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Financial impact on the Group

Upon completion of the Deemed Disposal, it is estimated that an unaudited gain of approximately RMB9,782 million (before taxation, transaction costs and other customary adjustments) will be recorded by the Group in respect of the Deemed Disposal, being the difference between the estimated value calculated with reference to the Maximum Contribution Values and the audited net equity value of the transferred equity as at 31 December 2022. The actual gain or loss as a result of the Deemed Disposal to be recorded by the Group is subject to audit and will be determined as at the date of completion of the Deemed Disposal.

The analysis above is for illustrative purposes only and does not purport to represent how the financial performance of the Group would be upon completion of the Deemed Disposal.

IV. THE POWERTRAIN PURCHASE AGREEMENT

The principal terms of the Powertrain Purchase Agreement are summarised below:

Date

11 July 2023 (non-trading hours)

Parties

Purchaser:

the Company

Suppliers:

(i) Aurobay Technology; and

(ii) Geely Changxing

For further details regarding the Company, Aurobay Technology, and Geely Changxing, please refer to the paragraph headed "*V. Information of the Company and Parties to the Agreements*" below.

Subject matter

Pursuant to the Powertrain Purchase Agreement, the Group conditionally agreed to purchase the Powertrain Products from the Suppliers Group and the Suppliers Group conditionally agreed to supply the Powertrain Products to the Group. The Group may issue Purchase Orders to the Suppliers Group, in accordance with the terms and conditions set out in the Powertrain Purchase Agreement, from time to time, for the supply of Powertrain Products. The Purchase Orders shall specify the quantity and price of the Powertrain Products to be ordered by the Group and are subject to acceptance by the Suppliers Group.

Term

The Powertrain Purchase Agreement shall commence on the Closing Date or 1 January 2024 (whichever is later) until 31 December 2026, subject to early termination by mutual agreement by the parties under the Powertrain Purchase Agreement. The term of the Powertrain Purchase Agreement shall not exceed three years.

Payment terms

All payments in respect of the Powertrain Products provided under the Powertrain Purchase Agreement and the purchase orders shall be settled within 45 days of invoice in cash, wire transfer, acceptance or any other payment method mutually agreed by the parties to the Powerstrain Purchase Agreement. Any overdue payment shall charge the interest, which shall be calculated by reference to the loan interest rate of the People's Bank of China over the same period.

Taking into consideration the (i) the credit period under the Powertrain Purchase Agreement is within the range of credit period offered to the Group by the independent third party suppliers; and (ii) the overdue interest rate is calculated based on the loan interest rate of the People's Bank of China over the same period, the Board is of the view that the payment terms are fair and reasonable and in the interests of the Company and the Shareholders.

Condition precedent to the Powertrain Purchase Agreement

The Powertrain Purchase Agreement is subject to the Company having completed the Transaction and complied with the relevant requirements of the Listing Rules with regard to continuing connected transactions contemplated under the Powertrain Purchase Agreement.

If the condition mentioned above has not been fulfilled on or before 30 June 2024 (or such other date as the parties may agree in writing), the Powertrain Purchase Agreement shall lapse and be of no effect and neither parties under the Powertrain Purchase Agreement shall have any claim against, or liability or obligation to any other party under the Powertrain Purchase Agreement.

Pricing basis and proposed Powertrain Purchase Annual Caps

(a) Pricing basis

The purchase of the Powertrain Products under the Powertrain Purchase Agreement shall be fair and reasonable, on normal commercial terms or better, and the price of the Powertrain Products shall not be less favourable than the price offered by other independent third parties. In determining the purchase price of the Powertrain Products, the Group shall consider the following factors:

(i) the prevailing market prices of comparable products available in the market; and

(ii) if (i) is not applicable, the purchase price of the Powertrain Products will be determined based on the formula below:

Price per unit = Cost per unit * (1 + margin rate)

Whereas: Cost per unit = cost of direct materials + other variable cost + standard fixed cost, calculated on per unit basis.

Margin rate is determined at 3% with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies providing similar powertrain products as stated in the Powertrain Pricing Analysis Report, which is prepared solely for the internal reference of the Group and the Geely Holding Group. According to the Powertrain Pricing Analysis Report, the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies are in the range of 1.71% to 5.42% for the purpose of reference.

The Powertrain Pricing Analysis Report identified 16 comparable companies based on the following selection criteria: (a) the companies are in the ICE or automobile parts and components manufacturing industry, which are principally engaged in the manufacturing of engines, turbines and other related motor vehicle equipment; (b) the companies have the business registered addresses in China; (c) the companies have no recorded single shareholder with an ownership over 50%; (d) the companies have sufficient financial data available for at least two of the three financial years from 2019 to 2021; and (e) the companies have average operating profits for the three financial years from 2019 to 2021.

Cost of direct materials = unit cost of direct materials in previous year * (1 – material cost reduction rate * material cost reduction sharing ratio).

Other variable cost shall include but not limited to: indirect materials, direct labour cost, production expenses, transportation expenses, stamp duties and surtaxes. Such variable cost will be finalized based on actual cost and production volume.

Standard fixed cost = total fixed cost/(production capacity * PUR).

Fixed cost shall include but not limited to: depreciation and amortization of fixed assets (e.g. capitalized license fee), selling, general and administrative expenses and R&D expenses. Production capacity refers to the maximum output volume. PUR means plant utilization ratio and is determined at 77% with reference to the industry average PUR level.

For the avoidance of doubt, value added tax and corporate income tax are excluded from the above cost components.

Material cost reduction rate refers to the percentage of price reduction based on the price offered by the suppliers and the benchmark price in previous year. The material cost reduction sharing ratio of 50% under the Powertrain Purchase Agreement was determined by the Company, Geely Holding and Renault after arm's length negotiation. Considering that material cost reduction sharing ratio offered to the Company is no less favorable as compared with the ratio offered to Renault, an independent third party, the Company is of the view that the material cost reduction sharing ratio of 50% is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the pricing basis with reference to the Powertrain Pricing Analysis Report, the Board (including the independent non-executive Directors) considers the pricing basis under the Powertrain Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(b) Historical transaction amount and the Proposed Powertrain Purchase Annual Caps

The historical transaction amount in relation to the purchase of the Powertrain Products from the Aurobay Technology Group by the Group for each of the three years ended 31 December 2022 were RMB12,879.7 million, RMB12,036.3 million and RMB12,247.3 million, respectively. The historical transaction amount in relation to the purchase of automobiles parts and components from the Geely Changxing Group by the Group for each of the three years ended 31 December 2022 was nil, nil and RMB1,285.2 million, respectively.

The table below sets out the proposed annual caps for purchase of Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group by the Group for each of the three years ending on 31 December 2026:

	Proposed annual caps		
	from the Effective Date to 31 December 2024	**for the year ending on 31 December 2025**	**for the year ending on 31 December 2026**
	RMB million	*RMB million*	*RMB million*
Purchase of Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group	25,070.4	25,846.6	24,442.3

The increase of the proposed Powertrain Purchase Annual Caps as compared with the aforementioned historical transaction amount is mainly due to the following reasons:

(i) the projected increase in the number of Powertrain Products to be purchased by the Group during the three years from 2024 to 2026. The estimated average purchase volume over this period represents a growth of over 80% compared to the historical purchase volume for the year ended 31 December 2022. Such increase is primarily driven by the expected introduction of new models of Geely-branded Vehicles including the new models of Galaxy series, spanning the years 2024 to 2026, along with recovery from lower demand for passenger vehicles in the PRC due to COVID-19 pandemic outbreak;

(ii) the estimated increase in average purchase volume of the Powertrain Products for the use in the hybrid Geely-branded Vehicles for the three years ending 31 December 2026, which represents a growth of over 90% compared to the historical purchase volume for the year ended 31 December 2022. The estimated average unit price of the Powertrain Products used in the hybrid Geely-branded Vehicles for the three years ending 31 December 2026 is approximately 60% to 70% higher than those for ICE Geely-branded Vehicles for the same period; and

(iii) the JV Company Group will become the centralised supplier of the Powertrain Products to the Group. This will ensure the Group to have a stable supply of the Powertrain Products from the JV Company Group by leveraging the Group's, the Geely Holding Group's and the Renault Group's extensive expertise in ICE, hybrid, and plug-in hybrid powertrain, coupled with the high production capacity of the JV Company Group.

The proposed Powertrain Purchase Annual Cap will increase by approximately 3.1% on year-on-year basis for the year ending 31 December 2025, primarily attributable to an approximately 2.8% increase in the purchase volume of the Powertrain Products for the same period. Such increase is mainly driven by the increase in demand of the Powertrain Products for the use in hybrid Geely-branded Vehicles. However, the proposed Powertrain Purchase Annual Cap will decrease by approximately 5.4% on year-on-year basis for the year ending 31 December 2026, primarily attributable to an approximately 8.2% decrease in the purchase volume of the Powertrain Products, which is partially offset by an approximately 3.0% increase in average unit price of the Powertrain Products for the same period.

(c) Basis of determination of the proposed Powertrain Purchase Annual Caps

The Powertrain Purchase Annual Caps were determined by the Company with reference to (i) the estimated number of units of the Powertrain Products to be purchased by the Group from the Suppliers Group for the use in the manufacturing CKDs of Geely-branded Vehicles, which was determined based on the projected sales volume of the ICE and hybrid Geely-branded Vehicles for the same period. Please refer to paragraph (b) above for more information; (ii) the estimated costs of manufacturing the Powertrain Products for the three years ending on 31 December 2026; and (iii) the margin rate of 3% over such projected manufacturing costs with reference to the Powertrain Pricing Analysis Report.

As the Group anticipates an expected increase in sales volume of hybrid Geely-branded Vehicles, the Powertrain Purchase Annual Cap for the year ending on 31 December 2025 is higher than the Powertrain Purchase Annual Cap for the year ending on 31 December 2024. The decrease of the Powertrain Purchase Annual Cap for the year ending on 31 December 2026 is primarily attributable to the expected decrease in the sales volume of ICE Geely-branded Vehicles, which outweigh the expected increase in sales volume of hybrid Geely-branded Vehicles.

The Board (including the independent non-executive Directors) is of the view that the Powertrain Purchase Annual Caps for the three years ending on 31 December 2026 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Reasons and benefits of entering into the Powertrain Purchase Agreement

Prior to the formation of the JV Company, the Aurobay Technology Group has been manufacturing and supplying Powertrain Products to the Group and understands the needs of the Group. The Geely Changxing Group has been manufacturing automobiles parts and components used in Geely-branded Vehicles for the Group and is equipped with the technological know-how capability to manufacture Powertrain Products. The Aurobay Technology Group and the Geely Changxing Group will produce Powertrain Products for different Geely-branded Vehicles in accordance with the business plan of the JV Company Group which will enable the Group to secure a stable source of Powertrain Products leveraging on the business relationships established between the Group, the Aurobay Technology Group and the Geely Changxing Group.

The Board (including the independent non-executive Directors) is of the view that there is no specific disadvantage for the Company to enter into the Powertrain Purchase Agreement and the transactions contemplated thereunder.

Taking into consideration the above, the Board (including the independent non-executive Directors) is of the view that the entering into of the Powertrain Purchase Agreement is beneficial to the Group as a whole.

Internal control measures in relation to pricing for the Powertrain Purchase Agreement

In order to determine the purchase price of the Powertrain Products, the finance department of the Group will obtain fee quotations from other independent third-party suppliers and/or publicly available information on the prevailing market prices of comparable products on best effort basis.

In the event that fee quotations or prevailing market prices of comparable products are not available, the Group will purchase Powertrain Products from the Suppliers Group based on a cost-plus-margin approach. The margin rate is determined at 3% with reference to the lower quartile and upper quartile of the three-year weighted average cost-plus-margins of comparable companies as stated in the Powertrain Pricing Analysis Report, subject to the annual review by the Company, Aurobay Technology and Geely Changxing. To ensure fair pricing, the finance department of the Group will monitor manufacturing cost components including direct material cost, variable cost, standard fixed cost, material cost reduction, and applicable taxes on a quarterly basis by reviewing the relevant information to be provided by the Suppliers Group to ensure that purchase prices are determined in accordance to the pricing basis set out above.

The Company, Aurobay Technology and Geely Changxing will negotiate the terms of such transactions to ensure the prices are fair and reasonable and properly reflect the level of costs incurred by the parties in such transactions. The scope of the Powertrain Products will be collectively reviewed by the Company, Aurobay Technology and Geely Changxing on an annual basis to determine whether an updated margin rate should be obtained. Any updated margin rate will be determined with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of the comparable companies stated in an updated pricing report prepared by an independent certified public accountant firm or institution with the same qualification.

The Group will implement the following measures to ensure that the annual transaction amounts under the Powertrain Purchase Agreement will not exceed the proposed annual caps of respective years: (i) the subsidiaries of the Group will record and report the connected transaction amounts to the finance department monthly. The finance manager of the finance department will then prepare the statistics on the amounts of continuing connected transactions and calculate the utilization rate of the relevant annual cap on a monthly basis and submit the relevant statistic to the management of the Group for their review. If (i) the finance department of the Group is informed by the relevant business department of the subsidiaries of the Group that there will be significant increase in the transaction volume of continuing connected transactions which may exceeds the relevant annual cap; or (ii) the utilization rate of the applicable annual cap reaches a substantial majority of the proposed Powertrain Purchase Annual Caps at any time during the year, the Group will either restrict the purchase volume of the Powertrain Products to ensure that the respective annual caps covered by the Powertrain Purchase Agreement will not be exceeded or initiate the necessary procedures to revise the Powertrain Purchase Annual Caps in accordance with the requirements under Chapter 14A of the

Listing Rules, and the internal audit department will conduct an inspection in respect of the compliance with the internal control requirements of continuing connected transactions on an annual basis (or more frequently if needed).

In relation to the aforesaid internal control measures, the internal audit department of the Group will conduct assessment on the internal control measures for all continuing connected transactions to ensure that such internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct annual review on all continuing connected transactions and confirm that the transactions have been entered into in the ordinary and usual course of business of the Group. The Company also engages its independent auditor to opine on all continuing connected transactions annually. The independent auditor shall review and confirm whether all continuing connected transactions (i) have been approved by the Board; (ii) have been conducted in accordance with the pricing policies set out in the relevant agreement; and (iii) have not exceeded the relevant annual caps.

V. INFORMATION OF THE COMPANY AND PARTIES TO THE AGREEMENTS

Information about the Group

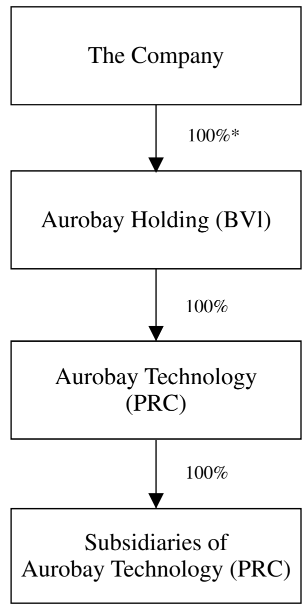
The Group is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

Information of the Aurobay Holding Group

Upon obtaining the approval from the Independent Shareholder in relation to the Agreements and the transactions contemplated thereunder, Aurobay Holding (BVI), a wholly-owned subsidiary of the Company, will incorporate Aurobay Holding in Singapore as a holding company of the Aurobay Technology Group.

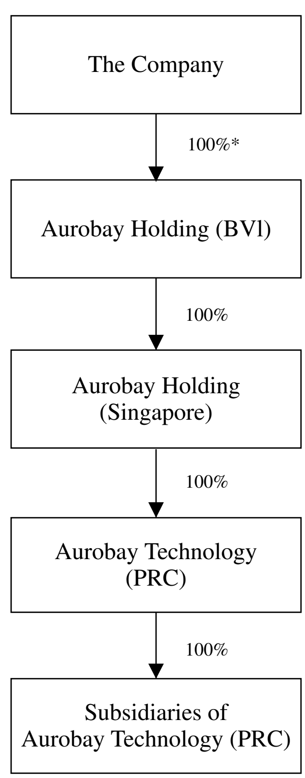
Aurobay Technology is a limited liability company established in the PRC. As at the Latest Practicable Date, Aurobay Technology was a wholly-owned subsidiary of Aurobay Holding (BVI). Aurobay Technology and its subsidiaries are principally engaged in the research and development, manufacturing, processing, sales, technical services and supply of relevant after-sale parts of engines and transmissions in the PRC.

As at the Latest Practicable Date and prior to the completion of internal Reorganisation of the Group, the shareholding structure of the Aurobay Holding Group was as follows:



* *Indirect shareholding*

Upon completion of the internal Reorganisation of the Group, the shareholding structure of the Aurobay Holding Group will be as follow:



* *Indirect shareholding*

Financial information of the Aurobay Technology Group

Set out below is the key financial information extracted from the audited consolidated financial statements of the Aurobay Technology Group prepared in accordance with the PRC GAAP for the two years ended 31 December 2021 and 2022, respectively:

	For the year ended 31 December	
	2021	**2022**
	RMB million	*RMB million*
Profit before tax	870	688
Profit after tax	712	823

As at 31 December 2022, the audited consolidated net asset value of the Aurobay Technology Group was RMB8,102 million.

Information about Geely Holding

Geely Holding is a limited liability company established in the PRC. Geely Holding is principally engaged in the sales of automobiles and related parts and components wholesale and retail business. As at the Latest Practicable Date, Geely Holding was the substantial shareholder of the Company holding 4,019,391,000 Shares, which represented approximately 40% of the total issued share capital of the Company.

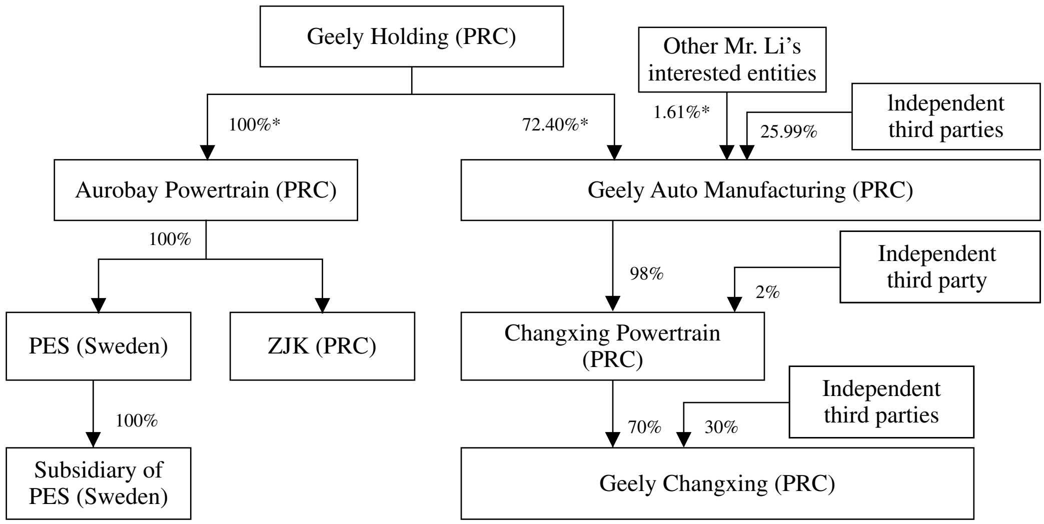
Information about the Aurobay SG Group

Aurobay SG is a private limited company incorporated in Singapore. Upon completion the internal Reorganisation of the Geely Holding Group, Aurobay SG will be a holding company of Changxing Powertrain, ZJK and PES and their respective subsidiaries.

Changxing Powertrain and ZJK are limited liability companies established in the PRC. PES is a limited liability company established in Sweden. As at the Latest Practicable Date, Changxing Powertrain was an indirectly non wholly-owned subsidiary of Geely Holding and ZJK and PES were indirectly wholly-owned subsidiaries of Geely Holding.

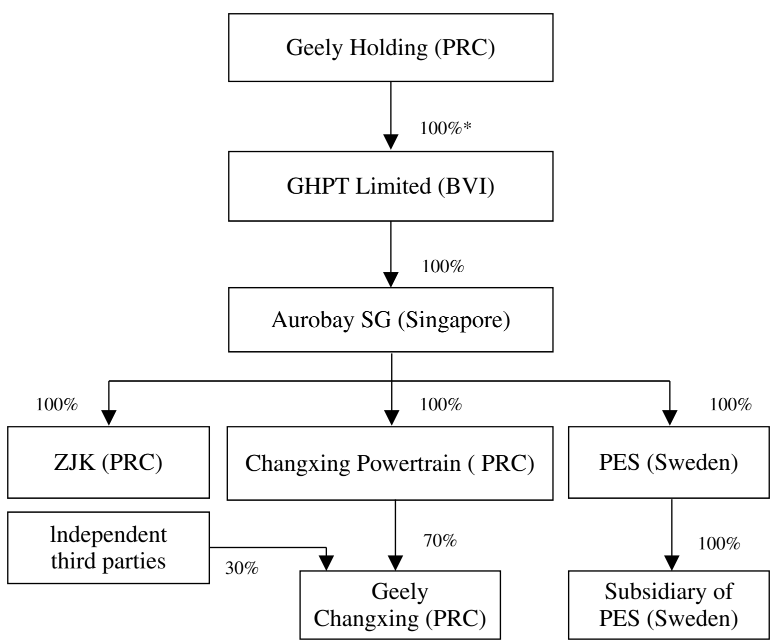
Changxing Powertrain, ZJK, and PES and their respective subsidiaries (including Geely Changxing) are principally engaged in the research and development, production, procurement and trading (including sales) activities related to ICE, hybrid and plug-in hybrid engines and transmissions.

As at the the Latest Practicable Date and prior the completion of internal Reorganisation of the Geely Holding Group, the shareholding structure of the Aurobay SG Group was as follows:



* *Indirect shareholding*

Upon the completion of the internal Reorganisation of the Geely Holding Group, the shareholding structure of the Aurobay SG Group will be as follows:



* *Indirect shareholding*

Financial information of the Aurobay SG Operating Group

Set out below is the key financial information extracted from the unaudited combined financial statements of the Aurobay SG Operating Group prepared in accordance with the PRC GAAP for the two years ended 31 December 2021 and 2022, respectively:

	For the year ended 31 December	
	2021	**2022**
	RMB million	*RMB million*
Profit before tax	306	727
Profit after tax	229	603

As at 31 December 2022, the unaudited combined net asset value of the Aurobay SG Operating Group was RMB5,578 million.

Information about Renault

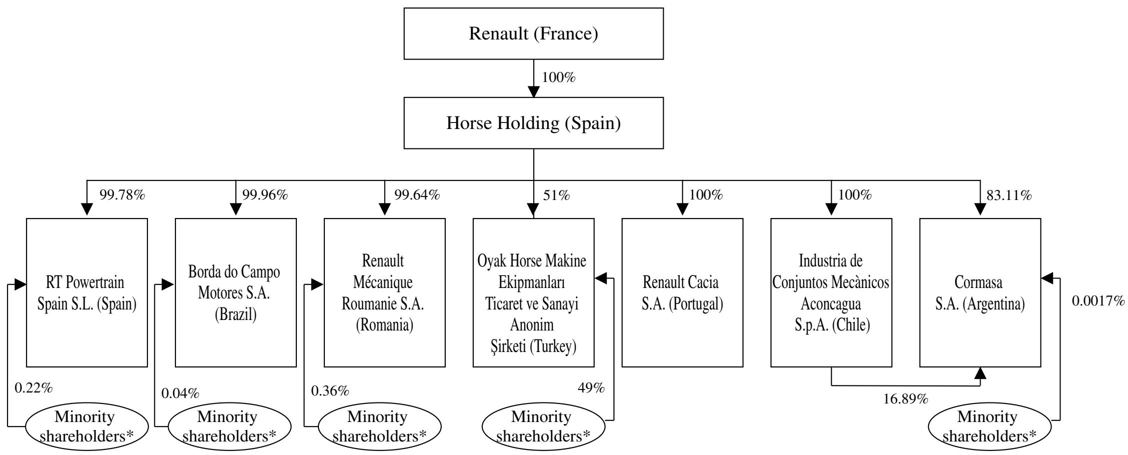
Renault is a limited liability company incorporated in France with its registered office located at Boulogne-Billancourt, France and is a wholly-owned subsidiary of Renault S.A., a limited liability company incorporated in France, whose shares are listed on Euronext Paris (stock code: RNO.PA), and having its registered office located at Boulogne-Billancourt, France. Renault is principally engaged in automobile business.

Information about the Horse Holding Group

Horse Holding is a limited liability company incorporated in Spain under volume (tomo) 1624, page (folio) 118, sheet (hoja) VA-33513 with its registered office located at, Avda de Madrid, 72, Valladolid 47008 (Spain) and is a wholly-owned subsidiary of Renault. Horse Holding and its subsidiaries carry out activities of research, development, procurement, production, trading (including sales) of combustion, hybrid and plug-in hybrid engines and gearboxes as well as the components and parts thereof (including development of hybrid and plug-in hybrid batteries but excluding manufacturing and process engineering relating to hybrid and plug-in hybrid batteries) for passenger and light commercial vehicles, in Portugal, Romania, Spain, Turkey, Argentina, Brazil and Chile.

As at the Latest Practicable Date, the subsidiaries of Horse Holding consisted of (1) Cormasa S.A. incorporated in Argentina; (2) Borda do Campo Motores S.A. incorporated in Brazil; (3) Industria de Conjuntos Mecánicos Aconcagua S.A. incorporated in Chile; (4) Renault Cacia S.A. incorporated in Portugal; (5) Renault Mécanique Roumanie S.A. incorporated in Romania; (6) RT Powertrain Spain S.L. incorporated in Spain and (7) Oyak Horse Makine Ekipmanları Ticaret ve Sanayi Anonim Şirketi S.A. incorporated in Turkey.

As at the Latest Practicable Date, the shareholding structure of the Horse Holding Group was as follows:



* *These minority shareholders are third parties independent of Renault, the Company and its connected persons.*

Financial information of the Horse Holding Group

Set out below is the key financial information extracted from the combined carve-out financial statements of the Horse Holding Group for the years ended 31 December 2021 and 2022, respectively:

	For the year ended 31 December	
	2021	**2022**
	EUR million	*EUR million*
Profit before tax	200 *(equivalent to approximately RMB1,548 million)*	358 *(equivalent to approximately RMB2,772 million)*
Profit after tax	145 *(equivalent to approximately RMB1,123 million)*	270 *(equivalent to approximately RMB2,090 million)*

As at 31 December 2022, the combined carve-out net asset value of the Horse Holding Group was EUR2,157 million (equivalent to approximately RMB16,699 million).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Geely Holding, the Founding Shareholders and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

VI. INDEPENDENT VALUATION OF THE AUROBAY TECHNOLOGY GROUP, THE AUROBAY SG OPERATING GROUP AND THE HORSE HOLDING GROUP

Independent valuation of the Aurobay Technology Group and the Aurobay SG Operating Group

As at 31 May 2023, the appraised enterprise value of the Aurobay Technology Group and the Aurobay SG Operating Group were EUR3,018,000,000 (equivalent to approximately RMB23,364,782,580) and EUR1,078,000,000 (equivalent to approximately RMB8,345,671,180), respectively.

The Aurobay Group Valuation was valued by APA, an independent professional valuer, by way of market approach.

The major assumptions of the Aurobay Group Valuation are summarised as follows:

(i) all proposed facilities and systems will work properly and will be sufficient for future operation;

(ii) there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates;

(iii) the financial and operational information provided to APA by the Company, the Aurobay SG Operating Group and the Aurobay Technology Group are accurate;

(iv) there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value; and

(v) no changes in market conditions after the valuation date.

Values adopted in the Aurobay Group Valuation include:

The market value of the enterprise value of the Aurobay Group Valuation was developed by using the EV/EBITDA ratio deriving from comparable companies as at the valuation date and the earnings before interest, tax, depreciation and amortization for last twelve months ended 31 December 2022 of the Aurobay Technology Group and the Aurobay SG Operating Group.

In determining the market comparable, APA made reference to listed companies from major stock exchanges in the United States of America, Europe, Japan, the PRC and Hong Kong. The comparable companies are selected based on the selection criteria below:

(i) the comparable companies are publicly listed;

(ii) the comparable companies recorded positive earnings before interest, tax, depreciation and amortization in their latest financial years and the EV/EBITDA ratio of the comparable companies are available as at the valuation date;

(iii) for the Aurobay Technology Group, the comparable companies (a) are primarily engaged in the development, manufacture and sale of engines; and (b) revenue from sale of engines largely derived from China; and

(iv) for the Aurobay SG Operating Group, the comparable companies (a) are primarily engaged in the development, manufacture and sale of components for powertrains or drivetrains and delivery of solutions for powertrains or drivetrains; and (b) have global source of revenue with major revenue generated from Europe and the second largest source of revenue generated from Asia for the twelve months ended 31 December 2022.

APA considered that EV/EBITDA multiple is the most appropriate indicator of the enterprise value of the Aurobay Technology Group and the Aurobay SG Operating Group, as this multiple is able to capture the earning abilities of the Aurobay Technology Group and the Aurobay SG Operating Group and also remove any interest, tax, depreciation and amortization effect on earnings. Enterprise value is generally derived based on the market capitalization of a company, plus net debt (total debts net of cash and cash equivalents), minority interest and preferred shares. APA has reviewed the calculation of enterprise value of each comparable company.

For further detail relating to the valuation reports of the Aurobay Technology Group and the Aurobay SG Operating Group, please refer to Appendices 1A and 1B of this circular, respectively.

Independent valuation of the Horse Holding Group

As at 31 May 2023, the appraised enterprise value of the Horse Holding Group was EUR4,049,000,000 (equivalent to approximately RMB31,346,588,690). The independent valuation of the Horse Holding Group was determined with reference to valuation conducted by AVISTA, an independent professional valuer, by way of market approach. During the course of valuation, a number of general assumptions have been made in arriving at the valuation conclusion, including but not limited to:

(i) there will be no material changes in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Horse Holding Group;

(ii) there are no material changes in the financial positions of the Horse Holding Group and the comparable companies between the respective financial reporting dates and the valuation date;

(iii) the Horse Holding Group will not be constrained by the availability of finance;

(iv) the Horse Holding Group will retain competent management, key personnel and technical staff to support their ongoing operations; and

(v) there are no hidden or unexpected conditions associated with the business entity valued that might adversely affect the reported value.

AVISTA considered that EV/EBITDA ratio multiple is the most appropriate indicator of the market value of the enterprise value of the Horse Holding Group, as this multiple is able to capture the earning abilities of the Horse Holding Group and also remove any interest, tax, depreciation and amortization effect on earnings. Enterprise value is generally derived based on the market capitalization of a company, plus net debt (total debts net of cash and cash equivalents), minority interest and preferred shares and AVISTA has reviewed the calculation of enterprise value of each comparable company.

Selection of comparable companies

The selection of the comparable companies was based on the comparability of the overall industry sector. An exhaustive list of comparable public companies is shortlisted based on the following selection criteria:

(i) the industry of the company is automotive parts and equipment;

(ii) the company is engaged in research, development and manufacturing of powertrain or engine or transmission related business in Europe and/or the Americas;

(iii) a majority of total revenue (i.e. over 50%) is attributable to research, development and manufacturing of powertrain or engine or transmission related business;

(iv) the company is listed on the stock markets of developed countries; and

(v) the financial information of the company is available to the public.

For further detail relating to the valuation report of the Horse Holding Group, please refer to Appendix 1C of this circular.

The Board's view on the fairness and reasonableness of the valuation methodology, parameters and assumptions

The Directors have reviewed the methodology of, and the bases and assumptions adopted for, the valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group as stated in the valuation reports. Based on the review of the valuation reports and having considered that (i) the valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group are in compliance with the International Valuation Standards issued by the International Valuation Standards Council; (ii) the assumptions adopted by the Independent Valuers in the valuation reports are reasonable and it is not uncommon in practice for the purpose of assessing the market value of the enterprise value of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group based on the market approach; and (iii) the Board has not identified any major factors which would cause them to doubt the fairness and reasonableness of the valuation methodologies (i.e. the market approach) or the assumptions adopted by the Independent Valuers, the Directors are of the view that the valuation methodologies (i.e. the market approach) and assumptions adopted by the Independent Valuers in the valuation reports of the Aurobay Technology Group, the Aurobay SG Operating Group, and the Horse Holding Group are fair and reasonable and the valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group as at 31 May 2023 have been made after due and careful enquiry.

In respect of the parameters adopted for the valuation of the Aurobay Technology Group, the Directors have inquired with APA and understood that (i) the comparable companies are all publicly listed and selected globally from various stock exchanges; (ii) the comparable company's core business is development, manufacture and sale of engines; (iii) the comparable company's revenue generated from the sale of engines is mainly derived from China; and (iv) the comparable companies recorded positive earnings before interest, tax, depreciation and amortization in their latest financial years. Having considered the above, the Directors are of the view that the parameters adopted for the valuation of the Aurobay Technology Group are fair and reasonable.

In respect of the parameters adopted for the valuation of the Aurobay SG Operating Group, the Directors have inquired with APA and understood that (i) the comparable companies are all publicly listed and selected globally from various stock exchanges; (ii) the comparable companies are principally engaged in the development, manufacture and sale of components for powertrains or drivetrains and delivery of solutions for powertrains or drivetrains; (iii) the comparable companies have global source of revenue with major revenue generated from Europe; and the second largest source of revenue generated from Asia for the twelve months ended 31 December 2022; and (iv) the comparable companies recorded positive earnings before interest, tax, depreciation and amortization in their latest financial years. Having considered the above, the Directors are of the view that the parameters adopted for the valuation of the Aurobay SG Operating Group are fair and reasonable.

In respect of the parameters adopted for the valuation of the Horse Holding Group, the Directors have inquired with AVISTA and understood that (i) the comparable companies are all publicly listed and selected globally from various stock exchanges of the developed markets; (ii) the comparable companies are principally engaged in the R&D, and manufacturing of powertrain or engine or transmission related business mainly in Europe and/or Americas; and (iii) majority of the comparable companies' revenue is attributable to the R&D and manufacturing of powertrain or engine or transmission related business. Having considered the above, the Directors are of the view that the parameters adopted for the valuation of the Horse Holding Group are fair and reasonable.

The Board's assessment on the independence of the Independent Valuers

To the best of the knowledge, information and belief of the Directors, the Independent Valuers are third party independent from the Company and its connected persons. As at the Latest Practicable Date, the Independent Valuers did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

The Board's assessment on the competence of the Independent Valuers

APA is a company registered in Hong Kong that carries out valuation, financial consulting and other businesses, and is also a company member registered with the RICS. The responsible person of APA in the valuation of the Aurobay Technology Group and the Aurobay SG Operating Group is Mr. Jack Li. Mr. Jack Li is the partner of APA. He is a member of the CFA Institute and a member of RICS. He has extensive experiences in consulting and valuation in capital market for various companies in the PRC, Hong Kong, the Asia-Pacific region and European region. He has been responsible for the consulting and valuation works for various listed companies in Hong Kong and overseas, to provide the financial reporting reference and internal investment reference on the value of equity interest, intangible assets, mineral assets, financial instruments, etc. Taking into account the above qualifications and experience of Mr. Jack Li, the Board considers that the APA is a competent expert in performing the Aurobay Group Valuation as at 31 May 2023.

AVISTA is a company registered in Hong Kong that provides valuation and advisory services in relation to risk management, environment, social and governance, corporate, and property consultancy. AVISTA is a corporate member of the International Valuation Standards Council. The responsible person of AVISTA is Mr. Vincent Pang, the managing partner of AVISTA. Mr. Vincent Pang is a member of CFA Institute and CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of RICS and a registered valuer of RICS. Mr. Vincent Pang has over 20-year experience in financial valuation and business consulting in Hong Kong, the United States of America, Canada, Netherlands, Germany, Italy, Sweden, United Kingdom, Australia, Japan, Indonesia, Singapore, South Korea and Thailand. Taking into account the above qualifications and experience of Mr. Vincent Pang, the Board considers that the AVISTA is a competent expert in performing the valuation of the Horse Holding Group as at 31 May 2023.

Reasons for engaging different valuers for Aurobay Group Valuation and Horse Holding Group's valuation

When considering the engagement of the valuers, the Company initiated the tendering processes and took into account factors such as the valuers' regional and worldwide experiences, the operation and business scope of each of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group, the valuation reports' turnaround time and the competitiveness of their service fees, etc. With respect to the Aurobay Technology Group and the Aurobay SG Operating Group, their operations are more regionally in the PRC and European region. As such, the Company is inclined to engage a valuer having sufficient regional experience, where APA was engaged for the Aurobay Group Valuation. Given that Horse Holding and its subsidiaries are incorporated and carry out business in various countries consisting of Portugal, Romania, Spain, Turkey, Argentina, Brazil and Chile, the Company is inclined to engage a valuer having more international experience. After careful consideration of all the tenders (including APA) received by the Company, the Company was of the view that AVISTA was the most suitable candidate for the valuation of Horse Holding Group.

For more information of the Independent Valuers' competence, please refer to the section headed "*The Board's assessment on the competence of the Independent Valuers*" above.

VII. LISTING RULES IMPLICATIONS

The transactions contemplated under the Contribution Agreement and the Joint Venture Agreement

The JV Company will initially be formed as a wholly-owned subsidiary of the Company and the Company will procure the contribution of the entire issued share capital of Aurobay Holding by Aurobay Holding (BVI) to the JV Company in exchange of the JV Shares; and subsequently, Geely Holding and Renault will contribute all of their respective shares, whether directly or indirectly held, in Aurobay SG and Horse Holding, which constitute the consideration paid to the JV Company in exchange for the JV Shares. As a result, upon Closing, the Group's shareholding interest in the JV Company and the Aurobay Technology Group will be reduced from 100% to 33% and the JV Company and the Aurobay Technology Group will no longer be subsidiaries of the Company. Accordingly, the financial results of the JV Company and the Aurobay Technology Group will no longer be consolidated by the Group, which constitute a deemed disposal of the Group.

The Transaction constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Contribution and the Deemed Disposal, respectively, under the Contribution Agreement exceed 5% and all of the percentage ratios are less than 25%, the Transaction is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Geely Holding was the substantial shareholder of the Company holding 4,019,391,000 Shares, which represented approximately 40% of the total issued share capital of the Company.

As Geely Holding is a connected person of the Company, the Contribution, and the Deemed Disposal constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Contribution and the Deemed Disposal, respectively, exceed 5%, these connected transactions are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The grant of the call option would be regarded as a transaction and classified with reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. The exercise of the call option is at the discretion of the Company. According to Rule 14.75(1) of the Listing Rules, on the grant of the call option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. The Company will comply with the relevant Listing Rules on the exercise of the call option (where required).

Powertrain Purchase Agreement

Upon Closing, Geely Holding and the Company will respectively hold 17% and 33% of the total issued share capital in the JV Company. As at the Latest Practicable Date, Geely Holding was a substantial shareholder of the Company and the Company's financial results were consolidated into Geely Holding's consolidated financial statements. Therefore, Geely Holding is considered to have control over the JV Shares indirectly held through the Company, and as a result, the JV Company will be regarded as an associate (being a 30%-controlled company as defined under the Listing Rules) of Geely Holding and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Powertrain Purchase Agreement will constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the Powertrain Purchase Agreement exceed 5% on an annual basis, the transactions contemplated under the Powertrain Purchase Agreement are subject to the reporting, annual review, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Agreements and the transactions contemplated thereunder are therefore subject to the approval by the Independent Shareholders at the EGM.

VIII. GENERAL

Mr. Li and Mr. Li Dong Hui, Daniel, each an executive Director, are considered to be interested in the Agreements by virtue of their interests and/or directorship in Geely Holding. Mr. Gan Jia Yue, an executive Director, is also considered to be interested in the Agreements by virtue of his directorship in Aurobay Technology. As a result, each of Mr. Li, Mr. Li Dong Hui, Daniel and Mr. Gan Jia Yue has abstained from voting on the Board resolutions for approving the Agreements and the transactions contemplated thereunder.

Mr. Li and his associates together holding 4,239,028,000 Shares (representing approximately 42.12% of the total issued share capital of the Company, and controlled or were entitled to exercise control over the voting rights in respect of the Shares), Mr. Li Dong Hui, Daniel and his associates together holding 5,004,000 Shares (representing approximately 0.05% of the total issued share capital of the Company, and controlled or were entitled to exercise control over the voting rights in respect of the Shares), and Mr. Gan Jia Yue and his associates together holding 2,230,200 Shares (representing approximately 0.02% of the total issued share capital of the Company, and controlled or were entitled to exercise control over the voting rights in respect of the Shares) as at the Latest Practicable Date, will all abstain from voting on the resolutions to be proposed at the EGM to approve the Agreements and the transactions contemplated thereunder.

Save as disclosed above, no other Directors and/or Shareholders would be required to abstain from voting on the resolutions at the EGM to approve the Agreements and the transactions contemplated thereunder.

IX. EGM

The EGM will be convened to consider and approve the Agreements and the transactions contemplated thereunder. A notice to convene the EGM is set out on pages EGM-1 to EGM-2 of this circular.

The EGM will be held at Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 22 September 2023 at 4:00 p.m.. The form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two China chem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be).

X. RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders whether the terms of the Agreements are fair and reasonable so far as the Independent Shareholders are concerned and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 52 to 96 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 50 to 51 of this circular.

The Board (including the independent non-executive Directors) considers that, (i) although the Contribution Agreement and the Joint Venture Agreement are not entered into in the ordinary and usual course of business of the Group, the terms of the Contribution Agreement and the Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Powertrain Purchase Agreement (including their respective annual caps) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

XI. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the EGM will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM. After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

XII. ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser, which are respectively set out on pages 50 to 51 and pages 52 to 96 of this circular. Additional information is also set out in the appendices to this circular.

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

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreements prepared for the purpose of incorporation in this circular.

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)

6 September 2023

To the Independent Shareholders,

Dear Sir or Madam,

(I) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE AND DEEMED DISPOSAL; (II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF FORMATION OF A JOINT VENTURE

We refer to the announcement of the Company dated 11 July 2023 in relation to the Agreements. Terms defined in this circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to advise you as an Independent Shareholder whether the Independent Board Committee is of the view that, (i) although the Contribution Agreement and the Joint Venture Agreement are not entered into in the ordinary and usual course of business of the Group, the terms of the Contribution Agreement and the Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Powertrain Purchase Agreement (including their respective annual caps) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We wish to draw your attention to the letter from the Board as set out on pages 15 to 49 of this circular and the letter from the Independent Financial Adviser as set out on pages 52 to 96 of this circular which contains, inter alia, their advice and recommendation to us regarding the terms of the Agreements with the principal factors and reasons for those advice and recommendation.

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, we are of the view that, (i) although the Contribution Agreement and the Joint Venture Agreement are not entered into in the ordinary and usual course of business of the Group, the terms of the Contribution Agreement and the Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Powertrain Purchase Agreement (including their respective annual caps) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee of
Geely Automobile Holdings Limited

Mr. An Qing Heng	Mr. Wang Yang
Ms. Lam Yin Shan, Jocelyn	Ms. Gao Jie

Independent Non-executive Directors

BALLAS
CAPITAL
A subsidiary of Crosby

5/F Capital Centre
151 Gloucester Road
Wanchai,
Hong Kong

6 September 2023

To the Independent Board Committee and
the Independent Shareholders

Dear Sir or Madam,

(I) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE AND DEEMED DISPOSAL
(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF FORMATION OF A JOINT VENTURE

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements (namely, the Contribution Agreement, the Joint Venture Agreement and the Powertrain Purchase Agreement) and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company (the "**Circular**") to the Shareholders dated 6 September 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 11 July 2023 (non-trading hours), the Company, Geely Holding, and Renault entered into the Contribution Agreement and the Joint Venture Agreement, pursuant to which the Parties conditionally agreed to establish the JV Company to engage in the Powertrain Business and to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding to the JV Company in exchange for the JV Shares. Upon Closing, the JV Company will be owned as to 33% by Aurobay Holding (BVI), an indirectly wholly-owned subsidiary of the Company, 17% by GHPT Limited, an indirectly wholly-owned subsidiary of Geely Holding, and 50% by Renault.

The reduction of the Group's interest in the Aurobay Technology Group upon Closing constitutes a Deemed Disposal of the Group as the Aurobay Technology Group will cease to be subsidiaries of the Company.

Upon Closing, Aurobay Technology and Geely Changxing will become subsidiaries of the JV Company. In order to continue cooperation with the Aurobay Technology Group and Geely Changxing Group, on 11 July 2023 (non-trading hours), the Company entered into the Powertrain Purchase Agreement with Aurobay Technology and Geely Changxing, pursuant to which the Group conditionally agreed to purchase Powertrain Products from the Suppliers Group, and the Suppliers Group conditionally agreed to supply the Powertrain Products to the Group. The purchase of the Powertrain Products will constitute continuing connected transactions of the Company. The proposed Powertrain Purchase Annual Caps are approximately RMB25,070.4 million, RMB25,846.6 million and RMB24,442.3 million, respectively, for the three years ending 31 December 2026, respectively.

As at the Latest Practicable Date, Geely Holding was the substantial shareholder of the Company holding 4,019,391,000 Shares, which represented approximately 40% of the total issued share capital of the Company. As Geely Holding is a connected person of the Company, the Contribution and the Deemed Disposal constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Contribution and the Deemed Disposal, respectively, exceed 5%, these connected transactions are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon Closing, Geely Holding and the Company will respectively hold 17% and 33% of the total issued share capital in the JV Company. The JV Company will be regarded as an associate of Geely Holding and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Powertrain Purchase Agreement will constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios in respect of the proposed annual caps for the Powertrain Purchase Agreement exceed 5% on an annual basis, the transactions contemplated under the Powertrain Purchase Agreement are subject to the reporting, annual review, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders with respect to the Agreements (namely, the Contribution Agreement, the Joint Venture Agreement and the Powertrain Purchase Agreement) and the transactions contemplated thereunder.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparties of the Contribution Agreement, the Joint Venture Agreement and the Powertrain Purchase Agreement or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for (i) the appointment as the independent financial adviser in relation to certain continuing connected transactions as disclosed in the circular of the Company dated 16 November 2021; (ii) the appointment as the independent financial adviser in relation to the acquisition of shares of ZEEKR as disclosed in the circular of the Company dated 30 November 2021; (iii) the appointment as the independent financial adviser in relation to certain continuing connected transactions as disclosed in the circular of the Company dated 26 October 2022; (iv) the appointment as the independent financial adviser in relation to the acquisition of Xi'an Geely and certain continuing connected transactions as disclosed and defined in the circular of the Company dated 6 April 2023; (v) the appointment as the independent financial adviser in relation to the acquisitions of certain equity interests of Proton and DHG as disclosed and defined in the circular of the Company dated 6 April 2023; and (vi) this appointment as the independent financial adviser in relation to the Agreements and the transactions contemplated under (collectively, the "**IFA Engagements**"), we did not have any other relationship with or interests in the Company, the counterparties of the Contribution Agreement, the Joint Venture Agreement and the Powertrain Purchase Agreement or their respective core connected persons or associates nor had we acted as an independent financial adviser to other transactions of the Company that could reasonably be regarded as hindrance to our independence as defined under the Listing Rules.

Furthermore, our remuneration for each of the IFA Engagements represented normal professional fees and did not affect our independence. Accordingly, we consider we are eligible to give independent advice on the Agreements and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. The documents we reviewed included (i) the annual reports of the Company for the years ended 31 December 2021 and 2022; (ii) the Joint Venture Agreement; (iii) the Contribution Agreement; (iv) the Powertrain Purchase Agreement; (v) the historical financial statements of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group for the two years ended 31 December 2022; (vi) the respective valuation reports of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group as of 31 May 2023; (vii) the Powertrain Pricing Analysis Report; and (viii) the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the counterparties of the Contribution Agreement, the Joint Venture Agreement and the Powertrain Purchase Agreement or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

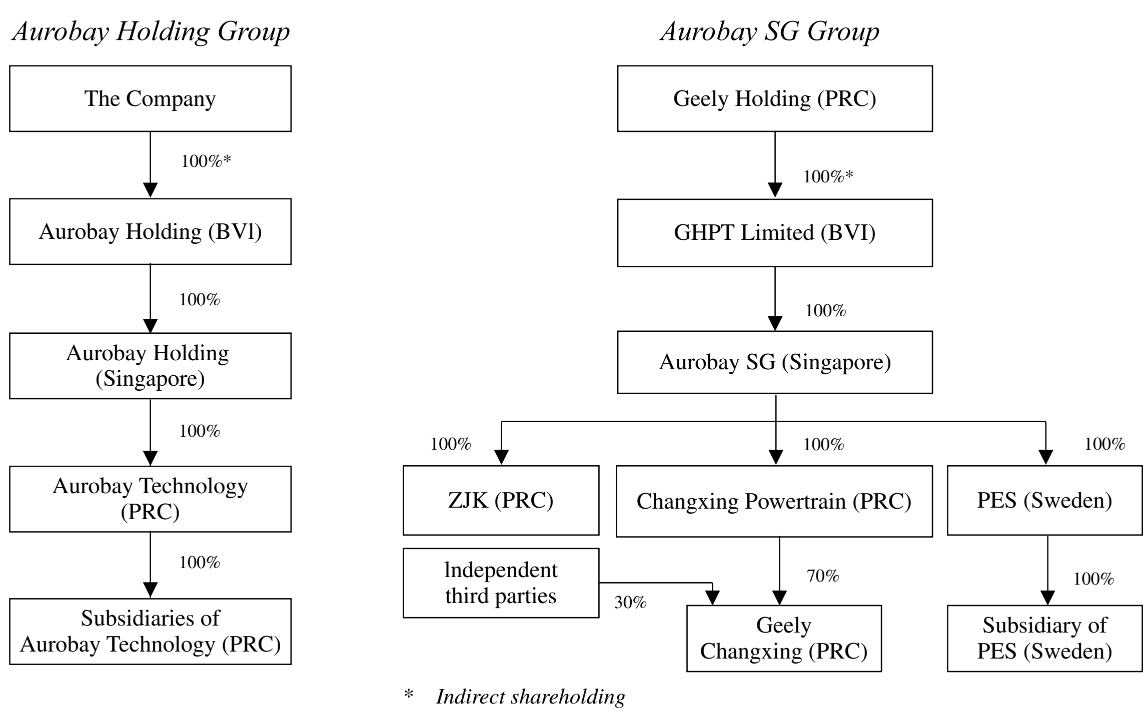
1. Background of the JV Company and the Contribution

On 11 July 2023 (non-trading hours), the Company, Geely Holding, and Renault entered into the Contribution Agreement and the Joint Venture Agreement, pursuant to which the Parties conditionally agreed to establish the JV Company to engage in the Powertrain Business and to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding to the JV Company in exchange for the JV Shares. Upon Closing, the JV Company will be owned as to 33% by Aurobay Holding (BVI), an indirectly wholly-owned subsidiary of the Company, 17% by GHPT Limited, an indirectly wholly-owned subsidiary of Geely Holding, and 50% by Renault.

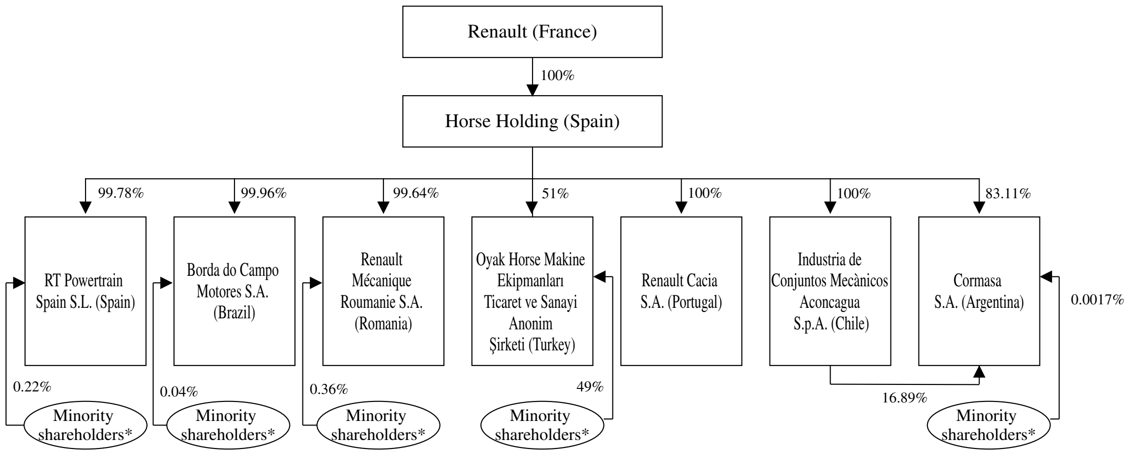
The Contribution of (i) the Aurobay Holding Contributed Shares by the Company (through Aurobay Holding (BVI)); (ii) the Aurobay SG Contributed Shares by Geely Holding (through GHPT Limited); and (iii) the Horse Contributed Shares by Renault, to the JV Company shall constitute the consideration paid to the JV Company in exchange for the JV Shares.

The principal business of the JV Company Group is to carry on and develop the Powertrain Business, which will combine the ICE, hybrid, and plug-in hybrid engine and transmission activities of the Group, Geely Holding Group and Renault Group.

Upon completion of the respective internal Reorganisations of the Group and the Geely Holding Group, the shareholding structures of (i) the Aurobay Holding Group; and (ii) the Aurobay SG Group are as follows:

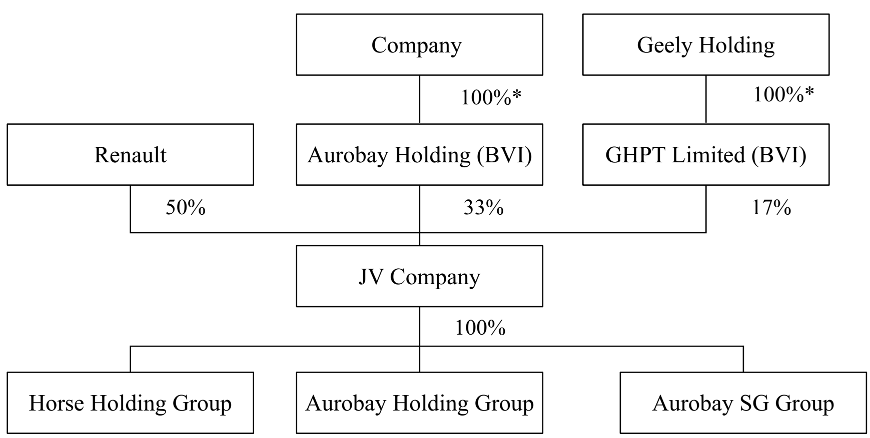


As at the Latest Practicable Date, the shareholding structure of Horse Holding Group was as follows:



* *These minority shareholders are third parties independent of Renault, the Company and its connected persons.*

The shareholding structure of the JV Company upon Closing is set out below.



* *Indirect shareholding*

2. Information of the Company and the counterparties of the Contribution Agreement and the Joint Venture Agreement

2.1. Background of the Company and the counterparties

The Group

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

Geely Holding

Geely Holding is principally engaged in the sales of automobiles and related parts and components wholesale and retail business. As at the Latest Practicable Date, Geely Holding, was the substantial shareholder of the Company, holding 4,019,391,000 Shares, which represented approximately 40% of the total issued share capital of the Company.

Renault

Renault is a wholly-owned subsidiary of Renault S.A., a limited liability company incorporated in France whose shares are listed on Euronext Paris (stock code: RNO.PA). Renault is principally engaged in automobile business.

2.2. *Historical financial performance of the Group*

Set out below is a summary of the financial results of the Group for the two years ended 31 December 2021 ("**FY2021**") and 2022 ("**FY2022**") and the six months ended 30 June 2022 ("**6M2022**") and 2023 ("**6M2023**") as extracted from the Company's respective annual reports and results announcements.

	FY2021	**FY2022**	**6M2022**	**6M2023**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue				
- Sales of automobiles and related services	87,697	122,783	49,203	60,284
- Sales of automobile parts and components	8,799	8,779	4,727	4,101
- Sales of battery packs and related parts	589	8,018	1,687	5,955
- Research and development and related technological support services	3,251	6,728	1,839	1,884
- Licensing of intellectual properties	1,275	1,657	728	823
- Subcontracting income	-	-	-	135
Total revenue	101,611	147,965	58,184	73,182
Gross profit	17,412	20,896	8,476	10,540
Profit attributable to equity holders	4,847	5,260	1,552	1,571

6M2023 vs 6M2022

As disclosed in the interim results announcement of the Company for 6M2023, the Group recorded revenue of approximately RMB73.2 billion for 6M2023, representing an increase of 26% as compared to that of approximately RMB58.2 billion for 6M2022. The Group sold a total of 694,045 units of vehicles in 6M2023, representing an increase of 13% from 613,834 units of vehicles sold in 6M2022. The Group's gross margin ratio remained stable at around 14% for 6M2023. The increase of expenses generated by the new energy transformation and the execution of the new sales business model to enhance competitiveness resulted in the increase of distribution and selling and administrative expenses of 21% for 6M2023. The Group's net profit attributable to equity holders amounted to RMB1,571 million for 6M2023, representing a slight increase of 1% as compared to that of RMB1,552 million for 6M2022.

FY2022 vs FY2021

As disclosed in the annual report of the Company for FY2022, the Group recorded revenue of approximately RMB148.0 billion for FY2022, representing an increase of 46% as compared to that of approximately RMB101.6 billion for FY2021. The Group sold a total of 1,432,988 units of vehicles in 2022, representing an increase of 8% from 1,328,031 units of vehicles sold in 2021. The Group's domestic wholesale volume increased by 2%, whilst its export wholesale volume continued to perform well and grew by 72% in 2022. The Group's average ex-factory selling price increased by 30% for FY2022 as a result of the continued improvement in the product pricing and product mix. As the new energy vehicles recorded a lower gross margin ratio as compared to that of fuel vehicles while their proportion increased rapidly, the Group's gross margin ratio decreased by 3 percentage points to 14.1% for FY2022. The Group's net profit attributable to equity holders increased by 9% to approximately RMB5.3 billion for FY2022, which was contributed by the improvement in the Group's sales performance for FY2022, whilst the impacts brought by the surging costs of batteries, chips and other parts and components as well as significant investment the Group made to ZEEKR during its early development stage put pressure on the profitability of the Group during FY2022.

2.3. *Financial position of the Group*

Set out below is a summary of the financial position of the Group as at 30 June 2023 as extracted from the interim results announcement of the Company for 6M2023.

	As at 30 June 2023 *RMB'million* (Unaudited)
Non-current assets	87,679
Current assets	76,600
Non-current liabilities	8,817
Current liabilities	74,258
Net assets	81,204

As at 30 June 2023, total assets of the Group amounted to approximately RMB164.3 billion, which mainly comprised (i) property, plant and equipment of approximately RMB35.1 billion; (ii) bank balances and cash of approximately RMB32.8 billion; (iii) trade and other receivables of approximately RMB32.6 billion; and (iv) intangible assets of approximately RMB25.5 billion.

As at 30 June 2023, total liabilities of the Group amounted to approximately RMB83.1 billion, which mainly comprised (i) trade and other payables of approximately RMB75.7 billion; (ii) bank borrowings of approximately RMB2.9 billion; and (iii) lease liabilities of approximately RMB2.3 billion.

As at 30 June 2023, the Group recorded net assets of approximately RMB81.2 billion.

3. Information of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group

Aurobay Holding Group

3.1. Information of the Aurobay Holding Group

Upon obtaining the approval from the Independent Shareholder in relation to the Agreements and the transactions contemplated thereunder, Aurobay Holding (BVI), a wholly-owned subsidiary of the Company, will incorporate Aurobay Holding in Singapore as a holding company of the Aurobay Technology Group.

Aurobay Technology is a limited liability company established in the PRC. As at the Latest Practicable Date, Aurobay Technology was a wholly owned subsidiary of Aurobay Holding (BVI). Aurobay Technology and its subsidiaries are principally engaged in the research and development, manufacturing, processing, sales, technical services and supply of relevant after-sale parts of engines and transmissions in the PRC.

3.2. Financial information of the Aurobay Technology Group

Set out below is a summary of the financial information of the Aurobay Technology Group for FY2021 and FY2022 as extracted from the consolidated financial statements of the Aurobay Technology Group.

	FY2021 *RMB'million*	**FY2022** *RMB'million*
Revenue	17,788	18,252
Profit before taxation	870	688
Profit after taxation	712	823

Revenue of the Aurobay Technology Group amounted to approximately RMB17,788 million and RMB18,252 million for FY2021 and FY2022, respectively, which were mainly generated from the sales of engine, transmission and relevant after-sale parts. The profit after taxation of the Aurobay Technology Group amounted to approximately RMB712 million and RMB823 million for FY2021 and FY2022, respectively.

Set out below is a summary of the financial position of the Aurobay Technology Group as at 31 December 2022.

	As at 31 December 2022
	RMB'million
Non-current assets	16,757
Current assets	3,909
Current liabilities	9,603
Non-current liabilities	2,961
Net assets	8,102

As at 31 December 2022, the total assets of the Aurobay Technology Group amounted to approximately RMB20,666 million, which mainly comprised (i) fixed assets of approximately RMB8,391 million; (ii) intangible assets of approximately RMB4,236 million; (iii) account receivables of approximately RMB2,260 million; and (iv) construction work-in-progress of approximately RMB2,097 million.

As at 31 December 2022, the total liabilities of the Aurobay Technology Group amounted to approximately RMB12,564 million, which mainly comprised (i) other payables of approximately RMB4,763 million; (ii) account payables of approximately RMB4,394 million; (iii) long-term borrowings of approximately RMB1,500 million; and (iv) deferred revenue of approximately RMB1,436 million.

As at 31 December 2022, the net assets of the Aurobay Technology Group amounted to approximately RMB8,102 million.

Aurobay SG Group

3.3. Information of the Aurobay SG Group

Aurobay SG is a private limited company incorporated in Singapore. Upon completion of the internal Reorganisation of the Geely Holding Group, Aurobay SG will be a holding company of Changxing Powertrain, ZJK and PES and their respective subsidiaries.

Changxing Powertrain and ZJK are limited liability companies established in the PRC. PES is a limited liability company established in Sweden. As at the Latest Practicable Date, Changxing Powertrain was an indirect non wholly-owned subsidiary of Geely Holding and ZJK and PES were indirect wholly-owned subsidiaries of Geely Holding.

Changxing Powertrain, ZJK and PES and their respective subsidiaries (including Geely Changxing) are principally engaged in the research and development, production, procurement and trading (including sales) activities related to ICE, hybrid and plug-in hybrid engines and transmissions.

3.4. Financial information of the Aurobay SG Operating Group

Set out below is a summary of the financial information of the Aurobay SG Operating Group for FY2021 and FY2022 as extracted from the combined financial statements of the Aurobay SG Operating Group.

	FY2021	**FY2022**
	RMB'million	*RMB'million*
Revenue	14,014	15,824
Profit before taxation	306	727
Profit after taxation	229	603

Revenue of the Aurobay SG Operating Group amounted to approximately RMB14,014 million and RMB15,824 million for FY2021 and FY2022, respectively, which were mainly generated from sales of ICE, hybrid and plug-in hybrid engines and transmissions. The profit after taxation of the Aurobay SG Operating Group amounted to approximately RMB229 million and RMB603 million for FY2021 and FY2022, respectively.

Set out below is a summary of the financial position of the Aurobay SG Operating Group as at 31 December 2022.

	As at 31 December 2022
	RMB'million
Non-current assets	6,418
Current assets	4,940
Current liabilities	5,542
Non-current liabilities	238
Net assets	5,578

As at 31 December 2022, the total assets of the Aurobay SG Operating Group amounted to approximately RMB11,358 million, which mainly comprised (i) fixed assets of approximately RMB5,364 million; (ii) notes and accounts receivable of approximately RMB2,491 million; (iii) inventories of approximately RMB925 million; and (iv) cash and cash equivalent of approximately RMB878 million.

As at 31 December 2022, the total liabilities of the Aurobay SG Operating Group amounted to approximately RMB5,780 million, which mainly comprised (i) notes and accounts payable of approximately RMB3,184 million; and (ii) other payables of approximately RMB1,558 million.

As at 31 December 2022, the net assets of the Aurobay SG Operating Group amounted to approximately RMB5,578 million.

Horse Holding Group

3.5. Information of the Horse Holding Group

Horse Holding is a limited liability company incorporated in Spain and is a wholly-owned subsidiary of Renault.

Horse Holding and its subsidiaries carry out activities of research, development, procurement, production, trading (including sales) of combustion, hybrid and plug-in hybrid engines and gearboxes as well as the components and parts thereof (including development of hybrid and plug-in hybrid batteries but excluding manufacturing and process engineering relating to hybrid and plug-in hybrid batteries) for passenger and light commercial vehicles, in Portugal, Romania, Spain, Turkey, Argentina, Brazil and Chile.

3.6. Financial information of the Horse Holding Group

Set out below is a summary of the financial information of the Horse Holding Group for FY2021 and FY2022 as extracted from the combined carve-out financial statements of the Horse Holding Group.

	FY2021	**FY2022**
	EUR'million	*EUR'million*
Revenue	6,050 (equivalent to approximately RMB46,838 million)	6,723 (equivalent to approximately RMB52,048 million)
Profit before taxation	200 (equivalent to approximately RMB1,548 million)	358 (equivalent to approximately RMB2,772 million)
Profit after taxation	145 (equivalent to approximately RMB1,123 million)	270 (equivalent to approximately RMB2,090 million)

Revenue of the Horse Holding Group amounted to approximately EUR6,050 million and EUR6,723 million for FY2021 and FY2022, respectively. The profit after taxation of the Horse Holding Group amounted to approximately EUR145 million and EUR270 million for FY2021 and FY2022, respectively.

Set out below is a summary of the financial position of the Horse Holding Group as at 31 December 2022.

	As at 31 December 2022
	EUR'million
Non-current assets	2,907
Current assets	629
Current liabilities	1,133
Non-current liabilities	246
Net assets	2,157

As at 31 December 2022, the total assets of the Horse Holding Group amounted to approximately EUR3,536 million, which mainly comprised (i) property, plant and equipment of approximately EUR2,101 million; (ii) intangible assets of approximately EUR767 million; and (iii) inventories of approximately EUR419 million.

As at 31 December 2022, the total liabilities of the Horse Holding Group amounted to approximately EUR1,379 million, which mainly comprised (i) trade payables of approximately EUR688 million; (ii) other current liabilities of approximately EUR413 million; and (iii) deferred tax liabilities of approximately EUR154 million.

As at 31 December 2022, the net assets of the Horse Holding Group amounted to approximately EUR2,157 million.

4. Reasons for and benefits of the formation of the JV Company

As set out in the Letter from the Board, the formation of the JV Company will combine the ICE, hybrid, and plug-in hybrid engine and transmission activities of the Group, the Geely Holding Group and the Renault Group. The JV Company Group will benefit from significant strategic, product and geographic complementarity, as well as economies of scale between the businesses of the Group, the Geely Holding Group and the Renault Group. This will provide the JV Company with the opportunity to gain additional market share, target new third-party customers, pursue production efficiencies, and develop new technology solutions. In particular, the product portfolio of the JV Company Group will encompass various types of fuel, such as synthetic fuel (including e-fuel) and others, enabling the offering of a wide range of Powertrain Products and solutions to meet customer needs and comply with future regulations in different regions such as Euro 7 and potentially the next emission standard in the PRC. In addition, the JV Company Group will benefit from global geographical presence, with 17 plants strategically located worldwide, each equipped with advanced production facilities and supported by 5 dedicated research and development centres. Further, the JV Company will operate as a fully-fledged autonomous entity, leveraging the Group's, the Geely Holding Group's and the Renault Group's extensive expertise in ICE, hybrid, and plug-in hybrid powertrain, which positions it well to serve existing customers and secure new contracts from third party customers.

The Company believes that the JV Company could achieve several areas of potential synergies including increasing top-line sales through external sales to third-party OEMs, exploring cross-selling and cross-badging opportunities, improving profitability through supplier panel rationalization and enforcing best-pricing, and standardizing product features and production processes.

Following the formation of the JV Company, the Aurobay Technology Group will no longer be subsidiaries of the Group. This structure allows the Group to reduce exposure to its ICE powertrain manufacturing business by outsourcing to the JV Company while still maintaining control over its powertrain supplies and influence over product and technology development, which will benefit the Group.

The fully autonomous JV Company will enable the Company's management to allocate more time and resources to developing the next-generation battery electric vehicle product portfolio, thus accelerating its transformation into an industry leader in new energy vehicle technologies.

Our view

Taking into account the above, which:

(a) the formation of the JV Company represents a partnership between the Group, Geely Holding Group and Renault Group to combine their respective ICE, hybrid, and plug-in hybrid engine and transmission activities;

(b) the JV Company Group is expected to (i) benefit from economies of scale between the businesses of the Group, Geely Holding Group and Renault Group; (ii) possess a wide range of Powertrain Products and solutions to meet customer needs and comply with future regulations in different regions; (iii) benefit from global geographical presence with plants strategically located worldwide; and (iv) leverage on the Group's, Geely Holding Group's and Renault Group's extensive expertise in ICE, hybrid, and plug-in hybrid powertrain, and not only is able to serve existing customers but also to secure new contracts from third party customers;

(c) the formation of the JV Company is a structure that allows the Group to outsource its ICE powertrain manufacturing business to the JV Company, whilst the Company's 33% shareholding in the JV Company will enable the Group to share the potential profits of the enlarged JV Company Group that will hold the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group;

(d) the JV Company is expected to achieve potential synergies (including exploring potential cross-selling and cross-badging opportunities) which in turn will positively impact the performance of the JV Company and benefit the Company as a shareholder; and

(e) our analysis on the principal terms of the Contribution Agreement and the Joint Venture Agreement as discussed in the sections below, we concur with the view of the Board that although the Contribution Agreement and the Joint Venture Agreement are not entered into in the ordinary and usual course of business of the Group, the terms of the transactions contemplated under the Contribution Agreement and the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

5. Summary of the key terms of the Contribution Agreement

As explained in the section headed "*1. Background of the JV Company and the Contribution*", the Company, Geely Holding and Renault conditionally agreed to establish the JV Company and to contribute all of their respective shares, where directly or indirectly held, in Aurobay Holding, Aurobay SG and Horse Holding to the JV Company in exchange for the JV Shares. Upon Closing, the JV Company will be owned ultimately as to 33% by the Company, 17% by Geely Holding and 50% by Renault.

The main purpose of the Contribution Agreement is to set up a fair and consistent basis to determine and adjust the contribution values of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares, and the Horse Contributed Shares such that they respectively will represent 33%, 17% and 50% of the Contribution, which is consistent with the proposed shareholding interests of 33%, 17% and 50% in the JV Company by the Company, Geely Holding and Renault, respectively.

The key terms of the Contribution Agreement are summarised below.

Date

11 July 2023 (non-trading hours)

Parties

(i) Company

(ii) Geely Holding

(iii) Renault

Subject matter

Pursuant to the Contribution Agreement, (i) the Company has conditionally agreed to procure the contribution of the entire issued share capital of Aurobay Holding (the "**Aurobay Holding Contributed Shares**") to the JV Company; (ii) Geely Holding has conditionally agreed to procure the contribution of the entire issued share capital of Aurobay SG (the "**Aurobay SG Contributed Shares"**) to the JV Company; and (iii) Renault has conditionally agreed to contribute the entire issued share capital of Horse Holding (the "**Horse Contributed Shares**") to the JV Company (the contributions referred to in (i), (ii) and (iii), the "**Contributed Shares**") in exchange for the JV Shares.

Determination of the Contribution Value

The contribution value (the "**Indicated Contribution Values**") of each of Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares shall be calculated in accordance with the following formula (the "**Formula**"):

Indicated Contribution Value of the Contributed Shares = (a) – (b) + (c) – (d) + (e):

(a) the Aurobay Holding Enterprise Value, the Aurobay SG Enterprise Value or the Horse Enterprise Value (as the case may be)

(b) the total amount of debt of the relevant entity as at the Closing Date (Note)

(c) the total amount of cash of the relevant entity as at the Closing Date

(d) minority interest of the relevant entity as at the Closing Date

(e) the surplus or deficit in relation to the difference between the working capital of the relevant entity as at the Closing Date and the normalised working capital in the relevant entity (if any)

Note: the total amount of debt of the relevant entity as at the Closing Date includes, but not limited to, (i) indebtedness for borrowed money, including the intra-group loans owed to the Group, the Geely Holding Group or the Renault Group (as the case may be), and (ii) debt-like items including corporate income tax payables, dividends and distributions payable.

Under the Formula, the enterprise value of each of the Aurobay Holding Group (the "**Aurobay Holding Enterprise Value**"), the Aurobay SG Group (the "**Aurobay SG Enterprise Value**"), and the Horse Holding Group (the "**Horse Enterprise Value**") are set at EUR3,066 million, EUR934 million, and EUR4,000 million, respectively, which were determined on arm's length negotiations between the Parties on normal commercial terms, after taking into account, among other things, the appraised enterprise value of each of the Aurobay Technology Group, the Aurobay SG Operating Group, and the Horse Holding Group as at 31 May 2023 determined by the Independent Valuers by way of market approach.

Pre-Closing and post-Closing adjustments

The Company, Geely Holding and Renault further agree to make adjustments to the Indicated Contribution Values, such that the final contribution values (the "**Final Contribution Values**") of each of the Aurobay Holding Contributed Shares, Aurobay SG Contributed Shares and Horse Contributed Shares are in the ratio of 33:17:50 (the "**Contribution Ratio**").

Such adjustments, if any, will be considered as a top-up or top-down amount (the "**Top-Up Amount**" or the "**Top-Down Amount**"), which shall be satisfied as follows:

(i) in relation to the Top-Up Amount (i.e. when the Indicated Contribution Value of an entity represents a ratio of the total Contribution that is less than its respective Contribution Ratio), the relevant entity will make cash payment to the JV Company; or

(ii) in relation to the Top-Down Amount (i.e. when the Indicated Contribution Value of an entity represents a ratio of the total Contribution that is more than its respective Contribution Ratio), the JV Company will record a liability owing to the relevant entity in the form of a shareholder loan to the JV Company, the terms of such shareholder loan will be determined through arm's length negotiation between the Parties based on normal commercial terms or better.

The aggregate value of the contributions by each of the Company, Geely Holding and Renault shall then be equal to (i) the Indicated Contribution Value; plus (ii) any Top-Up Amount; and minus (iii) any Top-Down Amount.

Please refer to the Letter from the Board for detailed descriptions of the pre-Closing and post-Closing mechanisms.

Maximum Contribution Values

The Final Contribution Values are subject to the Maximum Contribution Values as agreed by the Parties, which are:

(i) the maximum Aurobay Holding Contribution Value is EUR2,310 million (the "**Maximum Aurobay Holding Contribution Value**");

(ii) the maximum Aurobay SG Contribution Value is EUR1,190 million (the "**Maximum Aurobay SG Contribution Value**"); and

(iii) the maximum Horse Contribution Value is EUR3,500 million (the "**Maximum Horse Contribution Value**").

The Maximum Aurobay Holding Contribution Value, Maximum Aurobay SG Contribution Value and Maximum Horse Contribution Value of EUR2,310 million, EUR1,190 million and EUR3,500 million, respectively, represent the ratio of 33:17:50, which is consistent with the equity interests of each of the Company, Geely Holding and Renault in the JV Company upon Closing of 33%, 17% and 50%, respectively.

Other terms

The other terms of the Contribution Agreement include "*Conditions precedent*", "*Intellectual Property*", "*Ancillary Agreements*", "*Wrong Pocket*", "*Indemnities*", "*Intra-group loans*" and "*Termination*". Please refer to the Letter from the Board for details.

6. Principal factors in determining if the Company's Final Contribution Value in respect of its 33% shareholding in the JV Company is fair and reasonable to the Company

Pursuant to the Contribution Agreement, the Company, Geely Holding and Renault conditionally agreed to contribute the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares respectively to the JV Company in exchange for the JV Shares. As the Final Contribution Values of the Aurobay Holding Contributed Shares, the Aurobay SG

Contributed Shares and the Horse Contributed Shares represent 33%, 17% and 50% of the Contribution, the JV Company shall be owned as to 33%, 17% and 50% by the Company, Geely Holding and Renault respectively. Therefore, in order to determine if the Company's 33% shareholding in the JV Company is fair and reasonable, we have evaluated if the Final Contribution Values of the relevant entities are fairly and reasonably determined.

The Final Contribution Values of the relevant entities are equal to their respective Indicated Contribution Values plus any Top-Up Amount or minus any Top-Down Amount.

6.1. Assessment of the determination of the Indicated Contribution Values

The Indicated Contribution Values of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares shall be calculated in accordance with the following Formula:

Indicated Contribution Value of the Contributed Shares = (a) – (b) + (c) – (d) + (e)

(a) the Aurobay Holding Enterprise Value, the Aurobay SG Enterprise Value or the Horse Enterprise Value (as the case may be)*

(b) the total amount of debt of the relevant entity as of the Closing Date

(c) the total amount of cash of the relevant entity as of the Closing Date

(d) minority interest of the relevant entity as of the Closing Date

(e) the surplus or deficit in relation to the difference between the working capital of the relevant entity as at the Closing Date and the normalised working capital in the relevant entity (if any)

* *As stipulated in the Contribution Agreement, the agreed Aurobay Holding Enterprise Value, Aurobay SG Enterprise Value and Horse Enterprise Value amount to EUR3,066 million, EUR934 million and EUR4,000 million, respectively.*

We note from the Formula that the Indicated Contribution Value of the Contributed Shares of the relevant entity effectively represents the equity value of the relevant entity. Based on our discussions with the Aurobay Valuer and the Horse Valuer, we understand that the Formula is a commonly adopted principle in merger and acquisition transactions to derive the equity value or purchase price of an entity, based on the principle of a "cash free, debt free" transaction. The enterprise value, which comprises both equity value and debt capital, is adjusted to exclude the actual value of the entity's cash and debt and other sources of capital (including minority interests) to arrive at the entity's equity value. The "cash free, debt free" mechanism typically includes an adjustment based on the entity's actual level of working capital at completion, which serves as a protection measure to avoid manipulation of cash level and provides sufficient working capital for a buyer to continue to operate the entity's business on a day-to-day basis. The surplus of working capital is added to equity value whilst shortfall of working capital is deducted from equity value.

The Indicated Contribution Value effectively represents the equity value of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares, derived from the enterprise value of the relevant entity (item (a) of the Formula) adjusted for debt, cash and minority interest of the relevant entity (items (b), (c) and (d) of the Formula), taking into account the surplus or deficit in relation to the difference between the working capital of the relevant entity as at the Closing Date and the normalised working capital in the relevant entity (item (e) of the Formula), which is a commonly adopted principle in calculating the equity value of an enterprise. The "cash free, debt free" principle also provides a consistent basis in evaluating the equity values of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group as the respective equity values of these entities will not be unnecessarily distorted by the different capital structures (in terms of equity and debt ratio) adopted by them.

6.2. Assessment of the enterprise values of the respective entities

The Aurobay Holding Enterprise Value, the Aurobay SG Enterprise Value and the Horse Enterprise Value of EUR3,066 million, EUR934 million and EUR4,000 million, respectively, used in the Formula are pre-set in the Contribution Agreement, which were determined by the parties after taking into account the appraised enterprise values of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group as at 31 May 2023.

Assessment of the appraised enterprise values of the respective entities

The Company has appointed (i) Asia-Pacific Consulting and Appraisal Limited (the "**Aurobay Valuer**") to appraise the enterprise values of the Aurobay Technology Group and the Aurobay SG Operating Group; and (ii) and AVISTA Valuation Advisory Limited ("the **Horse Valuer**") to appraise the enterprise value of the Horse Holding Group.

In assessing the fairness and reasonableness of the appraised enterprise values of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group, we have relied on the valuation reports of (i) the Aurobay Technology Group; and (ii) the Aurobay SG Operating Group, as prepared by the Aurobay Valuer; and (iii) the Horse Holding Group, as prepared by the Horse Valuer (collectively, the "**Valuation Reports**"). According to the Valuation Reports, the appraised enterprise values of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group were approximately EUR3,018 million, EUR1,078 million and EUR4,049 million, respectively as at 31 May 2023.

Details of our work performed in relation to the valuations of the respective entities are set out below:

(i) Suitability and qualification of the Aurobay Valuer and Horse Valuer

We have reviewed the Valuation Reports and interviewed the respective team members of the Aurobay Valuer and the Horse Valuer (together, the "**Valuers**") with particular attention to: (i) the respective terms of engagement of the Valuers; (ii) the respective qualifications and experience of the Valuers; and (iii) the respective steps and measures taken by the Valuers in performing the respective enterprise valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group (the "**Valuations**"). Based on our review of the respective engagement letters between the Company and (a) the Aurobay Valuer and (b) the Horse Valuer, we are satisfied that the respective scope of work performed by the Valuers is appropriate to perform the Valuations. We are not aware of any limitation on the scope of work which might have a negative impact on the degree of assurance given by the Valuers. The Aurobay Valuer and Horse Valuer have each confirmed that it is independent from the Company, Geely Holding and Renault (being the parties to the Contribution Agreement and the Joint Venture Agreement) or their respective core connected persons or associates. We further understand that each of the Aurobay Valuer and Horse Valuer is certified with the relevant professional qualifications required to perform the Valuations, and they have conducted their respective Valuations in accordance with the International Valuation Standards issued by the International Valuation Standards Council. We also understand that each of the Aurobay Valuer and Horse Valuer mainly conducted its valuation procedures through its own research and has relied on public information obtained through its own research as well as the financial information provided by the respective managements of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group.

In light of the above, we are not aware of any matters that would cause us to question the competence and independence of the Valuers and we consider that each of the Aurobay Valuer and the Horse Valuer has sufficient expertise and is independent to perform the respective Valuations.

(ii) Valuation methodology of the Valuations

The generally accepted valuation approaches include market approach, asset-based approach, cost approach and income approach. Market approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect the condition and utility of the appraised assets relative to the comparable market transactions. Asset-based approach determines the value of the subject by valuating an enterprise's value contribution to the overall assets and liabilities, based on the balance sheet of the subject of valuation as at the valuation date. Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with the current market prices for similar assets. Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for an asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

Selection of valuation methodology

For the respective valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group, each of the Aurobay Valuer and the Horse Valuer considers the market approach to be the most appropriate valuation approach over the income approach, asset-based approach and cost approach as (i) the income approach requires subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections are also needed to arrive at an indication of value and such reliable information and projections are difficult to acquire; (ii) the asset-based approach does not directly incorporate information about economic benefits and earning potential; (iii) the cost approach is not appropriate as it assumes the assets and liabilities of a company are separable and can be sold separately; and (iv) the application of market approach is relatively more objective as publicly available data is used which reflects the market consensus of pricing of similar assets. Under the market approach, each of the Aurobay Valuer and the Horse Valuer adopted the guideline public company method (i.e. comparable companies method) where the respective market values of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group were derived by applying benchmark multiples of comparable listed companies. Taking into account that there is publicly available data on comparable companies of each of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group that reflects market consensus of pricing of similar assets, we concur with the respective views of the Aurobay Valuer and Horse Valuer that it is the most appropriate to adopt market approach for the respective Valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group.

Selection of valuation multiples

In carrying out the respective Valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group, the valuation multiple adopted by each of the Aurobay Valuer and the Horse Valuer was the enterprise value-to-earnings before interest, tax, depreciation and amortization ratio (the "**EV/EBITDA Multiple**"). The EV/EBITDA Multiple captures the earning abilities of a company and removes interest, tax, depreciation and amortization effect on earnings. We have discussed with the Valuers on adopting the EV/EBITDA Multiple in their respective Valuations and understand that it was considered more appropriate than price-to-earnings multiple since the respective entities have high levels of depreciation and amortization. We understand from the respective Valuers that the price-to-book multiple was not considered appropriate because the book value captures only the tangible assets of a company and does not reflect the earning potential of a company. Regarding price-to-sales multiple or enterprise value-to-sales multiple, we understand from the respective Valuers that such multiples are commonly used in the valuation of start-up enterprises and does not take into account the cost structure and profitability of a company, and therefore is not considered an appropriate valuation multiple. Taking into account that (i) the EV/EBITDA Multiple is a commonly adopted valuation multiple for the determination of enterprise value; (ii) the EV/EBITDA Multiple captures the earning abilities of a company and removes interest, tax, depreciation and amortization effect on earnings, which is appropriate considering that the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group operate in a capital-intensive industry with high levels of depreciation and amortization; and (iii) each of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group recorded positive earnings before interest, tax, depreciation and amortization ("**EBITDA**") in their latest financial years for FY2021 and FY2022, we concur with the respective views of the Aurobay Valuer and Horse Valuer that the

EV/EBITDA Multiple is a suitable and appropriate valuation multiple for the respective Valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group.

(iii) Comparable companies selection

Aurobay Technology Group (comparable companies)

From the discussion with the Aurobay Valuer, in carrying out the valuation of the Aurobay Technology Group, we understand that the Aurobay Valuer has exhaustively identified five comparable companies (the "**Aurobay Technology Comparable Companies**") from major stock exchanges in the United States of America, Europe, Japan, the PRC and Hong Kong based on the following criteria: (a) the comparable companies are publicly listed; (b) the comparable company's core business is development, manufacture and sale of engines; (c) the comparable company's revenue generated from sale of engines is mainly derived from the PRC; and (d) the comparable companies recorded positive EBITDA in their latest financial years and the EV/EBITDA ratio of the comparable companies are available as at the valuation date. We have discussed with the Aurobay Valuer on such selection criteria (which we note that the Aurobay Technology Group derives its revenue mainly from the PRC) and reviewed the scope of business of the Aurobay Technology Comparable Companies. As set out in the valuation report of the Aurobay Technology Group, the five Aurobay Technology Comparable Companies are namely (i) Harbin Dongan Auto Engine Co., Ltd. (SHSE:600178), a company listed in Shanghai; (ii) Weichai Power Co., Ltd. (SEHK:2338), a company listed in Hong Kong; (iii) Zhejiang Xinchai Co. (SZSE:301032), a company listed in Shenzhen; (iv) Anhui Quanchai Engine Co., Ltd. (SHSE: 600218), a company listed in Shanghai; and (v) China Yuchai International Limited (NYSE: CYD), a company listed in New York. We have performed our own search for comparable companies based on the selection criteria adopted by the Aurobay Valuer and obtained the same results of comparable companies as chosen by the Aurobay Valuer. We have checked the respective published financial reports of the Aurobay Technology Comparable Companies and note that the principal business of the Aurobay Technology Comparable Companies adhere to the selection criteria, where the Aurobay Technology Comparable Companies are mainly engaged in the development and sale of engines with related revenues mainly derived from the PRC. As such, we are of the view that (i) the selection criteria is fair and reasonable; and (ii) the Aurobay Technology Comparable Companies are fair and representative for the purpose of valuation multiples analysis by the Aurobay Valuer.

Aurobay SG Operating Group (comparable companies)

From the discussion with the Aurobay Valuer, in carrying out the valuation of the Aurobay SG Operating Group, we understand that the Aurobay Valuer has exhaustively identified four comparable companies (the "**Aurobay SG Comparable Companies**") from major stock exchanges in the United States of America, Europe, Japan, the PRC and Hong Kong based on the following criteria: (a) the comparable companies are publicly listed; (b) the comparable companies engage in the development, manufacture and sale of components for powertrains or drivetrains and delivery of solutions for the powertrains or drivetrains; (c) the comparable companies have global source of revenue with (i) major revenue were generated from Europe; (ii) the second largest source of revenue were generated from Asia for the twelve months ended 31 December 2022; and (d) the comparable companies recorded positive EBITDA in their latest financial years and the EV/EBITDA ratio of the comparable companies are available as at the valuation date. We have discussed with the Aurobay Valuer on such selection criteria (which we note that the Aurobay SG Operating Group derives a substantial portion of its revenue from Europe and the PRC) and reviewed the scope of business of the Aurobay SG Comparable Companies. As set out in the valuation report of the Aurobay SG Operating Group, the four Aurobay SG Comparable Companies are namely (i) Borg Warner (NYSE: BWA), a company listed in New York; (ii) Schaeffler AG (XTRA: SHA), a company listed in Germany; (iii) Valeo SE (ENXTRA: FR), a company listed in France; and (iv) Vitesco Technologies Group Aktiengesellschaft (XTRA: VTSC), a company listed in Germany. We have performed our own search for comparable companies based on the selection criteria adopted by the Aurobay Valuer and obtained the same results of comparable companies as chosen by the Aurobay Valuer. We have checked the respective published financial reports of the Aurobay SG Comparable Companies and note that the principal business of the Aurobay SG Comparable Companies adhere to the selection criteria, where the Aurobay SG Comparable Companies are mainly engaged in the development of components or solutions related to powertrain or drivetrain system, with revenue mainly generated from Europe and Asia. As such, we are of the view that (i) the selection criteria is fair and reasonable; and (ii) the Aurobay SG Comparable Companies are fair and representative for the purpose of valuation multiples analysis by the Aurobay Valuer.

Horse Holding Group (comparable companies)

From the discussion with the Horse Valuer, in carrying out the valuation of the Horse Holding Group, we understand that the Horse Valuer has exhaustively identified seven comparable companies (the "**Horse Comparable Companies**") based on the following criteria: (a) the industry of the company is automotive parts and equipment; (b) the company is engaged in research, development and manufacturing of powertrain or engine or transmission related business mainly in Europe and/or Americas; (c) a majority of total revenue (i.e. over 50%) is attributable to research, development and manufacturing of powertrain or engine or transmission related business; (d) the company is listed on the stock markets of developed countries; and (e) the financial information of the company is available to the public. We have discussed with the Horse Valuer on such selection criteria (which we note that the activities of the Horse Holding Group are mainly conducted in Europe and America) and reviewed the scope of business of the Horse Comparable Companies. As set out in the valuation report of the Horse Holding Group, the Horse Comparable Companies are namely (i) American Axle & Manufacturing Holdings, Inc. (NYSE: AXL), a company listed in New York; (ii) Dana Incorporated (NYSE: DAN), a company listed in New York; (iii) Linamar Corporation (TSX:LNR), a company listed in Toronto; (iv) Schaeffler AG (XTRA:

SHA), a company listed in Germany; (v) Standard Motor Products, Inc. (NYSE:SMP), a company listed in New York; (vi) Cummins Inc. (NYSE: CMI), a company listed in New York; and (vii) Vitesco Technologies Group Aktiengesellschaft (XTRA: VTSC), a company listed in Germany. We have performed our own search for comparable companies based on the selection criteria adopted by the Horse Valuer and obtained the same results of comparable companies as chosen by the Horse Valuer. We have checked the respective published financial reports of the Horse Comparable Companies and note that the principal business of the Horse Comparable Companies adhere to the selection criteria, where the Horse Comparable Companies are mainly engaged in the development and manufacturing of powertrain or engine or transmission related business in the regions of Europe and/or Americas. As such, we are of the view that (i) the selection criteria is fair and reasonable; and (ii) the Horse Comparable Companies are fair and representative for the purpose of valuation multiples analysis by the Horse Valuer.

(iv) Calculation of the valuation

As set out in the Valuation Reports, the enterprise values of the respective entities were derived by multiplying the EBITDA of the relevant entity for the twelve months ended 31 December 2022 by the median EV/EBITDA Multiple of the respective comparable companies. The enterprise value of the relevant entity was adjusted by (i) a discount for a lack of marketability ("**DLOM**"); and (ii) control premium ("**Control Premium**").

The tables below set out the calculation of the respective appraised enterprise values of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group based on the respective Valuation Reports.

Aurobay Technology Group

a	Median EV/EBITDA Multiple of the Aurobay Technology Comparable Companies **(Note 1)**	8.9x
b	EBITDA of the Aurobay Technology Group for the twelve months ended 31 December 2022 (RMB'million) **(Note 2)**	2,714
c=a*b	Enterprise value of the Aurobay Technology Group (RMB'million)	24,045
d	RMB/EUR exchange rate as at the valuation date	7.6016
e=c/d	Enterprise value of the Aurobay Technology Group (EUR'million)	3,163
f	Adjusted for DLOM at 20.5% **(Note 3)**	(1-20.5%)
g	Adjusted for Control Premium at 20.0% **(Note 4)**	(1+20.0%)
h=e*(1-f)*(1+g)	Adjusted enterprise value of the Aurobay Technology Group (rounded in EUR'million)	3,018

Aurobay SG Operating Group

a	Median EV/EBITDA Multiple of the Aurobay SG Comparable Companies **(Note 1)**	4.5x
b	EBITDA of the Aurobay SG Operating Group for the twelve months ended 31 December 2022 (RMB'million) **(Note 2)**	1,927
c=a*b	Enterprise value of the Aurobay SG Operating Group (RMB'million)	8,587
d	RMB/EUR exchange rate as at the valuation date	7.6016
e=c/d	Enterprise value of the Aurobay SG Operating Group (EUR'million)	1,130
f	Adjusted for DLOM at 20.5% **(Note 3)**	(1-20.5%)
g	Adjusted for Control Premium at 20.0% **(Note 4)**	(1+20.0%)
h=e*(1-f)*(1+g)	Adjusted enterprise value of the Aurobay SG Operating Group (rounded in EUR'million)	1,078

Horse Holding Group

a	EBITDA of the Horse Holding Group for the twelve months ended 31 December 2022 (EUR'million) **(Note 2)**	931
b	Median EV/EBITDA Multiple of the Horse Comparable Companies **(Note 1)**	4.7x
c	Adjusted for DLOM at 20.5% **(Note 3)**	(1-20.5%)
d	Adjusted for Control Premium at 16.4% **(Note 4)**	(1+16.4%)
e=b*(1-c)*(1+d)	Adjusted EV/EBITDA Multiple of the Horse Comparable Companies	4.35x
f=a*e	Adjusted enterprise value of the Horse Holding Group (EUR'million)	4,049

Note 1:

As set out in the Valuation Reports, the EV/EBITDA Multiple of the respective comparable companies of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group was sourced from Capital IQ (Standard & Poor database).

Note 2:

In calculating the EBITDA of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group for the twelve months ended 31 December 2022, we note from the respective underlying calculations of the Aurobay

Valuer and Horse Valuer that the respective EBITDA of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group was calculated based on the respective income statements of the relevant entity for the year ended 31 December 2022.

Note 3:

In relation to the DLOM, since each of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group are private entities and not traded in the open market, both the Aurobay Valuer and the Horse Valuer applied a discount for lack of marketability in the course of their respective valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group, to discount for lack of ability of converting shares into immediate cash. We note that both the Aurobay Valuer and the Horse Valuer determined the DLOM at 20.5%, with reference to the Stout Restricted Stock Study Companion Guide (2022 edition) (the "**Stout Study**") published by Stout Risius Ross, LLC., which is based on 772 private placement transactions (the "**Stout Transactions**") issued by publicly traded companies from July 1980 to March 2022. The Stout Study provides empirical support for the marketability discount and is widely used by valuers in determining DLOM. We have independently obtained and reviewed the Stout Study (which we note has been compiled since 1991) and note that the overall average marketability discount in the study based on the analysis of 772 Stout Transactions is 20.5%. We note from the Stout Study that the discount was calculated by dividing the difference between the private placement price and the market reference price by the market reference price. The 772 Stout Transactions represent transactions across a spectrum of industries (and are not specific to automobile or automobile components related transactions). Taking into account that (i) discount of lack of marketability reflects the principle that ownership interests in private companies are not as marketable as compared to ownership interests in publicly listed companies (which is a general principle that applies to all industry sectors); (ii) the applied DLOM of 20.5% (which represents the average marketability discount of all the 772 Stout Transactions) in the respective valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group reflects the marketability discount of private placement transactions in the broader market, which provides indication on the level of marketability discount adopted by the market as a whole; and (iii) the discount of lack of marketability is a valuation parameter adopted in the respective Valuations by the Aurobay Valuer and Horse Valuer, where both Valuers are qualified and experienced with sufficient knowledge and expertise necessary to prepare their respective Valuations that include the determination of their respective valuation parameters (details of our assessment of the suitability and qualification of the Valuers are set out in the sub-section headed "*(i) suitability and qualification of the Aurobay Valuer and Horse Valuer*" above), we concur with the respective views of the Valuers that the DLOM of 20.5% (representing the average DLOM in the market) is relevant and fair and reasonable.

Note 4:

In relation to the Control Premium, which reflects the premium associated with holding controlling interest (as opposed to holding minority interest) in a company, both the Aurobay Valuer and the Horse Valuer applied a Control Premium in their respective valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group. The Control Premium reflects the controlling interests held by the JV Company in the relevant entities. For the valuation of the Aurobay Technology Group and the Aurobay SG Operating Group, the Control Premium applied by the Aurobay Valuer was 20%. We have discussed with the Aurobay Valuer and understand that the Control Premium of 20% was determined with reference to the control premium of closed transactions in automobile components or automobile industry within 5 years from the valuation date sourced from Capital IQ. For the valuation of the Horse Holding Group, the Control Premium applied by the Horse Valuer was 16.4%. We have discussed with the Horse Valuer and understand that the Control Premium of 16.4% was determined with reference to the control premium implied from comparable transactions sourced from Bloomberg. Taking into account that (i) the Control Premiums adopted by the Aurobay Valuer and the Horse Valuer of 20% and 16.4% respectively were determined with reference to two credible sources (the Aurobay Valuer made reference to the control premium of transactions sourced from Capital IQ (Standard & Poor), whilst the Horse Valuer made reference to the control premium of transactions sourced from Bloomberg, which we have obtained the respective underlying results of the Control Premiums from the Aurobay Valuer and Horse Valuer and note that such results were sourced from Capital IQ (Standard & Poor) and Bloomberg, respectively, being two credible sources. In addition, we have performed our own search on Bloomberg in respect of the Control Premium implied from comparable transactions in the automobile manufacturing or automobile components sector in the recent five years from 31 May 2018 to 31 May 2023 and obtained the same result (average Control Premium of 16.4%) as determined by the Horse Valuer); (ii) the Aurobay Valuer and the Horse Valuer are independent and qualified valuers and conducted their respective valuations on an independent basis; and (iii) the Control Premium is a valuation parameter adopted in the respective Valuations by the Aurobay Valuer and Horse Valuer, where both Valuers are qualified and experienced with sufficient knowledge and expertise necessary to prepare their respective Valuations that include the determination of their respective valuation parameters (details of our assessment of the suitability and qualification of the Valuers are set out in the sub-section headed "*(i) suitability and qualification of the Aurobay Valuer and Horse Valuer*" above), we consider that the respective Control Premiums adopted by the Aurobay Valuer and the Horse Valuer in the respective valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group are fair and reasonable.

Our view

Based on the above and having considered that (i) each of the Aurobay Valuer and the Horse Valuer is qualified and experienced with sufficient knowledge, skills and expertise necessary to prepare their respective Valuations; (ii) the adoption of market approach for the respective valuations of the Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group is fair and reasonable; and (iii) methodologies applied on appraising the enterprise values of Aurobay Technology Group, the Aurobay SG Operating Group and the Horse Holding Group are fair and reasonable, we consider that the Valuations are appropriate references for considering the fairness and reasonableness of the agreed enterprise values of the respective entities.

Agreed enterprise values

Set out below are the appraised and agreed enterprise values of the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group.

	Appraised enterprise value *(EUR'million)*	**Agreed enterprise value** *(EUR'million)*	**Premium/ (Discount)**
Aurobay Holding Group	3,018	3,066	1.6%
Aurobay SG Group	1,078	934	(13.4)%
Horse Holding Group	4,049	4,000	(1.2)%

The agreed Aurobay Holding Enterprise Value of EUR3,066 million represents a premium of approximately 1.6% to the appraised enterprise value of the Aurobay Technology Group of approximately EUR3,018 million. The agreed Horse Enterprise Value of EUR4,000 million represents a discount of approximately 1.2% to the appraised enterprise value of the Horse Holding Group of approximately EUR4,049 million, whilst the agreed Aurobay SG Enterprise Value of EUR934 million represents a discount of approximately 13.4% to the appraised enterprise value of the Aurobay SG Operating Group of approximately EUR1,078 million.

Given that the agreed Aurobay Holding Enterprise Value is higher than its appraised enterprise value, whilst the agreed Aurobay SG Enterprise Value and Horse Enterprise Value are lower than their respective appraised enterprise values, we consider that it is favourable to the Company to adopt the agreed enterprise values in deriving the equity values (i.e. the Indicated Contribution Values) of the entities.

Our view

Based on our assessment as detailed above, we consider that the Indicated Contribution Values of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares (which represent the equity values of these entities on a "cash free, debt free" basis) are fairly and reasonably determined.

6.3. Assessment of the adjustments to the Contribution Values

The aggregate value of the contributions by each of the Company, Geely Holding, and Renault shall be equal to (i) the Indicated Contribution Value (as calculated by the Formula); plus (ii) any Top-Up Amount; and minus (iii) any Top-Down Amount (the "**Contribution Value Adjustments**").

In respect of the Contribution Value Adjustments, such adjustments represent the Top-Up Amount or Top-Down Amount to be made (if any) by the relevant entity, either by the relevant entity (i) making cash payment to the JV Company (this increases the Contribution Value of the relevant entity) or (ii) having provided a shareholder loan to the JV Company (this reduces the Contribution Value of the relevant entity), such that the Final Contribution Values of the Aurobay Holding Contributed Shares, the Aurobay SG Contribution Shares and the Horse Contributed Shares are at the Contribution Ratio of 33:17:50. If the Final Contribution Values exceed the Maximum Contribution Values, the Final Contribution Values shall be capped at the respective Maximum Contribution Values.

The mechanism of the Contribution Value Adjustments ensures that the Final Contribution Values of the respective entities will reflect the Contribution Ratio of 33:17:50, which is consistent with the respective equity interests of the Company, Geely Holding and Renault in the JV Company of 33%, 17% and 50%, respectively.

Our view

Taking into account:

(a) based on our independent work performed on the Valuations, we are satisfied with the methodology, principal bases, assumptions and parameters adopted in the Valuations, and consider that the Valuations are appropriate references for considering the fairness and reasonableness of the agreed enterprise values of the respective entities;

(b) the agreed Aurobay Holding Enterprise Value, Aurobay SG Enterprise Value and Horse Enterprise Value of EUR3,066 million, EUR934 million and EUR4,000 million, respectively are similar to the appraised enterprise values of the respective entities, and the agreed Aurobay Holding Enterprise Value (which reflects the contribution of the Company) is at a premium to its appraised enterprise value, whilst the agreed Aurobay SG Enterprise Value and Horse Enterprise Value (which reflect the contributions of Geely Holding and Renault, respectively) are at a discount to their respective appraised enterprise values;

(c) the Indicated Contribution Values which represent the equity values on a "cash free, debt free" principle of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares, are fair and reasonable; and

(d) the Contribution Value Adjustments (being either the relevant entity making cash payment to the JV Company to increase the Contribution Value or having provided shareholder loan to the JV Company to reduce the Contribution Value) is a fair mechanism that ensures that the Final Contribution Values of the respective entities will reflect the Contribution Ratio of 33:17:50,

we consider that the Company's Final Contribution Value which represents 33% of the Contribution is consistent with the Contribution Ratio of 33:17:50. We therefore consider that the Company's 33% shareholding in the JV Company is fair and reasonable.

7. Principal terms of the Joint Venture Agreement

The principal terms of the Joint Venture Agreement (which include terms relating to the management of the JV Company and shareholder protection measures) are set out in the Letter from the Board.

Our view

The Joint Venture Agreement sets out the principal terms with respect to the governance and operation of the JV Company. The key terms of the Joint Venture Agreement, in our view are not uncommon in agreements of similar nature among shareholders for the purpose of governing a company. In terms of management, there are provisions in the Joint Venture Agreement setting out the JV Board composition, power to nominate directors, responsibilities of the JV Board, product procurement, funding and dividend policy. In terms of shareholder protection measures, there are provisions in the Joint Venture Agreement that include restriction on transfer, right of first refusal, drag along right, call option or buy-back, minimum shareholding and material breach.

Taking into account (a) the purpose of the Joint Venture Agreement, that is to set out the rights and obligations of the parties with respect to the governance and operation of the JV Company; (b) the key terms of the Joint Venture Agreement are not uncommon in agreements of similar nature (being similar to a shareholders agreement); and (c) our assessment of the Company's Final Contribution Value in respect of its 33% shareholding in the JV Company, which we consider to be fair and reasonable (please see the section above for details of our assessment), we are of the view that the terms of the Contribution Agreement and the Joint Venture Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

8. Financial impact on the Group

The reduction in the Group's interest in the Aurobay Technology Group upon Closing constitutes a Deemed Disposal of the Group as the Aurobay Technology Group will cease to be subsidiaries of the Company. As such, the financial results of the Aurobay Technology Group will no longer be consolidated by the Group.

Upon completion of the Deemed Disposal, it is estimated that an unaudited gain of approximately RMB9,782 million (before taxation, transaction costs and other customary adjustments) will be recorded in respect of the Deemed Disposal, being the difference between the estimated value calculated with reference to the Maximum Contribution Values and the audited net equity value of the transferred equity at 31 December 2022. The actual gain or loss as a result of the Deemed Disposal to be recorded by the Group is subject to audit and will be determined as at the date of completion of the Deemed Disposal.

The above is for illustrative purposes only and does not purport to represent how the financial performance of the Group would be upon completion of the Deemed Disposal.

9. Continuing connected transactions

Upon the formation of the JV Company, Aurobay Technology and Geely Changxing will become subsidiaries of the JV Company. Aurobay Technology Group and Geely Changxing Group have been manufacturing engines, transmission and other automobile parts and components used in Geely-branded Vehicles for the Group. In order to continue the cooperation with the Suppliers Group, the Company entered into a Powertrain Purchase Agreement with the Suppliers on 11 July 2023 (non-trading hours), pursuant to which, the Group will purchase Powertrain Products from the Suppliers Group, and the Suppliers Group will supply the Powertrain Products to the Group. The purchase of the Powertrain Products will constitute continuing connected transactions of the Company (the "**Continuing Connected Transactions**").

9.1. The Powertrain Purchase Agreement

The principal terms of the Powertrain Purchase Agreement are set out below:

Date

11 July 2023 (non-trading hours)

Parties

Purchaser: the Company

Suppliers: (i) Aurobay Technology; (ii) Geely Changxing

Subject matter

Pursuant to the Powertrain Purchase Agreement, the Group conditionally agreed to purchase the Powertrain Products from the Suppliers Group, and the Suppliers Group conditionally agreed to supply the Powertrain Products to the Group.

The Group may issue Purchase Orders to the Suppliers, in accordance with the terms and conditions set out in the Powertrain Purchase Agreement, from time to time, for the supply of Powertrain Products. The Purchase Orders shall specify the quantity and price of the Powertrain Products to be ordered by the Group and are subject to acceptance by the Suppliers Group.

Term

The Powertrain Purchase Agreement shall commence on the Closing Date or 1 January 2024 (whichever is later) until 31 December 2026, subject to early termination by mutual agreement by the parties under the Powertrain Purchase Agreement. The term of the Powertrain Purchase Agreement shall not exceed three years.

Payment terms

All payments in respect of the Powertrain Products provided under the Powertrain Purchase Agreement and the purchase orders shall be settled within 45 days of invoice in cash, wire transfer, acceptance or any other payment method mutually agreed by the parties to the Powertrain Purchase Agreement. Any overdue payment shall charge the interest, which shall be calculated by reference to the loan interest rate of the People's Bank of China over the same period.

Taking into account that (i) the credit period under the Powertrain Purchase Agreement is within the range of credit period offered to the Group by independent third party suppliers; (ii) the overdue interest rate is calculated based on the loan interest rate of the People's Bank of China over the same period; and (iii) overdue interest is a reasonable expense to be borne by a customer in the event payment to a supplier is overdue, we concur with the view of the Company that the payment terms of the Powertrain Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Condition precedent to the Powertrain Purchase Agreement

The Powertrain Purchase Agreement is subject to the Company having completed the Transaction and complied with the relevant requirements of the Listing Rules with regard to continuing connected transactions contemplated under the Powertrain Purchase Agreement.

If the condition mentioned above has not been fulfilled on or before 30 June 2024 (or such other date as the parties may agree in writing), the Powertrain Purchase Agreement shall lapse and be of no effect and neither parties under the Powertrain Purchase Agreement shall have any claim against, or liability or obligation to any other party under the Powertrain Purchase Agreement.

Pricing basis

The purchase of the Powertrain Products under the Powertrain Purchase Agreement shall be fair and reasonable, on normal commercial terms or better, and the price of the Powertrain Products shall not be less favourable than the price offered by other independent third parties. In determining the purchase price of the Powertrain Products, the Group shall consider the following factors:

(i) the prevailing market prices of comparable products available in the market;

(ii) if (i) is not applicable, the purchase price of the Powertrain Products will be determined based on the formula below.

Purchase price = Cost per unit * (1 + margin rate)

Whereas:

Cost per unit = cost of direct materials + other variable cost + standard fixed cost, calculated on per unit basis.

Margin rate is determined at 3% after arm's length negotiations with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies providing similar powertrain products as stated in the Powertrain Pricing Analysis Report, which is prepared solely for the internal reference of the Group and the Geely Holding Group. According to the Powertrain Pricing Analysis Report, the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies are in the range of 1.71% to 5.42% for the purpose of reference.

The Powertrain Pricing Analysis Report identified 16 comparable companies based on the following selection criteria: (a) the companies are in the ICE or automobile parts and components manufacturing industry, which are principally engaged in the manufacturing of engines, turbines, and other related motor vehicle equipment; (b) the companies have the business registered addresses in China; (c) the companies have no recorded single shareholder with an ownership over 50%; (d) the companies have sufficient financial data available for at least two of the three financial years from 2019 to 2021; and (e) the companies have average operating profits for the three financial years from 2019 to 2021.

Cost of direct materials = unit cost of direct materials in previous year * (1 - material cost reduction rate * material cost reduction sharing ratio).

Other variable cost shall include but not limited to: indirect materials, direct labour cost, production expenses, transportation expenses, stamp duties and surtaxes. Such variable cost will be finalized based on actual cost and production volume.

Standard fixed cost = total fixed cost/(production capacity * PUR). Fixed cost shall include but not limited to: depreciation and amortization of fixed assets (e.g. capitalized license fee), selling, general and administrative expenses and R&D expenses. Production capacity refers to the maximum output volume. PUR means plant utilization ratio and is determined at 77% with reference to the industry average PUR level.

For the avoidance of doubt, value added tax and corporate income tax are excluded from the above cost components.

Material cost reduction rate refers to the percentage of price reduction based on the price offered by the suppliers and the benchmark price in previous year. The material cost reduction sharing ratio of 50% under the Powertrain Purchase Agreement was determined by the

Company, Geely Holding and Renault after arm's length negotiation. As set out in the Letter from the Board, considering that the material cost reduction sharing ratio offered to the Company is no less favourable as compared with the ratio offered to Renault, an independent third party, the Company is of the view that the material cost reduction sharing ratio of 50% is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Taking into account that (i) the material cost reduction rate (which reduces the cost per unit) allows the Group to potentially enjoy a lower purchase price for the relevant Powertrain Product; (ii) the material cost reduction sharing ratio determined at 50% is no less favourable than that offered by the Suppliers Group to Renault (being an independent third party) and represents a sharing ratio determined on an arm's length basis, we concur with the view of the Company that the material cost reduction sharing ratio of 50% is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal control measures

In order to determine the purchase price of the Powertrain Products, the finance department of the Group will obtain fee quotations from other independent third party suppliers and/or publicly available information on the prevailing market prices of comparable products on best effort basis.

In the event that fee quotations or prevailing market prices of comparable products are not available, the Group will purchase Powertrain Products from the Suppliers Group based on a cost-plus-margin approach. The margin rate is determined at 3% with reference to the lower quartile and upper quartile of the three-year weighted average cost-plus-margins of comparable companies as stated in the Powertrain Pricing Analysis Report, subject to the annual review by the Company, Aurobay Technology and Geely Changxing. To ensure fair pricing, the finance department of the Group will monitor manufacturing cost components including direct material cost, variable cost, standard fixed cost, material cost reduction, and applicable taxes on a quarterly basis by reviewing the relevant information to be provided by the Suppliers Group to ensure that purchase prices are determined according to the pricing basis set out above.

The Company, Aurobay Technology and Geely Changxing will negotiate the terms of such transactions to ensure the prices are fair and reasonable and properly reflect the level of costs incurred by the parties in such transactions. The scope of the Powertrain Products will be collectively reviewed by the Company, Aurobay Technology and Geely Changxing on an annual basis to determine whether an updated margin rate should be obtained. Any updated margin rate will be determined with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of the comparable companies stated in an updated pricing report prepared by an independent certified public accountant firm or institution with the same qualification.

The Group will implement the following measures to ensure that the annual transaction amounts under the Powertrain Purchase Agreement will not exceed the proposed annual caps of respective years: (i) the subsidiaries of the Group will record and report the connected transaction amounts to the finance department monthly. The finance manager of the finance department will then prepare the statistics on the amounts of continuing connected transactions and calculate the utilisation rate of the relevant annual cap on a monthly basis and submit the relevant statistic to the management of the Group for their review. If (i) the finance department of the Group is informed by the relevant business department of the subsidiaries of the Group that there will be significant increase in the transaction volume of continuing connected transactions which may exceed the relevant annual cap; or (ii) the utilisation rate of the applicable annual cap reaches a substantial majority of the proposed Powertrain Purchase Annual Caps at any time during the year, the Group will either restrict the purchase volume of the Powertrain Products to ensure that the respective annual caps covered by the Powertrain Purchase Agreement will not be exceeded or initiate the necessary procedures to revise the Powertrain Purchase Annual Caps in accordance with the requirements under Chapter 14A of the Listing Rules; and the internal audit department will conduct an inspection in respect of the compliance with the internal control requirements of continuing connected transactions on an annual basis (or more frequently if needed).

In relation to the aforesaid internal control measures, the internal audit department of the Group will conduct assessment on the internal control measures for all continuing connected transactions to ensure that such internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct annual review on all continuing connected transactions every year and confirm that the transactions have been entered into in the ordinary and usual course of business of the Group. The Company also engages its independent auditor to opine on all continuing connected transactions annually. The independent auditor shall review and confirm whether all continuing connected transactions (i) have been approved by the Board; (ii) have been conducted in accordance with the pricing policies set out in the relevant agreement; and (iii) have not exceeded the relevant annual caps.

Our view on the internal control measures

Based on our discussion with the management of the Company on the internal control measures that govern the transactions contemplated under the Powertrain Purchase Agreement and our review of the internal control procedures that include:

(i) the Group will obtain fee quotations from other independent third party suppliers and/or publicly available information on the prevailing market prices of comparable products, which based on the fee quotations provided by independent suppliers or publicly available information, the Group will be able to ensure that the purchase price to be paid to the Suppliers Group is no less favourable than the prevailing market price and on normal commercial terms;

(ii) if fee quotations of prevailing market prices of comparable products are not available, the Group will purchase Powertrain Products from the Suppliers Group based on a cost-plus-margin approach (where the margin rate is determined at 3% with reference to the range of the cost-plus-margins of companies that provide similar powertrain products as stated in the Powertrain Pricing Analysis Report prepared by an independent certified public accountant firm, subject to the annual review by the Company, Aurobay Technology and Geely Changxing). Given that the margin rate determined at 3% is within the range (1.7% to 5.4%) and represents a slight discount to the median (3.2%) of the three-year weighted average cost-plus-margins of comparable companies stated in the Powertrain Pricing Analysis Report (which indicates the cost-plus-margins of similar powertrain products in the market), the margin rate of 3% adopted by the Group in calculating the unit price of the Powertrain Products ensures that the price of the Powertrain Products will be at a margin comparable to the margin adopted in the market by comparable companies engaged in the manufacturing of engines, turbines and other related motor vehicle equipment (in the event that fee quotations or prevailing market prices of comparable products are not available);

(iii) the scope of the Powertrain Products will be collectively reviewed by the Company, Aurobay Technology and Geely Changxing on an annual basis to determine whether an updated margin rate should be obtained, and any updated margin rate will be determined with reference to the range of the cost-plus-margins of companies that provide similar powertrain products stated in an updated pricing report prepared by an independent certified public accountant firm or institution with the same qualification;

(iv) the finance manager of the finance department of the Group will monitor the detailed cost components (including direct material cost, variable cost, fixed cost) of the Powertrain Products to ensure that the costs incurred are reasonable and the purchase prices are determined according to the pricing basis stipulated in the Powertrain Purchase Agreement;

(v) the Group has measures in place to ensure that the annual transaction amounts under the Powertrain Purchase Agreement will not exceed the Powertrain Purchase Annual Caps, that include (a) the finance manager of the finance department of the Group will monitor the transaction amounts on an ongoing basis by preparing monthly statistics of the purchase transactions (which includes the calculation of the utilisation rate of the relevant annual cap), which are submitted to the management of the Group for review. If the finance department of the Group is informed by the relevant business department of the subsidiaries of the Group that there will be significant increase in the transaction volume of continuing connected transactions which may exceed the relevant annual cap, or the utilisation rate of the applicable annual cap reaches a substantial majority of the proposed Powertrain Purchase Annual Caps at any time during the year, the Group will either restrict the purchase volume of the Powertrain Products to ensure that the respective annual caps covered by the Powertrain Purchase Agreement will not be exceeded or initiate the necessary procedures to revise the Powertrain Purchase Annual Caps in accordance with the requirements under Chapter 14A of the Listing Rules; and (b) the internal audit department of the Group will conduct inspection in respect of the Group's compliance with the internal control procedures on an annual basis (or more frequently if needed). We understand from management of the Company that if it is expected that the transaction amounts will reach or exceed the annual cap, the Company will consider measures to be taken in a timely manner (which include restricting the purchase volume of the Powertrain Products or re-complying with disclosure and independent shareholders' approval requirements under the Listing Rules);

(vi) the independent non-executive Directors will conduct annual review to assess whether the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(vii) the Company's external auditor will review the transactions annually to confirm whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded,

we consider that the Company has sufficient and effective internal control measures in place to ensure that (i) the Powertrain Purchase Annual Caps will not be exceeded (or if it is expected to be exceeded, the Company will consider measures to be taken in a timely manner, which include restricting the purchase volume of the Powertrain Products or re-complying with disclosure and independent shareholders' approval requirements under the Listing Rules); (ii) the purchase price of the Continuing Connected Transactions will be determined on normal commercial terms and no less favourable to the Group than terms available from independent suppliers (through (a) obtaining fee quotations from other independent third party suppliers and/or publicly available information on the prevailing market prices of comparable products, or (b) if fee quotations or prevailing market prices of comparable products are not available, the Group will purchase Powertrain Products from the Suppliers Group based on a cost-plus-margin approach, where the margin rate of 3% (subject to annual review) is determined with reference to the Powertrain Pricing Analysis Report prepared by an independent certified public accountant firm, and any updated margin rate will be determined with reference to an updated pricing report prepared by an independent certified public accountant firm).

9.2. Reasons for and benefits of entering into the Powertrain Purchase Agreement

As set out in the Letter from the Board, prior to the formation of the JV Company, the Aurobay Technology Group has been manufacturing and supplying Powertrain Products to the Group and understands the needs of the Group. The Geely Changxing Group has been manufacturing automobiles parts and components used in Geely-branded Vehicles for the Group and is equipped with the technological know-how capability to manufacture Powertrain Products. The Aurobay Technology Group and the Geely Changxing Group will produce Powertrain Products for different Geely-branded Vehicles in accordance with the business plan of the JV Company Group which will enable the Group to secure a stable source of Powertrain Products leveraging on the business relationships established between the Group, the Aurobay Technology Group and the Geely Changxing Group.

Our view

Taking into account the above, in particular (i) the purchase price of the Powertrain Products will be determined with reference to (a) if available, the prevailing market price of comparable products available in the market, and shall not be less favourable to the Group than the price offered by other independent third parties; or (b) if the market price of comparable products are not available, the purchase price of the Powertrain Products will be based on cost-plus-margin basis where the margin rate of 3% is determined with reference to the Powertrain Pricing Analysis Report prepared by an independent certified public accountant firm; (ii) the Group has put in place internal control measures to monitor the purchase price of the Powertrain Products to ensure that the purchase transactions will be conducted on an arm's length basis and on normal commercial terms; and (iii) the supply of Powertrain Products from the Aurobay Technology Group and Geely Changxing Group (both suppliers possessing the technological know-how and experience in developing powertrain related components) enables the Group to secure a stable source of Powertrain Products, we are of the view that the Continuing Connected Transactions are fair and reasonable, on normal commercial terms, within the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

For our analysis on the fairness and reasonableness of the proposed Powertrain Purchase Annual Caps, please refer to the section below.

9.3. Fairness and reasonableness of the Powertrain Purchase Annual Caps

The table below sets out the proposed Powertrain Purchase Annual Caps for the three years ending 31 December 2026.

	Proposed annual caps		
	From the Effective Date to 31 December 2024	**For the year ending on 31 December 2025**	**For the year ending 31 December 2026**
	RMB'million	*RMB'million*	*RMB'million*
Purchase of Powertrain Products	25,070.4	25,846.6	24,442.3

As set out in the Letter from the Board, the historical transaction amounts in relation to the purchase of the Powertrain Products from the Aurobay Technology Group by the Group for each of the three years ended 31 December 2022 were RMB12,879.7 million, RMB12,036.3 million and RMB12,247.3 million, respectively. The historical transaction amounts in relation to the purchase of automobiles parts and components from the Geely Changxing Group by the Group for each of the three years ended 31 December 2022 was nil, nil and RMB1,285.2 million, respectively. The increase of the proposed Powertrain Purchase Annual Caps as compared with the aforementioned historical transaction amounts is mainly due to the following reasons:

(i) the projected increase in the number of Powertrain Products to be purchased by the Group during the three years from 2024 to 2026. The estimated average purchase volume over this period represents a growth of over 80% compared to the historical purchase volume for the year ended 31 December 2022. Such increase is primarily driven by the expected introduction of new models of Geely-branded Vehicles including the new models of Galaxy series, spanning the years 2024 to 2026, along with recovery from lower demand for passenger vehicles in the PRC due to COVID-19 pandemic outbreak;

(ii) the estimated increase in average purchase volume of the Powertrain Products for the use in the hybrid Geely-branded Vehicles for the three years ending 31 December 2026, which represents a growth of over 90% compared to the historical purchase volume of the Powertrain Products for the use in the hybrid Geely-branded Vehicles for the year ended 31 December 2022. The estimated average unit price of the Powertrain Products used in the hybrid Geely-branded Vehicles for the three years ending 31 December 2026 is approximately 60% to 70% higher than those for ICE Geely-branded Vehicles for the same period; and

(iii) the JV Company Group will become the centralised supplier of the Powertrain Products to the Group. This will ensure the Group to have a stable supply of the Powertrain Products from the JV Company Group by leveraging the Group's, the Geely Holding Group's and the Renault Group's extensive experience in ICE, hybrid, and plug-in hybrid powertrain, coupled with the high production capacity of the JV Company Group.

The proposed Powertrain Purchase Annual Cap will increase by approximately 3.1% on a year-on-year basis for the year ending 31 December 2025, primarily attributable to an approximately 2.8% increase in the purchase volume of the Powertrain Products for the same period. Such increase is mainly driven by the increase in demand of the Powertrain Products for the use in the hybrid Geely-branded Vehicles. However, the proposed Powertrain Purchase Annual Cap will decrease by approximately 5.4% on a year-on-year basis for the year ending 31 December 2026, primarily attributable to an approximately 8.2% decrease in the purchase volume of the Powertrain Products, which is partially offset by an approximately 3.0% increase in average unit price of the Powertrain Products for the same period.

As set out in the Letter from the Board, the Powertrain Purchase Annual Caps were determined by the Company with reference to (i) the estimated number of units of the Powertrain Products to be purchased by the Group from the Suppliers Group for the use in the manufacturing CKDs of Geely-branded Vehicles, which was determined based on the projected sales volume of the ICE and hybrid Geely-branded Vehicles for the same period; (ii) the estimated costs of manufacturing the Powertrain Products for the three years ending on 31 December 2026; and (iii) the margin rate of 3% over such projected manufacturing costs with reference to the Powertrain Pricing Analysis Report.

As set out in the Letter from the Board, as the Group anticipates an expected increase in sales volume of hybrid Geely-branded Vehicles, the Powertrain Purchase Annual Cap for the year ending on 31 December 2025 is higher than the Powertrain Purchase Annual Cap for the year ending on 31 December 2024. The decrease of the Powertrain Purchase Annual Cap for the year ending on 31 December 2026 is primarily attributable to the expected decrease in the sales volume of ICE Geely-branded Vehicles, which outweigh the expected increase in sales volume of hybrid Geely-branded Vehicles.

In assessing the fairness and reasonableness of the proposed annual caps, we have reviewed and discussed with the Company with regards to the underlying calculations. We have obtained and reviewed (i) the estimated manufacturing costs (which include the cost of direct materials, other variable cost and fixed cost) of the Powertrain Products that mainly comprise engine and transmission products for different types of engine; (ii) the estimated number of Powertrain Products to be purchased by the Group from the Suppliers for the three years ending 31 December 2026; and (iii) the Powertrain Pricing Analysis Report prepared by an independent certified public accountant firm.

From our review of the aforesaid documents and discussion with management of the Company, we have taken into consideration the following in assessing the fairness and reasonableness of the proposed annual caps:

- the cost schedule of the Powertrain Products comprises the cost allocation of direct materials, variable cost and fixed cost in determining the unit prices of the relevant Powertrain Products, which we note that the unit prices of the Powertrain Products vary according to the type of engine and transmission. We note the unit prices of the Powertrain Products used in hybrid vehicles are generally higher than those used in ICE vehicles (which we note from the underlying calculations that the estimated average unit price of the Powertrain Products used in the hybrid Geely-branded Vehicles for the three years ending 31 December 2026 is approximately 60% to 70% higher than those for ICE Geely-branded Vehicles for the same period), contributed by higher costs for the Powertrain Products used in hybrid vehicles;

- the projected purchase volume of the relevant Powertrain Products (for the use in the manufacturing of CKDs of Geely-branded Vehicles) for each of the three years ending 31 December 2026 (which represents growth of more than 80% (on average) as compared to the historical purchase volume for the year ended 31 December 2022) was estimated after taking into account the projected sales volume of the Geely-branded Vehicles for the same period, which we note from the underlying calculations that the increase of the Powertrain Purchase Annual Caps (of approximately 3.1%) for the year ending 31 December 2025 and the decrease in the Powertrain Purchase Annual Caps (of approximately 5.4%) for the year ending 31 December 2026 are contributed by the fluctuation in estimated purchase volume of the relevant Powertrain Products for 2025 and 2026, which cater for the expected manufacturing needs of the hybrid and ICE Geely-branded Vehicles that will be equipped with the Powertrain Products. In assessing the estimated number of Powertrain Products to be purchased by the Group for the three years ending 31 December 2026 (which we note from the underlying calculations that the estimated number of units of Powertrain Products to be purchased by the Group represents a year-on-year increase of approximately 2.8% for the year ending 31 December 2025 and a year-on-year decrease of approximately 8.2% for the year ending 31 December 2026, respectively), we have considered the Group's sales plan of the vehicles that are expected to be equipped with the Powertrain Products. Based on our discussion with the management of the Company, we understand that the Group's sales plan (including the projected sales of relevant vehicles that include the new models of Galaxy series expected to be launched from 2024 to 2026) for the three years ending 31

December 2026 was determined with reference to factors including expected customer demand (taking into account the sales prospect of hybrid and ICE vehicles), sales volume targets, product life cycle, the Group's operational data, strategy and business performance of the Group and possible market fluctuations. We understand from the management of the Company that the projected purchase volume of the Powertrain Products for the three years ending 31 December 2026 is a reflection of the sales plan of the Group and represents the Group's best estimation of the expected manufacturing needs of the hybrid and ICE vehicles that will be equipped with the Powertrain Products. Taking into account the above, we consider that the estimated number of Powertrain Products to be purchased by the Group from the Suppliers Group (based on the Group's projected sales volume for the same period) is fair and reasonable.

- the margin rate of 3% adopted by the Group in calculating the unit prices of the relevant Powertrain Products for the three years ending 31 December 2026 was determined with reference to the reference margin rates set out in the Powertrain Pricing Analysis Report (details of our assessment of the margin rate are set out below).

We note from the Company's underlying calculations that in determining the annual caps for the three years ending 31 December 2026, the margin rate of 3% was adopted in in calculating the unit prices of the relevant Powertrain Products, which was determined with reference to the range between the lower quartile and upper quartile of the three-year weighted average cost-plus-margins of comparable companies providing similar powertrain products as set out in the Powertrain Pricing Analysis Report.

Based on our review of the Powertrain Pricing Analysis Report furnished by a big four international accounting firm (the "**Independent CPA**") issued on 31 May 2023 prepared solely for the internal reference of the Group and the Geely Holding Group (which we consider the Powertrain Pricing Analysis Report that was prepared by a reputable and globally recognised accounting firm to be a reputable source of reference), we note that the Independent CPA had identified 16 companies (the "**Powertrain Related Companies**") that provide similar powertrain products and evaluated their cost-plus-margins. We note from the Powertrain Pricing Analysis Report that the Independent CPA had identified the 16 Powertrain Related Companies based on the following selection criteria: (a) the companies are in the ICE or automobile parts and components manufacturing industry, which are principally engaged in the manufacturing of engines, turbines, and other related motor vehicle equipment; (b) the companies have the business registered addresses in China; (c) the companies have no recorded single shareholder with an ownership over 50%; (d) the companies have sufficient financial data available for at least two of the three financial years from 2019 to 2021; and (e) the companies have average operating profits for the three financial years from 2019 to 2021. As set out in the Powertrain Pricing Analysis Report, the three-year weighted average cost-plus margins of the Powertrain Related Companies ranged from approximately 1.7% to approximately 5.4% with median in the quartile interval of approximately 3.2%. We note that the margin rate of 3% adopted in the underlying calculations of the unit prices of the relevant Powertrain Products fall within the range (1.7% to 5.4%) and represents a slight discount to the median of the cost-plus-margins of the Powertrain Related Companies of approximately 3.2%. As such, we consider that the margin rate determined at 3% for calculating the purchase price of the Powertrain Products is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. In conducting our review of the Powertrain Pricing Analysis Report, we have interviewed the respective team members of the Independent CPA (being a big four international accounting firm) with respect to (i) the terms of engagement of the Independent CPA; (ii) the qualifications and experience of the Independent CPA; and (iii) the steps and measures taken by the Independent CPA in preparing the Powertrain Pricing Analysis report. Based on our review of the engagement letter of the Independent CPA, we are satisfied that the scope of work of the Independent CPA is appropriate to perform pricing analysis for powertrain related products (which we note that the scope of services of the Independent CPA includes conducting pricing assessment for connected transactions). We note that the Independent CPA has more than 30 years of experience in performing transfer pricing assessments and that the relevant team members of the Independent CPA are qualified personnel. In light of the above, we (i) are not aware of any matters that would cause us to question the competence of the Independent CPA and consider that the Independent CPA has sufficient knowledge and expertise to perform pricing analysis and prepare the Powertrain Pricing Analysis Report; and (ii) consider that the Powertrain Pricing Analysis Report is an appropriate reference for determining the margin rate used in calculating the purchase price of the Powertrain Products based on cost-plus-margin approach.

Our view

Based on the above (which included our review and assessment of (i) the estimated manufacturing costs of the Powertrain Products; (ii) the estimated number of Powertrain Products to be purchased by the Group; and (iii) the margin rate of 3% adopted in the calculation of the unit prices of the Powertrain Products), we consider that the Powertrain Purchase Annual Caps are fair and reasonable and we concur with the Directors' view that it is fair and reasonable and in the interests of both the Company and the Shareholders to set the Powertrain Purchase Annual Caps at the proposed levels. However, as the Powertrain Purchase Annual Caps relate to future events and are based on assumptions that may or may not remain valid for the whole period up to 31 December 2026, we express no opinion as to how closely the Continuing Connected Transactions shall correspond to the Powertrain Purchase Annual Caps.

10. Requirements by the Listing Rules regarding the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

(a) Each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that they have been entered into:

- in the ordinary and usual course of business of the Group;
- on normal commercial terms or better; and

- according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(b) Each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:

- has not been approved by the Board;
- were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- were not entered into, in all material respects, in accordance with the terms of the respective agreements of each of the Continuing Connected Transactions; and
- have exceeded the respective annual caps.

(c) The Company must allow, and ensure that the relevant counter parties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Continuing Connected Transactions.

(d) The Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above, respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of transaction value by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the Powertrain Purchase Agreement and the Powertrain Purchase Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Company and the Shareholders as a whole.

CONCLUSION AND RECOMMENDATION

Based on the above principal factors and reasons, in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

In relation to the Contribution Agreement and Joint Venture Agreement:

Reasons and benefits

(a) in respect of the reasons and benefits of the formation of the JV Company, (i) the formation of the JV Company represents a partnership between the Group, Geely Holding Group and Renault Group to combine their respective ICE, hybrid, and plug-in hybrid engine and transmission activities; (ii) the

JV Company Group is expected to (a) benefit from economies of scale between the businesses of the Group, Geely Holding Group and Renault Group and (b) possess a wide range of Powertrain Products and solutions to meet customer needs and comply with future regulations in different regions; (c) benefit from global geographical presence with plants strategically located worldwide; and (d) leverage on the Group's, the Geely Holding Group's and the Renault Group's extensive expertise in ICE, hybrid, and plug-in hybrid powertrain, and not only is able to serve existing customers but also to secure new contracts from third party customers; (iii) the formation of the JV Company is a structure that allows the Group to outsource its ICE powertrain manufacturing business to the JV Company, whilst the Company's 33% shareholding in the JV Company will enable the Group to share the potential profits of the enlarged JV Company Group that will hold the Aurobay Holding Group, the Aurobay SG Group and the Horse Holding Group; and (iv) the JV Company is expected to achieve potential synergies (including exploring potential cross-selling and cross-badging opportunities) which in turn will positively impact the performance of the JV Company and benefit the Company as a shareholder;

Contribution and key terms

(b) based on our independent work performed on the Valuations, we are satisfied with the methodology, principal bases, assumptions and parameters adopted in the Valuations, and consider that the Valuations are appropriate references for considering the fairness and reasonableness of the agreed enterprise values of the respective entities;

(c) the agreed Aurobay Holding Enterprise Value, Aurobay SG Enterprise Value and Horse Enterprise Value of EUR3,066 million, EUR934 million and EUR4,000 million, respectively are similar to the appraised enterprise values of the respective entities, and the agreed Aurobay Holding Enterprise Value (which reflects the contribution of the Company) is at a premium to its appraised enterprise value, whilst the agreed Aurobay SG Enterprise Value and Horse Enterprise Value (which reflect the contributions of Geely Holding and Renault, respectively) are at a discount to their respective appraised enterprise values;

(d) the Indicated Contribution Values which represent the equity values on a "cash free, debt free" principle of each of the Aurobay Holding Contributed Shares, the Aurobay SG Contributed Shares and the Horse Contributed Shares, are fair and reasonable;

(e) the Contribution Value Adjustments (being either the relevant entity making cash payment to the JV Company to increase the Contribution Value or having provided shareholder loan to the JV Company to reduce the Contribution Value) is a fair mechanism that ensures that the Final Contribution Values of the respective entities will reflect the Contribution Ratio of 33:17:50;

(f) taking into account from (b) to (e) above, we consider that the Company's Final Contribution Value which represents 33% of the Contribution is consistent with the Contribution Ratio of 33:17:50. We therefore consider that the Company's 33% shareholding in the JV Company is fair and reasonable; and

(g) the key terms of the Contribution Agreement and the Joint Venture Agreement represent normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole,

we consider that although the Contribution Agreement and the Joint Venture Agreement are not entered into in the ordinary and usual course of business of the Group, the terms of the transactions contemplated under the Contribution Agreement and the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

We advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the Contribution Agreement and the Joint Venture Agreement and the transactions contemplated thereunder.

In relation to the Powertrain Purchase Agreement:

We consider that:

(a) the entering into of the Powertrain Purchase Agreement and the Continuing Connected Transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole and the terms thereof are normal commercial terms or better and fair and reasonable; and

(b) the proposed Powertrain Purchase Annual Caps in respect of the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole,

we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Powertrain Purchase Agreement and the transactions contemplated thereunder (including the Powertrain Purchase Annual Caps).

Yours faithfully,
For and on behalf of
Ballas Capital Limited
Alex Lau *Managing Director*
Colin Lee *Director*

Note: Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2004 and Mr. Colin Lee of Ballas Capital Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activity from 2013 to 2018 and since 2020.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer, in connection with its valuation as at 31 May 2023 of the market value of enterprise value of the Aurobay Technology Group.

Asia-Pacific Consulting and Appraisal Limited
Flat/RM A 12/F ZJ 300,
300 Lockhart Road,
Wan Chai, Hong Kong

6 September 2023

The Board of Directors
Geely Automobile Holdings Limited
Room 2301, 23/F, Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

In accordance with the instructions received from Geely Automobile Holdings Limited (the "**Company**"), we have undertaken a valuation exercise which requires Asia-Pacific Consulting and Appraisal Limited ("**APA**") to express an independent opinion on the market value of enterprise value of Aurobay Technology Co., Ltd.* (極光灣科技有限公司) and its subsidiaries (collectively, the "**Aurobay Technology Group**") as at 31 May 2023 (the "**Valuation Date**").

The purpose of this valuation is for circular reference of the Company.

Our valuation was carried out on a market value basis which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."

INTRODUCTION

Reference is made to an announcement made by the Company on 11 July 2023, Zhejiang Geely Holding Group Company Limited ("**Geely Holding**"), Renault S.A.S. ("**Renault**"), and the Company (collectively, the "**Parties**", each a "**Party**") entered into a contribution agreement, pursuant to which the Parties proposed to set up a joint venture company (the "**Proposed JV Company**"). The Company has conditionally agreed to contribute the entire issued share capital of Aurobay Holding.

Upon completion of the internal reorganisation of the Aurobay Holding Group, Aurobay Holding will be the holding company of the Aurobay Technology Group.

Aurobay Technology Co., Ltd was incorporated in 2012, together with its subsidiaries, it engages in manufacture, assembly and sale of powertrains and related components through 9 wholly-owned subsidiaries primarily in China.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, asset-based approach and income approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Asset-based approach refers to the valuation methodology to determine the value of the subject on a reasonable basis by valuating an enterprise's value contribution to the overall on-balance-sheet and off-balance-sheet assets and liabilities, based on the balance sheet of the subject as at the valuation date.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the characteristics of the Aurobay Technology Group, there are substantial limitations for the income approach and the asset-based approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Secondly, the asset-based approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few assumptions. It also introduces objectivity in application as publicly available inputs are used.

In this valuation exercise, the market value of enterprise value of the Aurobay Technology Group was developed through the application of the market approach technique known as the guideline public company method. This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of enterprise value of the Aurobay Technology Group. We have considered price-to-book ("**P/B**"), price-to-sales ("**P/S**"), price-to-earnings ("**P/E**") multiples and enterprise value-to-earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**").

The P/B multiple is considered not appropriate for this valuation because book value captures only the tangible assets of a company, it does not reflect the earning potential of intangible assets in a company, and also does not reflect the difference in financial leverage.

The P/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company, which is critical in reflecting the market value. Hence, we are of the view that it is not appropriate to adopt the P/S multiple to assess the market value of enterprise value of the Aurobay Technology Group.

The P/E ratio is quicker to calculate, using only a company's market capitalization as the numerator. However, when comparing businesses with high level of depreciation and amortization and different financial leverage, the P/E multiple is not preferred in this case.

The EV/EBITDA multiple uses the market capitalization of a company as the starting point, considering of the value of debt, minority interest, and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by EBITDA amount.

In order to reflect the latest financial performance of the Aurobay Technology Group, it is considered that the suitable multiple in this valuation is the EV/EBITDA ratio (the "**EV/EBITDA Ratio**"), which is calculated by using comparable companies' enterprise value as at the Valuation Date and the available EBITDA for last twelve months ("**LTM**") ended 31 December 2022 to determine the market value of enterprise value of the Aurobay Technology Group and then taken into account market liquidity discount and control premium as the appropriate adjustments.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of legal status and financial condition of the Aurobay Technology Group and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

The following factors form an integral part of our basis of opinion:

➢ The economic outlook in general;

➢ The audited financial statements for the years ended 31 December 2020, 31 December 2021, 31 December 2022 of the Aurobay Technology Group;

- Financial and business risk of the Aurobay Technology Group;
- Consideration and analysis on the micro and macro economy affecting the subject business; and
- Other operational and market information in relation to the Aurobay Technology Group's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Aurobay Technology Group.

VALUATION ASSUMPTIONS

In determining the market value of the enterprise value of the Aurobay Technology Group, we make the following key assumptions:

- In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we have assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;
- It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates;
- We have assumed the accuracy of the financial and operational information provided to us by the Company and the Aurobay Technology Group and relied to a considerable extent on such information in arriving at our opinion of value; and
- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

FINANCIAL INFORMATION OF THE AUROBAY TECHNOLOGY GROUP

Set out below is extracted from the audited consolidated financial statements for the two years ended 31 December 2021 and 31 December 2022 of the Aurobay Technology Group:

	For year ended 31 December 2021 *RMB'million* Audited	**For year ended 31 December 2022** *RMB'million* Audited
Revenue	17,788	18,252
EBITDA(Note)	2,235	2,714

Note: EBITDA has excluded the non-operating and non-recurring items such as gain or loss on disposal of property, plant and equipment, gain or loss on foreign exchange, etc.

The market value of enterprise value of the Aurobay Technology Group was developed by using the EV/ EBITDA Ratio deriving from comparable companies as at the Valuation Date and the EBITDA for last twelve months ended 31 December 2022 of the Aurobay Technology Group.

MARKET MULTIPLE

In determining the market multiple, we selected the listed comparable companies globally from major stock exchange in the United States of America, Europe, Japan, China and Hong Kong. The comparable companies listed on the global major exchanges are selected based on the selection criteria below:

➢ the comparable companies are publicly listed;

➢ the comparable company's core business is development, manufacture and sale of engines;

➢ the comparable company's revenue generated from sale of engines is mainly derived from China;

➢ the comparable companies recorded positive earnings before interest, tax, depreciation and amortization in their latest financial years and the EV/EBITDA Ratio of the comparable companies are available, as at the Valuation Date.

As sourced from Capital IQ, a reliable third-party database service provider designed by Standard & Poor's (S&P), an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis and the details of these comparable companies are shown below:

Company Name (Stock Name)	**Company Description**
Harbin Dongan Auto Engine Co., Ltd. (SHSE:600178)	Harbin Dongan Auto Engine Co., Ltd. produces and markets automobile products. The company offers engine products, including F-series, K-series, and M-series engine platforms; and transmission products, such as T09R, T10R, T13F, T13R, and T16R transmission platforms, as well as spare parts under the Dongan brand name.
Weichai Power Co., Ltd. (SEHK:2338)	Weichai Power Co., Ltd. engages in the manufacture and sale of diesel engines, automobiles, and other automobile components in China and internationally. The company offers engines of trucks, buses, construction and agricultural machinery, and industrial equipment; gearboxes, including transmission, PTO, and auto transmission products; axles for trucks, bus, and construction machinery; hydraulic components, pumps, valves, gears, motors, and powertrain; commercial vehicles and auto parts; and industrial trucks and services.

Zhejiang Xinchai Co. (SZSE:301032)	Zhejiang Xinchai Co., Ltd. manufactures and sells multi-cylinder diesel engines in China and internationally. Its products are used in engineering, agricultural machinery, and light truck power, as well as power generation applications.
Anhui Quanchai Engine Co., Ltd. (SHSE:600218)	Anhui Quanchai Engine Co., Ltd. provides diesel engines for vehicles, agricultural equipment, forklift, construction machinery, generator, and water pump sets.
China Yuchai International Limited (NYSE: CYD)	China Yuchai International Limited, through its subsidiaries, manufactures, assembles, and sells diesel and natural gas engines for trucks, buses and passenger vehicles, marine, industrial, and agriculture applications in the People's Republic of China and internationally. The company provides diesel engines comprising 4-cylinder and 6-cylinder diesel engines, high horsepower marine diesel engines, and power generator engines, as well as natural gas engines, diesel power generators, diesel engine parts, and remanufacturing services; and generator sets, as well as plug-in hybrid engines, range extenders, power generation powertrains, hybrid powertrains, integrated electric drive axel powertrains, and fuel cell systems.

Source: Capital IQ and annual reports of the comparable companies; the Aurobay Technology Group's data is sourced from the financial statements provided by the management.

Based on the abovementioned selection criteria, the list of five comparable companies shown above was identified and we are of the opinion that each of them is considered as a fair and representative comparable company to the Aurobay Technology Group. Further details of these five comparable companies with available EV/EBITDA ratios as at the Valuation Date are shown as follows:

Stock Code	**Company Name**	**EV/EBITDA Ratio as at the Valuation Date**
SHSE:600178	Harbin Dongan Auto Engine Co., Ltd.	5.8x
SEHK:2338	Weichai Power Co., Ltd.	8.9x
SZSE:301032	Zhejiang Xinchai Co.	28.2x
SHSE:600218	Anhui Quanchai Engine Co., Ltd	11.6x
NYSE:CYD	China Yunchai International Limited	2.8x
Median		8.9x

Source: Capital IQ

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

The level of a company value can be described as: the marketable minority interest value which refers to the price quoted in public market less the DLOM equals to the non-marketable minority interest value representing the non-controlling shareholder of a private company.

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

Most of the businesses or financial interests that we are valuing do not enjoy immediate liquidity. we thus face the task of making an adjustment from the value we have estimated from the transactions observed in the market approach to account for the lack of marketability of the business or business interest that we are valuing. That adjustment is what we refer to as the discount for lack of marketability.

In determining a reasonable DLOM, we have made reference to the Stout Restricted Stock Study Companion Guide (2022 edition) published by Stout Risius Ross, LLC. The study examined 772 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through March 2022. The overall average discount for all 772 transactions in the study is 20.5%.

CONTROL PREMIUM

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

The control premium adopted in this valuation is 20%, with reference to the control premium of closed transactions in automobile components or automobile industry within 5 years prior to the Valuation Date.

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value depends on the market multiples of the comparable companies, sourced from Capital IQ, as at the Valuation Date and we have taken into account DLOM and control premium of the Aurobay Technology Group. The calculation of the market value of enterprise value of the Aurobay Technology Group as at the Valuation Date is as follows:

	As at 31 May 2023
Applied EV/EBITDA Ratio	8.9
EBITDA for last twelve months ended 31 December 2022 of the Aurobay Technology Group *(RMB'million)*	2,714
Enterprise Value of the Aurobay Technology Group *(RMB'million)*	24,045
RMB/EUR exchange rate as at the Valuation Date	7.6016
Enterprise Value of the Aurobay Technology Group *(EUR'million)*	3,163
Adjusted for DLOM at 20.5%	(1-20.5%)
Adjusted for Control Premium at 20.0%	(1+20.0%)
Adjusted Enterprise Value of the Aurobay Technology Group *(rounded in EUR'million)*	3,018

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Aurobay Technology Group, the Company and Asia-Pacific Consulting and Appraisal Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Aurobay Technology Group over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of enterprise value of the Aurobay Technology Group as at the Valuation Date is reasonably stated approximately at the amount of **EUR 3,018,000,000 (EURO THREE BILLION EIGHTEEN MILLION).**

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

Jack W. J. Li
CFA, MRICS, MBA
Partner

Note: Jack W. J. Li is a Chartered Surveyor who has more than 15 years' experience in the valuation of assets in the PRC, Hong Kong, the Asia-Pacific region and European region.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer, in connection with its valuation as at 31 May 2023 of the market value of enterprise value of the Aurobay SG Operating Group.

Asia-Pacific Consulting and Appraisal Limited
Flat/RM A 12/F ZJ 300,
300 Lockhart Road,
Wan Chai, Hong Kong

6 September 2023

The Board of Directors
Geely Automobile Holdings Limited
Room 2301, 23/F, Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

In accordance with the instructions received from Geely Automobile Holdings Limited (the "**Company**"), we have undertaken a valuation exercise which requires Asia-Pacific Consulting and Appraisal Limited ("**APA**") to express an independent opinion on the market value of enterprise value of the Aurobay SG Operating Group (consists of three operating entities, namely Changxing Geely Powertrain Co., Ltd.* (長興吉利動力總成有限公司) ("**Changxing Powertrain**"), Zhangjiakou Aurobay Engine Manufacturing Co., Ltd.* (張家口極光灣發動機製造有限公司) ("**ZJK**") and Powertrain Engineering Sweden AB ("**PES**") and their respective subsidiaries) as at 31 May 2023 (the "**Valuation Date**").

The purpose of this valuation is for circular reference of the Company.

Our valuation was carried out on a market value basis which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."

INTRODUCTION

Reference is made to an announcement made by the Company on 11 July 2023, Zhejiang Geely Holding Group Company Limited ("**Geely Holding**"), Renault S.A.S. ("**Renault**"), and the Company (collectively, the "Parties", each a "**Party**") entered into a contribution agreement, pursuant to which the Parties proposed to set up a joint venture company (the "**Proposed JV Company**"). Geely Holding has conditionally agreed to contribute the entire issued share capital of Aurobay SG. .

Upon completion of the internal reorganisation of Geely Holding, Aurobay SG will be the holding company of the Aurobay SG Operating Group.

As at the Valuation Date, (i) Geely Changxing is a limited liability company established in the PRC and a non-wholly-owned subsidiary of Geely Holding; (ii) ZJK is a limited liability company established in the PRC and is an indirectly wholly-owned subsidiary of Geely Holding; and (iii) PES is a limited liability company established in Sweden and is an indirectly wholly-owned subsidiary of Geely Holding.

The Aurobay SG Operating Group will principally engage in the research and development, production, manufacture and sale of powertrains.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, asset-based approach and income approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Asset-based approach refers to the valuation methodology to determine the value of the subject on a reasonable basis by valuating an enterprise's value contribution to the overall on-balance-sheet and off-balance-sheet assets and liabilities, based on the balance sheet of the subject as at the valuation date.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the characteristics of the Aurobay SG Operating Group, there are substantial limitations for the income approach and the asset-based approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Secondly, the asset-based approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few assumptions. It also introduces objectivity in application as publicly available inputs are used.

In this valuation exercise, the market value of enterprise value of the Aurobay SG Operating Group was developed through the application of the market approach technique known as the guideline public company method. This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market enterprise value of the Aurobay SG Operating Group. We have considered price-to-book ("**P/B**"), price-to-sales ("**P/S**"), price-to-earnings ("**P/E**") multiples and enterprise value-to-earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**").

The P/B multiple is considered not appropriate for this valuation because book value captures only the tangible assets of a company, it does not reflect the earning potential of intangible assets in a company, and also does not reflect the difference in financial leverage.

The P/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company, which is critical in reflecting the market value. Hence, we are of the view that it is not appropriate to adopt the P/S multiple to assess the market value of the Aurobay SG Operating Group.

The P/E ratio is quicker to calculate, using only a company's market capitalization as the numerator. However, when comparing businesses with high level of depreciation and amortization and different financial leverage, the P/E multiple is not preferred in this case.

The EV/EBITDA multiple uses the market capitalization of a company as the starting point, considering of the value of debt, minority interest, and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by EBITDA amount.

In order to reflect the latest financial performance of the Aurobay SG Operating Group, it is considered that the suitable multiple in this valuation is the EV/EBITDA ratio (the "**EV/EBITDA Ratio**"), which is calculated by using comparable companies' enterprise value as at the Valuation Date and the available EBITDA for last twelve months ("**LTM**") ended 31 December 2022 to determine the market value of enterprise value of the Aurobay SG Operating Group and then taken into account market liquidity discount and control premium as the appropriate adjustments.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of legal status and financial condition of the Aurobay SG Operating Group and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

The following factors form an integral part of our basis of opinion:

- ➢ The economic outlook in general;
- ➢ The unaudited combined financial statements for the years ended 31 December 2021 and 31 December 2022 of the Aurobay SG Operating Group;
- ➢ Financial and business risk of the Aurobay SG Operating Group;
- ➢ Consideration and analysis on the micro and macro economy affecting the subject business; and
- ➢ Other operational and market information in relation to the Aurobay SG Operating Group's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Aurobay SG Operating Group.

VALUATION ASSUMPTIONS

In determining the market value of enterprise value of the Aurobay SG Operating Group, we make the following key assumptions:

- ➢ In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we have assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;
- ➢ It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates;
- ➢ We have assumed the accuracy of the financial and operational information provided to us by the Company and the Aurobay SG Operating Group and relied to a considerable extent on such information in arriving at our opinion of value; and
- ➢ We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

FINANCIAL INFORMATION OF THE AUROBAY SG OPERATING GROUP

Set out below is extracted from the unaudited combined financial statements for the two years ended 31 December 2021 and 31 December 2022 of the Aurobay SG Operating Group:

	For year ended 31 December 2021	For year ended 31 December 2022
	RMB'million	*RMB'million*
	Unaudited	Unaudited
Revenue	14,014	15,824
EBITDA(Note)	1,412	1,927

Note: EBITDA has excluded the non-operating and non recurring items such as gain or loss on disposal of property, plant and equipment, gain or loss on foreign exchange, etc.

The market value of enterprise value of the Aurobay SG Operating Group was developed by using the EV/EBITDA Ratio deriving from comparable companies as at the Valuation Date and the EBITDA for last twelve months ended 31 December 2022 of the Aurobay SG Operating Group.

MARKET MULTIPLE

In determining the market multiple, we selected the listed comparable companies globally from major stock exchange in the United States of America, Europe, Japan, China and Hong Kong. The comparable companies listed on the global major exchanges are selected based on the selection criteria below:

➢ the comparable companies are publicly listed;

➢ the comparable companies engage in the development, manufacture and sale of components for the powertrains or drivetrains and delivery of solutions for the powertrains or drivetrains;

➢ the comparable companies have global source of revenue with i. major revenue were generated from Europe; ii. the second largest source of revenue were generated from Asia for the twelve months ended 31 December 2022;

➢ the comparable companies recorded positive earnings before interest, tax, depreciation and amortization in their latest financial years and the EV/EBITDA Ratio of the comparable companies are available, as at the Valuation Date.

As sourced from Capital IQ, a reliable third-party database service provider designed by Standard & Poor's (S&P), an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis and the details of these comparable companies are shown below:

Company Name (Stock Name)	Company Description
Borg Warner (NYSE:BWA)	The company is a global product leader in clean and efficient technology solutions for combustion, hybrid and electric vehicles. The Air Management segment develops and manufactures products to improve fuel economy, reduce emissions and enhance performance. The e-Propulsion and Drivetrain segment's portfolio consists of electric motors for hybrid and electric vehicles, power electronics and engine and transmission control modules. The Fuel Systems segment develops and manufactures gasoline and diesel fuel injection components and systems. The company also operates the Aftermarket segment sells products and services to independent aftermarket customers and OEM customers.
Schaeffler AG (XTRA:SHA)	Schaeffler AG, together with its subsidiaries, operates in three business divisions. The Automotive technologies division develops and manufactures components and systems for all-electric and hybrid powertrains, the fuel cell powertrain, as well as for internal combustion engines and chassis system. The Automotive Aftermarket division is responsible for the spare parts for passenger car and commercial vehicles. The industrial division develops and manufactures precision components, drive technology components and systems, as well as service solutions such as sensor-based condition monitoring systems.
Valeo SE (ENXTPA:FR)	Valeo is an automotive supplier that partners with all automakers worldwide. The company operates in four business groups. The Comfort & Driving Assistance Systems Business Group provides driving assistance technologies (ADAS), detection systems, human-machine interfaces and connectivity solutions for safer, more intuitive and more connected driving. The Powertrain Systems Business Group is at the heart of the electrification revolution, developing and producing powertrain solutions to improve today's electrified powertrains, and to shape the electric mobility of tomorrow. The Thermal Systems Business Group designs and manufactures intelligent solutions for optimizing vehicle thermal energy and in-vehicle comfort for all occupants, especially the ones that are essential to electric vehicle efficiency. Through its Visibility Systems Business Group, Valeo is the world leader in the lighting and wiper systems markets.

Vitesco Technologies Group Aktiengesellschaft (XTRA:VTSC)	Vitesco Technologies concentrates on the development and production of components and system solutions for drivetrain in hybrid vehicles, electric vehicles and combustion engines. The business operations have been run in four business units: Electrification Technology, which provides systems and components for electrified drivetrains and serves all key electrification architectures. Electronic Controls provides electronic, mechatronic, and software-based solution for drivetrain in vehicles. Sensing & Actuation business unit develops components that enable clean and safe transportation, and Contract Manufacturing business unit comprises the company's contract-manufacturing operation for Continental AG.

Source: Capital IQ, annual reports and official website of the comparable companies; the Aurobay SG Operating Group's data is sourced from the unaudited combined financial statements provided by the management.

Based on the abovementioned selection criteria, the list of four comparable companies shown above was identified and we are of the opinion that each of them is considered as a fair and representative comparable company to the Aurobay SG Operating Group. Further details of these four comparable companies with available EV/EBITDA ratios as at the Valuation Date are shown as follows:

Stock Code	**Company Name**	**EV/EBITDA Ratio as at the Valuation Date**
NYSE:BWA	BorgWarner Inc.	6.1
XTRA:SHA	Schaeffler AG	3.3
ENXTPA:FR	Valeo SE	5.6
XTRA:VTSC	Vitesco Technologies Group Aktiengesellschaft	3.3
Median		4.5

Source: Capital IQ

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

The level of a company value can be described as: the marketable minority interest value which refers to the price quoted in public market less the DLOM equals to the non-marketable minority interest value representing the non-controlling shareholder of a private company.

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

Most of the businesses or financial interests that we are valuing do not enjoy immediate liquidity. we thus face the task of making an adjustment from the value we have estimated from the transactions observed in the market approach to account for the lack of marketability of the business or business interest that we are valuing. That adjustment is what we refer to as the discount for lack of marketability.

In determining a reasonable DLOM, we have made reference to the Stout Restricted Stock Study Companion Guide (2022 edition) published by Stout Risius Ross, LLC. The study examined 772 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through March 2022. The overall average discount for all 772 transactions in the study is 20.5%.

CONTROL PREMIUM

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

The control premium adopted in this valuation is 20%, with reference to the control premium of closed transactions in automobile components or automobile industry within 5 years prior to the Valuation Date.

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value depends on the market multiples of the comparable companies, sourced from Capital IQ, as at the Valuation Date and we have taken into account the DLOM and control premium of the Aurobay SG Operating Group. The calculation of the market value of enterprise value of the Aurobay SG Operating Group as at the Valuation Date is as follows:

	As at 31 May 2023
Applied EV/EBITDA Ratio	4.5
EBITDA for last twelve months ended 31 December 2022 of the Aurobay SG Operating Group *(RMB'million)*	1,927
Enterprise Value of the Aurobay SG Operating Group *(RMB'million)*	8,587
RMB/EUR exchange rate as at the Valuation Date	7.6016
Enterprise Value of the Aurobay SG Operating Group *(EUR'million)*	1,130
Adjusted for DLOM at 20.5%	(1-20.5%)
Adjusted for Control Premium at 20.0%	(1+20.0%)
Adjusted Enterprise Value of the Aurobay SG Operating Group *(rounded in EUR'million)*	1,078

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Aurobay SG Operating Group, the Company and Asia-Pacific Consulting and Appraisal Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Aurobay SG Operating Group over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of enterprise value of the Aurobay SG Operating Group as at the Valuation Date is reasonably stated approximately at the amount of **EUR 1,078,000,000 (EURO ONE BILLION SEVENTY-EIGHT MILLION).**

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

Jack W. J. Li
CFA, MRICS, MBA
Partner

Note: Jack W. J. Li is a Chartered Surveyor who has more than 15 years' experience in the valuation of assets in the PRC, Hong Kong, the Asia-Pacific region and European region.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent professional valuer, in connection with its valuation as at 31 May 2023 of the market value of enterprise value of the Horse Holding Group.

The Board of Directors 6 September 2023
Geely Automobile Holdings Limited
Room 2301, 23rd Floor, Great Eagle Centre,
23 Harbour Road,
Wan Chai,
Hong Kong

Dear Sirs/Madams,

Re: Valuation of the Enterprise Value of the Horse Holding Group

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has conducted fair value valuation in connection with the total enterprise value of the Horse Holding and its subsidiaries (the "**Horse Holding Group**", or the "**Target**") as at 31 May 2023 (the "**Valuation Date**"). We understand that Geely Automobile Holdings Limited (the "**Company**" or "**Geely**") intends to establish a joint venture related to the powertrain business with Renault S.A.S. ("**Renault**"), in which Renault will contribute with the Horse Holding Group (the "**Proposed Transaction**").

It is our understanding that this appraisal is strictly addressed to the directors of the Company (the "**Directors**") and used for the Proposed Transaction solely for your internal reference purpose. This report (the "**Report**") does not constitute an opinion on the commercial merits and structure of the Proposed Transaction. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions and explains the analysis methodology adopted in this appraisal process to calculate the value.

BASIS OF ANALYSIS

We have appraised the fair value of total enterprise value of the Target.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMPANY AND TRANSACTION BACKGROUND

Geely, listed on the Stock Exchange of Hong Kong (175 HK), engages in the research and development, production, marketing, and sale of vehicles, automobile parts, and related automobile components, as well as provision of related after-sales and technical services.

Renault was incorporated in 2002 and is based in Boulogne-Billancourt, France. Renault operates as a subsidiary of Renault S.A. (the "**Renault S.A.**").

We understand that the Company intend to form a joint venture with Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) and Renault, in which Renault will contribute its entire shareholding in Horse Holding to the joint venture in exchange for the shares in the joint venture. As such, the Company engaged us as an independent valuer to assess the fair value of total enterprise value of the Target as at the Valuation Date.

SCOPE OF WORK

In conducting this valuation exercise, we have

- Co-ordinated with the Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target, including the legal documents, financial statements, etc. made available to us;
- Discussed with the Company to understand the history, business model, operations, business development plan, etc. of the Target for valuation purpose;
- Carried out research in the sectors concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Target made available to us and considered the bases and assumptions of our conclusion of value;
- Selected an appropriate valuation method to analyze the market data and derived the estimated fair value of the Target; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target and their authorized representatives.

ECONOMIC OVERVIEW

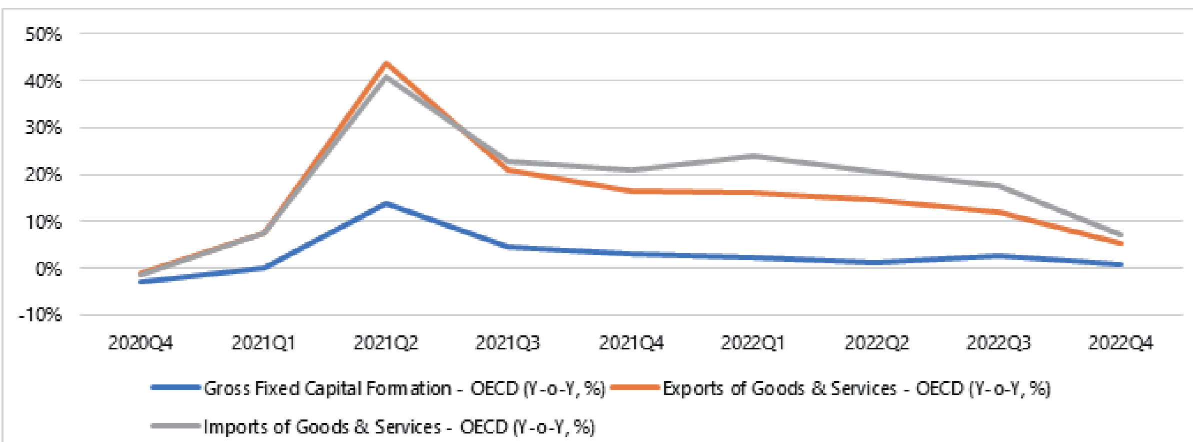
Macroeconomic overview of global economy

Despite the gradual recovery of global economy in 2023Q1 brought by the reopening of China and falling energy prices, factors like the Russia-Ukraine war, interest rate hike cycles and the U.S. banking sector crisis still lead to uncertainty of world economic growth in the short term.

Contractionary monetary policies have been imposed in different countries to cope with the sticky inflation, which have adversely affected global investment. The International Monetary Fund ("**IMF**") stated that central banks have tightened their money supply, which resulted in rising interest rates. According to the Organization for Economic Co-operation and Development ("**OECD**"), gross fixed capital formation, which reflects the value of investments made in fixed assets, increased by 0.7% year-over-year ("**y-o-y**") in 2022Q4. On the other hand, the exports and imports of goods of OECD countries only grew by 5.2% and 7.0% y-o-y in 2022Q4, respectively, indicating subdued growth in international trade activities.

With reference to the IMF, actual real gross domestic product ("**GDP**") growth rate in 2022 reached 3.4%, which was slightly higher than the predicted growth rate of 3.2% projected in 2022Q3. However, the IMF stated that the supply shortages under the Russia-Ukraine war and banking crisis will cast doubt on the recovery of economic growth in the short term. It is expected that the world's real GDP growth rate will fall to 2.8% in 2023.

Figure 1: Y-o-Y Growth in Gross Fixed Capital Formation and International Trade of OECD



Source: OECD

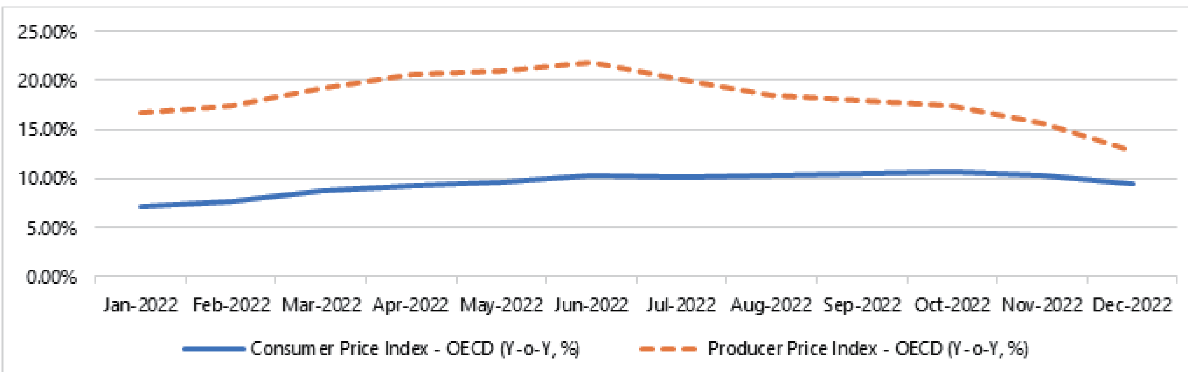
In order to control inflation, different central banks have been raising the interest rates. From December 2022 to March 2023, the U.S. Federal Reserve (the "**Fed**") has raised interest rate from 4.0% to 5.0%, the European central bank benchmark rate has been boosted by 1.5% to 3.5% and the Bank of England ("**BoE**") has raised the interest rate from 3.0% to 4.3%. Nonetheless, consumer price index ("**CPI**") in OECD countries still increased by 7.4% y-o-y in March 2023, while producer price index ("**PPI**") in OECD countries grew by 12.9% in December 2022.

Over the long term, global economic growth is expected to exhibit an upward trajectory. Referring to the IMF, the world GDP per capita will reach USD16,384 by 2028, representing a steady compound annual growth rate ("**CAGR**") of 4.1% between 2022 and 2028. GDP per capita of emerging markets and developing economies ("**EMDE**"), such as China and India, will exhibit a CAGR of 5.3% from 2022 to 2028, reaching USD8,689.

Technological innovation is another driver of economic growth. Breakthroughs in areas such as artificial intelligence ("**AI**") and biotechnology have been a revolution to boost productivity and improve work efficiency.

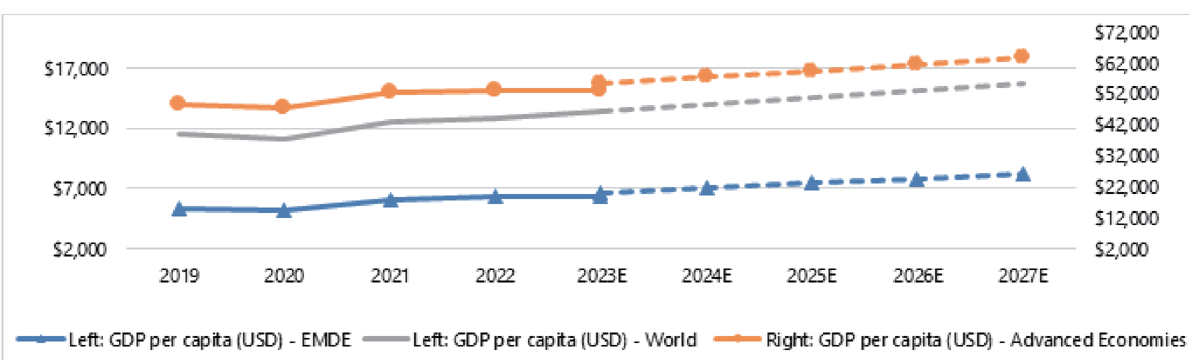
In conclusion, short-term economic growth remains uncertain. Nonetheless, it is expected that economic growth rate will pick up its pace over the long-term, driven by positive economic outlook of EMDE and advancement of AI and biotechnology.

Figure 2: Y-o-Y Growth Rate in CPI and PPI of OECD



Source: OECD

Figure 3: GDP per capita of World, Advanced Economies and EMDE (2019 – 2027E)



Source: IMF

INDUSTRY OVERVIEW

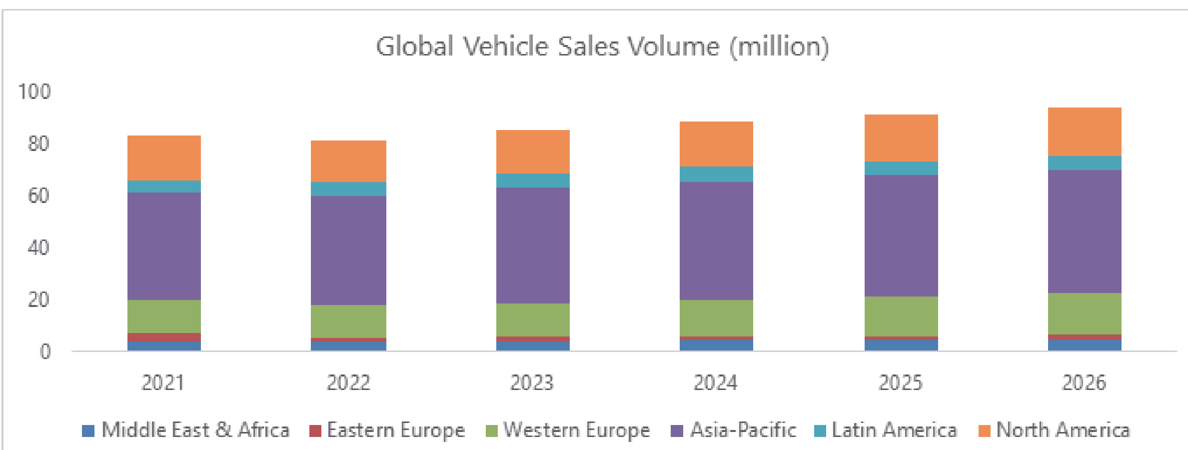
From supply chain shortages to heightened inflation and interest rates, automakers have certainly had their work cut out for them. In Western markets, vehicle sales went down in 2022. But in Asia-Pacific, car sales managed to continue on an upward trend, albeit at a modest pace. However, 2023 is poised to be more promising for car manufacturers.

The market for new vehicles continued to struggle into the last quarter of 2022, with a sales decline of -2.2% Year-over-Year (YoY). This sales decline can be attributed to ongoing supply chain constraints and higher car prices, being compounded by a demand crisis driven by severe macroeconomic headwinds. Addressing supply chain shortages has caused a clear slowdown.

Automakers have been forced to increase the price of their vehicles, while soaring price inflation has driven central banks to increase base rates. These moves have made the prospect of financing a new, more expensive car or commercial vehicle more difficult for consumers and enterprises alike.

Regionally speaking, a comparatively poor 2022 car sales performance in North America (-6.7%) and Western Europe (-2.4%) was outweighed by better market performance in Asia-Pacific (+2.7%).

With most carmakers and many of their suppliers now reporting that their production capacity is either no longer constrained by semiconductor shortages, or that shortages will be overcome in early 2023, overall vehicle sales figures are trending upward—expected to reach 85.5 million shipments globally by the end of the year.



Source: ABI Research

As the macroeconomic outlook worsens for the automotive industry, a modest return to growth is expected for new consumer and commercial vehicle sales in the next two years. It is forecasted that global vehicle sales growth of 5.1% in 2023, and 3.3% in 2024. Moreover, automakers can expect sales to return to the 90 million+ highwater mark in 2025.

As for regional vehicle sales growth, the chart below summarizes our findings. Things are forecast to be far more favorable to automakers in 2023. North America's sales volume will grow by 6%, Western Europe by 6.2%, and Asia-Pacific by 4.3%.

While the automotive industry as a whole has continued to struggle, the consumer Electric Vehicle (EV) market (including Plug-in Hybrid Electric Vehicles (PHEVs)) has delivered a stellar performance. Compared to 2021, electric vehicle sales grew by a forecast of 60.8% worldwide (10.7 million EV sales) in 2022.

For 2023, that trend will continue, albeit at a slower pace. EV shipments are expected to grow at a 17.8% YoY rate, reaching 12.7 million shipments by the year's end. Furthermore, that makes the consumer EV market in 2023 nearly 4X larger than it was in 2020.

LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Target).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Transaction. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Transaction. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Transaction and such remain the sole responsibility of the Directors and the management of the Company (the "**Management**").

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report, especially for the historical financial information of the Target of FY2022 provided by the Management, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the region operated by the Target and specific competitive environments affecting the industry;
- the business risks of the Target;
- the selected comparable companies are engaging in business operations similar to the Target;
- the experience of the management team of the Target and support from their shareholders; and
- the legal and regulatory issues of the industry in general.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- There will be no material changes in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target;
- There are no material changes in the financial positions of the Target and the comparable companies between the respective financial reporting dates and the Valuation Date;
- The Target will not be constrained by the availability of finance;
- The Target will retain competent management, key personnel and technical staff to support their ongoing operations; and
- There are no hidden or unexpected conditions associated with the business entity valued that might adversely affect the reported value.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the total enterprise value of the Target, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding the valuations of the Target.

Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for income approach is the discounted cash flow ("**DCF**") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the enterprise value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market Approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the total enterprise value of the Target, we applied the Market Approach due to the following reasons:

- Cost Approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Target are separable and can be sold separately. This methodology is more appropriate for the industries that their assets are highly liquid, like property development and financial institution. Thus, Cost Approach is not adopted in this valuation.

- Income Approach is also considered inappropriate as plenty of assumptions were involved in formulating the financial projections of the Target, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target. Given that improper assumptions will impose significant impact on the fair value, Income Approach is not adopted in this valuation.

- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Since there are sufficient public companies in similar nature and business to that of the Target, their market values are good indicators of the industry of the Target. Therefore, Market Approach has been adopted in this valuation.

There are two methods commonly used in performing market approach, namely comparable transactions and comparable companies.

Comparable Transactions Method

The comparable transactions are selected with reference to the following selection criteria:

- The primary industry of the acquiree is being in industry of Automotive Parts and Equipment under Global Industry Classification Standard, as extracted from S&P Capital IQ;

- The principal business of the acquiree is research, development and manufacturing of powertrain or engine or transmission related business;
- The principal business activities of the acquiree are mainly conducted in Europe and Americas;
- The transaction was completed and announced between May 2022 and May 2023; and
- The financial information of the companies is available to the public.

Based on the above selection criteria, there was no comparable transaction with the acquiree engaging in similar businesses as the Target during the selected period. Given the fact that no recent comparable transaction can be identified, we consider that the comparable transactions method is not appropriate for the valuation of the total enterprise value of the Target.

Comparable Companies Method

Comparable companies method is therefore selected as the primary method for the valuation of the total enterprise value of the Target. By adopting comparable companies method, we have to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

The comparable public companies are selected with reference to the following selection criteria:

- The industry of the company is classified as Automotive Parts and Equipment;
- The company is engaged in research, development and manufacturing of powertrain or engine or transmission related business mainly in Europe and/or Americas;
- A majority of total revenue (i.e. over 50%) is attributable to research, development and manufacturing of powertrain or engine or transmission related business;
- The company is listed on the stock markets of developed countries;
- The financial information of the companies is available to the public.

During our research process, as obtained on the best effort basis, we have identified an exhaustive list of seven comparable companies that engaged in research, development and manufacturing of powertrain or engine or transmission related business. As mentioned above, since no two companies are ever exactly alike, the differences should not overshadow the similarities of the business nature of the companies. We consider that the selected companies are fair and representative comparable companies to the Target.

Details of the selected comparable companies are listed as follows:

#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)(1)
1	American Axle & Manufacturing Holdings, Inc. ("**American Axle**")	NYSE:AXL	US	American Axle & Manufacturing Holdings, Inc. operates as an automotive supplier of driveline and drivetrain systems and related components for light trucks, SUVs, passenger cars, crossover, and commercial vehicles. American Axle serves customers worldwide.	Driveline 66.2% Metal Forming 33.8%
2	Dana Incorporated ("**Dana Incorporated**")	NYSE:DAN	US	Dana Incorporated engineers, manufactures, and distributes components and systems for worldwide automotive, heavy truck, off-highway, engine, and industrial markets. The company also provides leasing services in selected markets.	Axles, driveshafts, transmissions, and electrodynamic and drivetrain components 88.9% Power Technologies 11.1%

#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)[(1)]
3	Linamar Corporation (“**Linamar Corporation**”)	TSX:LNR	Canada	Linamar Corporation manufactures precision machine components, assemblies, and castings primarily for the automotive industry. Linamar Corporation manufactures engines, transmissions, drivelines, steering, suspension components, and brake components. The company also sells to the defense and aerospace industries.	Mobility 75.8% Industrial 24.2%
4	Schaeffler AG (“**Schaeffler AG**”)	XTRA:SHA	Germany	Schaeffler AG is an automotive and industrial supplier. The company’s business divisions include engine, transmission and chassis systems, automotive aftermarket, industrial applications, and industrial aftermarket. Schaeffler AG operates worldwide.	Automotive Technologies 60.1% Automotive Aftermarket 12.9% Industrial 27.0%

#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)(1)
5	Standard Motor Products, Inc. ("**Standard Motor Products, Inc.**")	NYSE:SMP	US	Standard Motor Products, Inc. manufactures replacement parts and automotive related items for the automotive industry. The company's products include ignition and electrical parts, emission and engine controls, sensors, battery cables, clutches, blower motors, condensers, and hoses, among others. The company sells its products primarily throughout the United States and Canada.	Engine Management 71.8% Temperature Control 28.2%
6	Cummins Inc. ("**Cummins**")	NYSE:CMI	US	Cummins Inc. designs, manufactures, distributes, and services diesel and natural gas engines, electric and hybrid powertrains, and related components worldwide. It operates through five segments: Engine, Distribution, Components, Power Systems, and New Power.	Engine 31.4% Components 27.9% Distribution 25.6% Power Systems 14.4% Accelera 0.6%

#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)[1]
7	Vitesco Technologies Group Aktiengesellschaft ("**Vitesco Technologies**")	XTRA:VTSC	Germany	Vitesco Technologies Group Aktiengesellschaft operates as a supplier of drive technologies and electrification solutions for sustainable mobility. The company product range includes electrification solutions such as electrified drivetrain systems, battery management and thermal management solutions, as well as electronic control units, sensors and actuators.	Electronic Controls 43.0% Electrification Technology 7.6% Sensing & Actuation 38.0% Contract Manufacturing 11.5%

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as at the Valuation Data from Capital IQ.

As majority of revenue of the above comparable companies are generated from research, development and manufacturing of powertrain or engine or transmission related business, these comparable companies, together with the Target, are considered to be similarly subject to fluctuations in the economy and performance of Automotive Parts and Equipment, among other factors. Thus, we consider they are confronted with similar industry risks and rewards.

Adopted Valuation Multiple

After selecting the abovementioned comparable companies, we have to determine the appropriate valuation multiples for the valuation of the Target, in which we have considered price-to-earnings ("**P/E**"), price-to-book ("**P/B**") enterprise value/sales ("**EV/S**") and enterprise value/earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**") multiples.

P/B multiple is considered not appropriate for the valuation of the Target because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. Thus, the P/B multiple is not a good measurement of the fair value of a company.

EV/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company, which is critical in reflecting the fair value. Hence, we are of the view that it is not appropriate to adopt the EV/S multiple to assess the fair value of a company.

P/E multiple is not adopted since (i) the earnings of company could be inflated due to one-off items; (ii) P/E multiple is unable to consider the capital structure of the company; and (iii) tax policies differs in different listing countries where the effect of tax on earnings of comparable companies should be eliminated.

EV/EBITDA multiple is the most appropriate indicator of the fair value of the comparable companies, effectively measures the performance of the subject entity's core operation by removing the impact of cost of capital, tax effect on earning, depreciation and amortisation which eliminates the difference in capital structure among companies.

Enterprise Value ("**EV**") is generally derived based on the market capitalization of a company, plus net debt (total debt minus cash and cash equivalents), preferred equity and minority interest.

The EV/EBITDA multiples of comparable companies of the Target are as follows:

No.	Company Name	Reporting Currency (in million)	Enterprise Value as at 31 May 2023[(1)]	CY2022 EBITDA[(1)]	EV/ EBITDA Multiple
1	American Axle & Manufacturing Holdings, Inc.	USD	3,411	726	4.70x
2	Dana Incorporated	USD	4,412	635	6.95x
3	Linamar Corporation	CAD	4,146	986	4.20x
4	Schaeffler AG	EUR	6,372	1,954	3.26x
5	Standard Motor Products, Inc.	USD	1,046	166	6.32x
6	Cummins Inc.	USD	36,120	3,787	9.54x
7	Vitesco Technologies Group Aktiengesellschaft	EUR	2,098	643	3.26x
				Maximum	9.54x
				Minimum	3.26x
				Median	**4.70x**
				LOMD[(2)]	20.50%
				Control Premium[(3)]	16.40%
				After LOMD and Control Premium	
				Maximum	8.83x
				Minimum	3.02x
				Median	**4.35x**

Notes:

(1) Data sourced from Capital IQ. The equity value of the comparable companies are computed based on the market capitalization of the companies as at 31 May 2023. The enterprise values of the comparable companies are derived by adjusting cash and cash equivalents, total debt, preferred equity and minority interest as defined in Capital IQ from the equity value of the comparable companies as at 31 December 2022. EBITDA data are based on the financial data of the comparable companies as at 31 December 2022.

(2) Lack of Marketability Discount ("**LOMD**") reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The EV/EBITDA multiples adopted in the valuation were calculated from public listed companies, which represent marketable ownership interest. Fair values calculated using such EV/EBITDA multiples, therefore, represent the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair values to non-marketable interest fair values.

The report "Stout Restricted Stock Study Companion Guide (2022 edition)" by Stout Risius Ross, LLC, a reputable research company, suggested an average marketability discount of 20.50% which is based on 772 private placement transactions of unregistered common shares issued by publicly traded companies from July 1980 through March 2022. A marketability discount of 20.50% is considered appropriate and suitable for the valuation of the Target as we understand that the Target is a privately held company.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1– LOMD).

(3) Control premium is the amount that a buyer is willing to pay over the minority interest of the company in order to acquire a controlling interest in that company. The EV/EBITDA multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; enterprise value calculated by such EV/EBITDA multiple, therefore, represents the minority interest. Thus, control premium was adopted to adjust such value on minority basis to a value on controlling basis.

Adjustment for control is made by the application of a control premium to the value of the Target's shares. Control Premium is determined with reference to the control premium implied from comparable transactions, sourced from Bloomberg, suggested an overall median control premium is 16.4%.

The value of controlling interest can be calculated from minority interest using the following formula:

Fair Value of Controlling Interest = Fair Value of Minority Interest x (1+Control Premium).

Valuation Results

	EUR'million
FY2022 EBITDA of the Target[1]	931
Adopted EV/EBITDA Multiple	4.35x
Implied Enterprise Value of the Target (Non-Marketable & controlling Basis)	**4,049**

Notes:

(1) The EBITDA data is based on audited financial report as at 31 December 2022 issued by KPMG.

CONCLUSION OF VALUES

Based on our investigation and analysis method employed, it is our opinion that as at the Valuation Date, the fair value of total enterprise value of the Target is EUR 4,049,000,000.

Our valuation is prepared in compliance with the requirements of International Valuation Standards published by the International Valuation Standards Council, with the conclusion of the fair value relying extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in. nor the values reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
CFA, FCPA(HK), FCPA (Aus.), MRICS, RICS Registered Valuer
Managing Partner

Analysed and Reported by:

Leo Lee
CFA
Senior Manager

Irene Ma
CFA, CPV
Senior Manager

Note: Mr. Vincent Pang is a member of CFA Institute and CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. Vincent has over 20-year experience in financial valuation and business consulting in the PRC, Hong Kong, United States, Canada, Netherlands, Germany, Italy, Sweden, United Kingdom, Australia, Japan, Indonesia, Singapore, South Korea and Thailand.

APPENDIX – GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the total enterprise value of the Target appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as at the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Transaction, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

- Prior written consent must be obtained from AVISTA Valuation Advisory Limited for publication of this Report. Except for disclosure in the Announcement and/or the Circular in relation to the Proposed Transaction, no part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/companies with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.

- We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules were as follows:

(i) Director's and chief executive's interests and short positions in the shares of the Company

		Number or attributable number of shares		Approximate percentage or attributable percentage
Name of Director Shares	**Nature of interests**	**Long position**	**Short position**	**of shareholding (%)**
Mr. Li *(Note 1)*	Interest in controlled corporations	4,215,888,000	–	41.89
Mr. Li	Personal	23,140,000	–	0.23
Mr. Li Dong Hui, Daniel	Personal	5,004,000	–	0.05
Mr. Gui Sheng Yue	Personal	17,877,000	–	0.18
Mr. An Cong Hui	Personal	7,876,000	–	0.08
Mr. Ang Siu Lun, Lawrence	Personal	4,000,000	–	0.04
Mr. Gan Jia Yue	Personal	2,230,200	–	0.02
Mr. Wang Yang	Personal	1,000,000	–	0.01

Note:

1. Proper Glory and its concert parties in aggregate hold securities' interest of 4,215,888,000 shares (excluding those held directly by Mr. Li), representing approximately 41.89% of the issued share capital of the Company as at the Latest Practicable Date. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited.

(ii) Director's and chief executive's interests and short positions in the derivatives of the Company

Share Options/Share Awards

Name of Director	Nature of interests	Number or attributable number of shares Long position	Short position	Approximate percentage or attributable percentage of shareholding (%)
Mr. Gui Sheng Yue	Personal	13,500,000 *(Note 1)*	–	0.13
Mr. Li Dong Hui, Daniel	Personal	14,000,000 *(Note 1)*	–	0.14
Mr. An Cong Hui	Personal	22,000,000 *(Note 1)*	–	0.22
Mr. Ang Siu Lun, Lawrence	Personal	3,000,000 *(Note 1)*	–	0.03
Ms. Wei Mei	Personal	7,000,000 *(Note 1)*	–	0.07
Mr. Gan Jia Yue	Personal	8,000,000 *(Note 1)*	–	0.08
Mr. Gan Jia Yue	Personal	2,800,000 *(Note 2)*	–	0.03

Notes:

1. The interest relates to share options granted on 15 January 2021 by the Company to the Directors. The share options are exercisable at a subscription price of HK$32.70 for each Share during the period from 15 January 2023 to 14 January 2028. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised was the same as that as at the Latest Practicable Date.

2. The interest relates to the restricted share awards of the Company (which were unvested share awards granted under the share award scheme of the Company adopted on 30 August 2021), representing 0.03% of the issued share capital of the Company as at the Latest Practicable Date.

(iii) Interests and short positions in the securities of the associated corporations of the Company

Name of Director	Nature of the associated corporations	Number or attributable number of shares Long position	Short position	Approximate percentage or attributable percentage of shareholding (%)
Mr. Li	Proper Glory	8,929 *(Note 1)*	–	89.29
Mr. Li	Geely Group Limited	50,000	–	100
Mr. Li	Geely Holding	RMB938,074,545 *(Note 2)*	–	91.08
Mr. Li	Zhejiang Geely	RMB2,069,907,337 *(Note 3)*	–	72.40
Mr. Li	Zhejiang Maple	RMB240,000,000 *(Note 4)*	–	100
Mr. Li	Zhejiang Haoqing	RMB3,530,000,000 *(Note 5)*	–	91.08
Mr. Li	Zhejiang Jirun	US$7,900,000 *(Note 6)*	–	1
Mr. Li	Hunan Geely Automobile Components Company Limited	US$885,000 *(Note 7)*	–	1
Mr. Li	ZEEKR	582,000,000 *(Note 8)*	–	24.09
Mr. An Cong Hui	ZEEKR	68,000,000 *(Note 9)*	–	2.81
Mr. Li Dong Hui, Daniel	ZEEKR	20,000,000 *(Note 10)*	–	0.83
Mr. Gui Sheng Yue	ZEEKR	10,000,000 *(Note 11)*	–	0.41
Ms. Wei Mei	ZEEKR	5,800,000 *(Note 12)*	–	0.24
Mr. Gan Jia Yue	ZEEKR	4,000,000 *(Note 13)*	–	0.17

Notes:

1. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly-owned by Mr. Li. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li and his associate.

2. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li and his associate.

3. Zhejiang Geely is a limited liability company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li's interested entities and as to 25.99% by independent third parties.

4. Zhejiang Maple is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li and his associate.

5. Zhejiang Haoqing is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li and his associate.

6. Zhejiang Jirun is a limited liability company incorporated in the PRC and is 1% owned by Zhejiang Geely.

7. Hunan Geely Automobile Components Company Limited is a limited liability company incorporated in the PRC and is 1% owned by Zhejiang Haoqing.

8. ZEEKR is a limited liability company incorporated in the Cayman Islands and is beneficially 24.09% owned by Mr. Li and his associate.

9. ZEEKR is a limited liability company incorporated in the Cayman Islands and is beneficially 2.81% owned by Mr. An Cong Hui, an executive Director, and his associate.

10. ZEEKR is a limited liability company incorporated in the Cayman Islands and is beneficially 0.83% owned by Mr. Li Dong Hui, Daniel, an executive Director, and his associate.

11. ZEEKR is a limited liability company incorporated in the Cayman Islands and is beneficially 0.41% owned by Mr. Gui Sheng Yue, an executive Director, and his associate.

12. ZEEKR is a limited liability company incorporated in the Cayman Islands and is beneficially 0.24% owned by Ms. Wei Mei, an executive Director, and her associate.

13. ZEEKR is a limited liability company incorporated in the Cayman Islands and is beneficially 0.17% owned by Mr. Gan Jia Yue, an executive Director, and his associate.

(b) Interests and short positions in Shares and underlying Shares of other persons

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the directors or the chief executives of the Company, the persons, other than the directors or the chief executives of the Company, who had interests or a short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons' interests in such securities, together with any options in respect of such capital, were as follows:

(i) Substantial Shareholders (as defined in the SFO)

Name of Director	Nature of interests	Number of shares held Long position	Approximate percentage or attributable percentage of shareholding (%)
Proper Glory *(Note 1)*	Beneficial owner	2,636,705,000	26.20
Geely Holding *(Note 1)*	Interest in controlled corporation	4,019,391,000	39.94
Geely Group Limited *(Note 1)*	Beneficial owner	196,497,000	1.95
Zhejiang Geely *(Note 2)*	Beneficial owner	796,562,000	7.92

Notes:

1. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly-owned by Mr. Li. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li and his associate.

2. Zhejiang Geely is a limited liability company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li's interested entities and as to 25.99% by independent third parties.

Mr. Li is a director of each of Proper Glory, Geely Holding, Zhejiang Geely, and Geely Group Limited. Mr. Li Dong Hui, Daniel is a director of each of Geely Holding and Zhejiang Geely. Mr. An Cong Hui is a director of Zhejiang Geely. Mr. Gan Jia Yue is a director of Zhejiang Geely.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and of any other member of the Group.

3. FURTHER INFORMATION CONCERNING DIRECTORS

(a) Directors' service agreements

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

(b) Competing interests

The Group is principally engaged in the research, production, marketing and sales of vehicles and related automobile components in the PRC. Geely Holding, which is ultimately owned by Mr. Li and his associate, has signed agreements or been in negotiations with local governments in the PRC and other entities to set up production plants for the manufacturing and distribution of Geely Holding-branded vehicles. The potential production and distribution of Geely Holding-branded vehicles by Geely Holding will constitute competing businesses (the "**Competing Businesses**") to those currently engaged by the Group. Mr. Li undertook to the Company (the "**Undertaking**") on 20 November 2008 that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, he will, and will procure his associates (other than the Group) to, sell to the Group all of the Competing Businesses and related assets, subject to compliance with applicable requirements of the Listing Rules and other applicable laws and regulations upon terms to be mutually agreed as fair and reasonable. In addition, it is required that Mr. Li informs the Group of all potential Competing Businesses carried out by him or his associates.

In August 2010, Geely Holding completed the acquisition of Volvo, which manufactures Volvo cars, a range of family sedans, wagons and sport utility cars, and has 2,500 dealerships in 100 markets (the "**Volvo Acquisition**"). Although the Group is not a party to the Volvo Acquisition nor in any discussions with Geely Holding to cooperate with Geely Holding in relation to the Volvo Acquisition, Geely Holding provided an irrevocable undertaking to the Company on 27 March 2010 to the effect that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to sell to the Group all or any part of the businesses and related assets of the Volvo Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed.

On 10 February 2020, the Company announced that the management of the Company was in preliminary discussions with the management of Volvo Car AB (publ) regarding a possible restructuring through a combination of the businesses of the two companies into a strong global group that could realise synergies in cost structure and new technology development to face the challenges in the future.

On 24 February 2021, the Company announced that it would carry out a series of business combination and collaboration in respect of powertrain, electrification, autonomous driving and operational collaboration with Volvo Car AB (publ) (a company which is indirectly non wholly-owned by Geely Holding and is the parent company of the Volvo Car Group (as defined in the announcement of the Company dated 24 February 2021) maintaining their respective existing independent corporate structures. The Board (including the independent non-executive Directors) is of the view that, through such business combination and collaboration, the major potential competition between the parties has been mitigated. Also, the letter of undertaking made by Geely Holding has now been fully reflected and fulfilled. For details, please refer to the announcement of the Company published on 24 February 2021.

Despite the fact that the Geely Holding Group is principally engaged in similar business activities as the Group, their respective product offerings do not overlap due to different market positioning and target customer base of each brand (see below for details), as such, the Competing Businesses of the Geely Holding Group can be defined and delineated from the business of the Group by different product offerings (i.e. high-end versus economy automobiles) and brand names.

Horizontal competition between the Group and Geely Holding together with corporations controlled by it

The Group's passenger vehicle products include two major brands, namely, Geely and ZEEKR. Except for the Group and its subsidiaries, Geely Holding controls the principal businesses of research and development, production and sales of passenger vehicles, and the major passenger vehicle brands include Volvo, LYNK & CO, Lotus, Polestar, London Electric Vehicle Company, Livan and smart. There is no horizontal competition that casts material and adverse impact on the Group between the Group and other corporations such as those passenger vehicle brands controlled by Geely Holding and other enterprises (other than the controlling shareholders) controlled by the actual controller. Details are as follows: The Group owns two major brands: Geely and ZEEKR. Geely-branded vehicles are mainly sold in the PRC, and exported to developing countries such as Asia, Eastern Europe and the Middle East. Geely-branded vehicles are positioned as economical passenger vehicles, and Geely Brand includes three major product series, namely Geely Star series, Geome series and Galaxy series. Among them, Geely Star series is focused on the fuel vehicle market, the Geome series targets the mass market for pure electric vehicle market and the Galaxy series is positioned as a mass market for mid-to-high-end new energy vehicles. The ZEEKR brand is a new luxury smart pure electric vehicle brand of the Group.

(1) Volvo

Volvo is a luxurious global manufacture corporation based in Northern Europe, with a high-end brand image worldwide for high income group. Brand positioning: personalized, sustainable, safe, and people-oriented. Volvo's sales regions cover Europe, China, the United States and other major global automobile markets.

Volvo's sales regions cover Europe, China, the United States and other major global automobile markets.

Due to the significant differences between the Group and Volvo in terms of product positioning, selling prices and other aspects, CBUs of the Group and Volvo target at different consumer groups. As for the automobile products, in general, consumers' decision over purchasing different brands of vehicle would largely be affected by the group they belong to. For consumers, switching between different groups would be relatively difficult and longer period of time would be needed since it usually requires certain accumulation of financial foundation and changes in their awareness, concepts, etc. over consumption. Therefore, the Group is different from Volvo in terms of the consumer group; the manufacture business operated by each party does not constitute a competitive relationship, and the possibility of mutually or unilaterally transferring business opportunities is small.

Having a history of nearly a century, Volvo brand has long been reputed as the "safest vehicle", shaping a high-end brand image throughout the world. The high-end image and product reputation of Volvo, being a corporation which, together with the Group, is controlled by Geely Holding, play an active and positive role in enhancing the brand image and market recognition of the Group and are beneficial to the enhancement of market awareness of the Group. Also, the Group and Volvo, both being a manufacture corporation focusing on passenger vehicle as its main product, create certain synergy effects in the research and development of related technology of CBUs and prospective technology. Leveraging the synergies in research and development with Volvo, the Group has the opportunity to learn and acquire Volvo's technology accumulated over the years, which in turn will help promote the enhancement of the Company's technological capability.

(2) LYNK & CO

LYNK & CO, being a mid to high-end brand established through joint venture among Ningbo Geely, Geely Holding and VCI, adopts a more premium product positioning than the Group's economy passenger vehicles under Geely Brand and the positioning of the luxury smart pure electric vehicles of the ZEEKR brand is higher-end than that of LYNK & CO brand; LYNK & CO targets younger users in pursuit of a stronger sense of fashion and technology as its customer base, representing certain discrepancy with the Group's brand positioning of popularization and target customer base.

As at the Latest Practicable Date, the Group held 50% equity interests in LYNK & CO. It has appointed 2 of the 4 directors to LYNK & CO and participated in the corporate governance of LYNK & CO. It has joint control over LYNK & CO and has stronger influence over decision-making on LYNK & CO's material events. Therefore, if LYNK & CO's material events may have material adverse effect on the Group, the Group can avoid such material adverse effect through the shareholder's rights entitled and the directors appointed by it in LYNK & CO.

Other brands that are controlled by Geely Holding

(3) Lotus

Lotus is a manufacture brand under Lotus Advance Technologies Sdn. Bhd., which is controlled by Geely Holding. As at the Latest Practicable Date, Geely Holding indirectly held 51% equity interests in Lotus Advance Technologies Sdn. Bhd. and controlled it.

Lotus is a well-known manufacturer of sports car and racing car. Its passenger vehicle products are mainly high-performance sports cars and racing cars, which display significant difference from the economic passenger vehicles of the Group in terms of product positioning. Since the target consumer groups of Lotus and the Group are mainly different, the manufacture business operated by each party does not constitute a competitive relationship, and the possibility of mutually or unilaterally transferring business opportunities is small.

Although the Group is not a party to the Lotus acquisition, to protect the interests of the Group, Geely Holding provided an irrevocable undertaking to the Company in November 2017 to the effect that upon being notified of any decision by the Company pursuant to a resolution resolved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to transfer to the Group all or any part of the equity/businesses and related assets of the Lotus acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed.

(4) Polestar

Polestar is a manufacture brand under Polestar Automotive Holding UK PLC. Polestar Automotive Holding UK PLC is owned as to 39.3% by PSD Investment Limited and as to 48.3% by Volvo Cars. PSD Investment Limited is a company controlled by Mr. Li.

The positioning of Polestar is high-performance electric vehicle. Polestar adheres the concept of "technology-oriented", enjoys the technical engineering synergy advantages of Volvo Cars, with worldwide sales network. Polestar redefines luxury in the age of sustainability with design, driving experience, and eco-friendly, high-tech minimalism. Significant difference is shown with the products of the Group in terms of the target consumers group.

(5) London Electric Vehicle Company

London Electric Vehicle Company ("**LEVC**") is a manufacture brand of Geely Holding. LEVC is positioned as the VAN series of electrified models. As at the Latest Practicable Date, LEVC had launched two models of TX and VN5 VANs. Both models are mainly targeted for European and other international markets. Both customer base and pricing are different from the Group's major brands, namely Geely and ZEEKR.

(6) Livan

Livan is an electric mobility brand focusing on battery swapping business models. Livan was jointly established by the Group and Lifan Technology. As at the Latest Practicable Date, Livan was owned as to 55% by Lifan Technology and 45% by the Group. The vision of Livan is to create a new pattern of battery swapping in the new energy era.

The goal is to shape the perception of intergenerational advantage, to advocate the lifestyle of battery swapping, and to create new value and changes for the industry. Livan positions itself as popularizing convenient commute with battery swapping. Livan has released a number of battery swapping models, which not only focus on the operation market, but also provide more choices for consumers. The business-end and customer-end drive the business growth at the same time. Livan has obvious differentiations with the Group's major brands, namely Geely and ZEEKR, regarding product positioning, targeted market segment and business operation models.

(7) Smart

Smart is a vehicle brand of the joint venture company and owned as to 50% each by Geely Holding Automobile and a third party, respectively. With more than 25 years of brand awareness, the tonality of the brand mainly emphasizes light luxury, fashionable interest and intelligence, highlighting internal and external style design, personalized use function and experience and aiming at the targeted user group that pursues light luxury/fashionable interest/technological experience. The pricing of the first model of smart and the price range of other brands formed a strong complementary relationship. In terms of sales market, smart naturally has the advantage of centering on two major markets, China and Europe. Especially, the brand recognition is stronger in the European market than that of other brands. smart targets the middle-class customers who prefer smaller size vehicles which are more applicable for individual use. There are clear differences between smart and the Group's major brands, namely Geely and ZEEKR, in terms of targeted market, targeted customers and management team.

Businesses controlled by the controlling shareholder, such as Lotus, Polestar, LEVC, Livan and smart are significantly different from the Group in terms of product positioning, target consumer group, etc. such that no competitive relationship is constituted with the Group, and the possibility of mutually or unilaterally transferring business opportunities is small.

No horizontal competition was found between the Group and other enterprises (other than the controlling shareholders) controlled by the actual controller

Save as disclosed above, as at the Latest Practicable Date, neither Mr. Li nor his associate engaged in the research and development, production or sales of passenger vehicle business which is the same or similar to that of the Group, and no horizontal competition was found between them and the Group.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors nor any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(c) Directors' interests in assets, contracts or arrangements

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of or leased to any member of the Group or are proposed to be acquired or disposed of or leased to any member of the Group.

Operation services agreement among the Company, Geely Holdings, LYNK & CO and Zeekr (the operation services agreement has an effective term from 6 June 2023 to 31 December 2025)

Pursuant to the operation services agreement dated 9 June 2023, (i) the Group agreed to provide to the Geely Holding Group, the LYNK & CO Group, and the Zeekr Group operation services that mainly include but not limited to information technology, logistics, supplier quality engineering services, manufacturing engineering, procurement services, human resources, and other administrative services with the largest annual cap being RMB2,908.2 million for the three years ending 31 December 2025; and (ii) the Group agreed to procure from the Geely Holding Group and the LYNK & CO Group operation services that mainly include but not limited to business travel services, information technology, human resources, marketing services, charging services for NEVs, construction management services and after-sales services with the largest annual cap being RMB1,613.6 million for the three years ending 31 December 2025.

As the applicable percentage ratios of the continuing connected transactions contemplated under the operation services agreement are over 0.1% but less than 5% on an annual basis, the operation services agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Services agreement and the supplemental services agreement both between the Company and Geely Holding (the services agreement has an effective term from 1 January 2022 to 31 December 2024 and the supplemental services agreement has an effective term from its effective date to 31 December 2024)

- *Sales of CKDs from the Group to the Geely Holding Group*

  Pursuant to the services agreement dated 15 October 2021 and the supplemental services agreement dated 9 September 2022, the Group agreed to supply to the Geely Holding Group the CKDs manufactured by the Group with the largest annual cap being RMB163,930 million for the three years ending 31 December 2024.

- *Sales of CBUs from the Geely Holding Group to the Group*

  Pursuant to the services agreement dated 15 October 2021 and the supplemental services agreement dated 9 September 2022, the Geely Holding Group agreed to sell to the Group the CBUs with the largest annual cap being RMB169,577 million for the three years ending 31 December 2024.

  As the applicable percentage ratios of the continuing connected transactions contemplated under the supplemental services agreement are higher than 5% on an annual basis, the supplemental services agreement is subject to the reporting, annual review, announcement and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

  The Shareholders' meeting in respect of the supplemental services agreement was held on 11 November 2022 and the supplemental services agreement was duly approved by the then independent Shareholders.

Automobile components procurement agreement between the Company and Geely Holding (the automobile components procurement agreement has an effective term from 1 January 2022 to 31 December 2024)

Pursuant to the automobile components procurement agreement dated 15 October 2021, the Group agreed to procure automobile components from the Geely Holding Group with the largest annual cap being RMB9,220.2 million for the three years ending 31 December 2024.

As the applicable percentage ratios of the continuing connected transactions contemplated under the automobile components procurement agreement are higher than 5% on an annual basis, the automobile components procurement agreement is subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile components procurement agreement was held on 6 December 2021 and the automobile components procurement agreement was duly approved by the then independent Shareholders.

Volvo finance cooperation agreements among Genius AFC, VCDC and VCIC (the Volvo finance cooperation agreements have an effective term from 1 January 2022 to 31 December 2024)

- Volvo wholesale facility agreements between Genius AFC and Volvo Dealers (as defined in the circular of the Company dated 16 November 2021) (the Volvo wholesale facility agreements have an effective term from 1 January 2022 to 31 December 2024)

Pursuant to the Volvo wholesale facility agreements dated 11 December 2015 and the Company's announcement dated 15 October 2021, Genius AFC agreed to enter into the Volvo wholesale facility agreements with the Volvo Dealers, pursuant to which Genius AFC will provide wholesale financing to such Volvo Dealers to facilitate their purchase of Volvo-branded vehicles, with the largest annual cap being RMB6,883.4 million for the three years ending 31 December 2024.

- Volvo retail loan cooperation agreements between Genius AFC and Volvo Dealers (as defined in the circular of the Company dated 16 November 2021) (the Volvo retail loan cooperation agreements have an effective term from 1 January 2022 to 31 December 2024)

Pursuant to the Volvo retail loan cooperation agreement dated 11 December 2015 and the Company's announcement dated 15 October 2021, Genius AFC agreed to enter into the Volvo retail loan cooperation agreements with Volvo Dealers pursuant to which the Volvo Dealers shall recommend the retail consumers to use Genius AFC for obtaining vehicle loans to finance their purchase of Volvo-branded vehicles (as defined in the circular of the Company dated 16 November 2021) with the largest annual cap being RMB10,473.0 million for the three years ending 31 December 2024.

As the applicable percentage ratios of the continuing connected transactions contemplated under the Volvo finance cooperation agreements are higher than 5% on an annual basis, the Volvo finance cooperation agreements are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the Volvo finance cooperation agreement was held on 6 December 2021 and the Volvo finance cooperation agreements were duly approved by the then independent Shareholders.

CBUs sales agreement and supplemental CBUs sales agreement both between the Company and Geely Holding (the CBUs sales agreement has an effective term from 1 January 2022 to 31 December 2024 and the supplemental CBUs sales agreement has an effective term from 9 June 2023 to 31 December 2024)

Pursuant to the CBUs sales agreement dated 15 October 2021 and supplemental CBUs sales agreement entered into between Geely Holding and the Company on 9 June 2023, the Group agreed to supply to the Geely Holding Group the CBUs and related after-sales parts, components and accessories manufactured by the Group with the largest annual cap being RMB3,991.9 million for the three years ending 31 December 2024.

As the applicable percentage ratios of the continuing connected transactions contemplated under the CBUs sales agreement are over 0.1% but less than 5% on an annual basis, the CBUs sales agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master CKDs and automobile components sales agreement between the Company and Geely Holding (the master CKDs and automobile components sales agreement has an effective term from 1 January 2021 to 31 December 2023)

Pursuant to the master CKDs and automobile components sales agreement dated 4 November 2020, the Group agreed to sell CKDs and automobile components in relation to vehicle models including Proton-branded Vehicles, Maple-branded vehicles, Farizon-branded vehicles etc. to the Geely Holding Group with the largest annual cap being RMB12,027.0 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios of the proposed annual caps under the master CKDs and automobile components sales agreement exceed 5% on an annual basis, the proposed annual caps under the master CKDs and automobile components sales agreement are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the master CKDs and automobile components sales agreement was held on 22 December 2020 and the master CKDs and automobile components sales agreement was duly approved by the then independent Shareholders.

Master CKDs and automobile components purchase agreement and the supplemental master CKDs and automobile components purchase agreement both between the Company and Geely Holding (the master CKDs and automobile components purchase agreement has an effective term from 1 January 2021 to 31 December 2023 and the supplemental master CKDs and automobile components purchase agreement has an effective term from 6 December 2021 to 31 December 2023)

Pursuant to the master CKDs and automobile components purchase agreement dated 4 November 2020 and the supplemental master CKDs and automobile components purchase agreement dated 15 October 2021, the Group agreed to purchase CKDs and automobile components from the Geely Holding Group with the largest annual cap being RMB58,836.5 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios of the proposed annual caps under the supplemental master CKDs and automobile components purchase agreement exceed 5% on an annual basis, the proposed annual caps under the supplemental master CKDs and automobile components purchase agreement are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the supplemental master CKDs and automobile components purchase agreement was held on 6 December 2021 and the supplemental master CKDs and automobile components purchase agreement was duly approved by the then independent Shareholders.

The new powertrain sales agreement among the Company, Geely Holding and LYNK & CO (the new powertrain sales agreement has an effective term from 1 January 2021 to 31 December 2023)

Pursuant to the new powertrain sales agreement dated 4 November 2020, the Group agreed to sell vehicle engines, transmissions and related after-sales parts to the Geely Holding Group and the LYNK & CO Group with the largest annual cap being RMB18,232.5 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios of the proposed annual caps under the new powertrain sales agreement exceed 5% on an annual basis, the proposed annual caps under the new powertrain sales agreement are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the new powertrain sales agreement was held on 22 December 2020 and the new powertrain sales agreement was duly approved by the then independent Shareholders.

Automobile financing arrangements with an effective terms from 1 January 2021 to 31 December 2023 LYNK & CO financing arrangements – LYNK & CO finance cooperation agreement between Genius AFC and LYNK & CO Sales with an effective term from 1 January 2021 to 31 December 2023

Pursuant to the LYNK & CO finance cooperation agreement dated 4 November 2020, Genius AFC agreed to provide vehicle financing services to the LYNK & CO Dealers (as defined in the circular of the Company dated 1 December 2020) and LYNK & CO Retail Customers (as defined in the circular of the Company dated 1 December 2020), including (i) wholesale financing to the LYNK & CO Dealers to assist them to buy LYNK & CO-branded vehicles and eventually selling such vehicles to the LYNK & CO Retail Customers; and (ii) retail financing to the LYNK & CO Retail Customers to assist them to buy LYNK & CO-branded vehicles. The largest annual cap for the LYNK & CO wholesale financing arrangements is RMB1,125.0 million for the three years ending 31 December 2023. The largest annual cap for the LYNK & CO retail financing arrangements is RMB17,149.7 million for the three years ending 31 December 2023.

Fengsheng financing arrangements – Fengsheng finance cooperation agreement between Genius AFC and Fengsheng Sales with an effective term from 1 January 2021 to 31 December 2023

Pursuant to the Fengsheng finance cooperation agreement dated 4 November 2020, Genius AFC agreed to provide vehicle financing services to the Fengsheng Retail Customers (as defined in the circular of the Company dated 1 December 2020) to assist them to purchase Maple-branded vehicles. The largest annual cap for the Fengsheng finance cooperation agreement is RMB241.0 million for the three years ending 31 December 2023.

Geely Holding financing arrangements – Geely Holding finance cooperation agreement between Genius AFC and Geely Holding with an effective term from 1 January 2021 to 31 December 2023

Pursuant to the Geely Holding finance cooperation agreement dated 4 November 2020, Genius AFC agreed to provide vehicle financing services to the Geely Retail Customers (as defined in the circular of the Company dated 1 December 2020) to assist them to purchase (a) vehicles under brands owned by Geely Holding from the Geely Holding Dealers (as defined in the circular of the Company dated 1 December 2020); or (b) Geely-branded vehicles from the Connected Geely Dealers (as defined in the circular of the Company dated 1 December 2020). The largest annual cap for the Geely Holding finance cooperation agreement is approximately RMB606.5 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios for the proposed annual caps of the continuing connected transactions contemplated under the automobile financing arrangements, exceed(s) 5% on an aggregated and annual basis, the continuing connected transactions contemplated under the automobile financing arrangements are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile financing arrangements was held on 22 December 2020 and the automobile financing arrangements were duly approved by the then independent Shareholders.

ZEEKR operation services agreement and the supplemental ZEEKR operation services agreement both between the Company and ZEEKR (the ZEEKR operation services agreement has an effective term from 2 July 2021 to 31 December 2023 and the supplemental ZEEKR operation services agreement has an effective term from 29 March 2022 to 31 December 2023)

Pursuant to the ZEEKR operation services agreement dated 2 July 2021 and the supplemental ZEEKR operation services agreement dated 29 March 2022, the Group agreed to provide to the ZEEKR Group operation services that mainly include IT, logistics, procurement, finance, human resources and other administrative functions with the largest annual cap being RMB930.9 million for the three years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the supplemental ZEEKR operation services agreement are over 0.1% but less than 5% on an annual basis, the supplemental ZEEKR operation services agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

R&D services and technology licensing agreement among the Company, Geely Holding and LYNK & CO (the R&D services and technology licensing agreement has an effective term from its effective date to 31 December 2023)

Pursuant to the R&D services and technology licensing agreement dated 2 July 2021, (i) the Group agreed to provide to the Geely Holding Group and the LYNK & CO Group, the R&D and related technological support services with the largest annual cap being RMB10,053.1 million for the three years ending 31 December 2023; and (ii) the Group agreed to procure from the Geely Holding Group the R&D and related technological support services with the largest annual cap being RMB4,364.0 million for the three years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the R&D services and technology licensing agreement are more than 5% on an annual basis, the R&D services and technology licensing agreement is subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the R&D services and technology licensing agreement was held on 24 August 2021 and the R&D services and technology licensing agreement was duly approved by the then independent Shareholders.

Automobile components sales agreement among the Company, Geely Holding and LYNK & CO (the automobile components sales agreement has an effective term from its effective date to 31 December 2023)

Pursuant to the automobile components sales agreement dated 2 July 2021, the Group agreed to sell, and the Geely Holding Group and the LYNK & CO Group agreed to procure, automobile components with the largest annual cap being RMB24,644.7 million for the three years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the automobile components sales agreement are more than 5% when aggregated with the automobile components procurement agreement between the Company and ZEEKR on an annual basis, the automobile components sales agreement is subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile components sales agreement was held on 24 August 2021 and the automobile components sales agreement was duly approved by the then independent Shareholders.

Automobile components procurement agreement and the supplemental automobile components procurement agreement both between the Company and ZEEKR (the automobile components procurement agreement and the supplemental automobile components procurement agreement both have an effective term from their effective date to 31 December 2023)

Pursuant to the automobile components procurement agreement dated 2 July 2021 and the supplemental automobile components procurement agreement dated 9 September 2022, the Group agreed to procure, and the ZEEKR Group agreed to supply, automobile components with the largest annual cap being RMB3,941.6 million for the three years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the supplemental automobile components procurement agreement are more than 5% when aggregated with the automobile components sales agreement among the Company, Geely Holding and LYNK & CO on an annual basis, the supplemental automobile components procurement agreement is subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the supplemental automobile components procurement agreement was held on 11 November 2022 and the supplemental automobile components procurement agreement was duly approved by the then independent Shareholders.

ZEEKR financing arrangements – ZEEKR finance cooperation agreement between Genius AFC and ZEEKR with an effective term from its effective date to 31 December 2023

Pursuant to the ZEEKR finance cooperation agreement dated 2 July 2021, Genius AFC agreed to provide vehicle financing services to the ZEEKR Retail Customers (as defined in the circular of the Company dated 5 August 2021) to assist them to purchase ZEEKR-branded vehicles. The largest annual cap under the ZEEKR finance cooperation agreement is approximately RMB12,715.9 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios for the proposed annual caps of the continuing connected transactions contemplated under the ZEEKR finance cooperation agreement, exceed(s) 5% on an annual basis, the continuing connected transactions contemplated under the ZEEKR finance cooperation agreement are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the ZEEKR finance cooperation agreement was held on 24 August 2021 and the ZEEKR finance cooperation agreement was duly approved by the then independent Shareholders.

smart financing arrangements – smart finance cooperation agreement between Genius AFC and smart Sales with an effective term from its effective date to 31 December 2023

Pursuant to the smart finance cooperation agreement dated 9 September 2022, Genius AFC agreed to provide vehicle financing services to the smart retail customers to assist them to purchase smart-branded vehicles. The largest annual cap under the smart finance cooperation agreement is approximately RMB670.0 million for the two years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the smart finance cooperation agreement are over 0.1% but less than 5% on an annual basis, the smart finance cooperation agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was subsisting as at the date of this circular and was significant in relation to the business of the Group.

(d) Director's Service Contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited accounts of the Company have been made up.

6. QUALIFICATION OF EXPERTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Ballas Capital Limited	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities
APA	an independent professional valuer
AVISTA	an independent professional valuer

As at the Latest Practicable Date, each of Ballas Capital Limited, APA, and AVISTA:

(a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2022, the date to which the latest audited financial statements of the Group was made up; and

(c) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group during the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) the subscription agreement dated 7 September 2021 entered into among the Company, ECARX and ECARX stakeholders in relation to the subscription for 4,321,521 series B preference shares for a cash consideration of approximately US$50 million;

(b) the assets transfer agreement dated 15 October 2021 entered into between the Company and Geely Holding, pursuant to which (i) the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded, and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB632.8 million; and (ii) the Group agreed to sell and the Geely Holding

Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357.9 million;

(c) the share purchase agreement dated 29 October 2021 entered into between the Company and Geely Group Limited in relation to the acquisition of 220,000,000 ordinary shares of ZEEKR for a total consideration of approximately RMB5,602.2 million;

(d) the investment cooperation agreement dated 13 December 2021 entered into between the Company and Lifan Technology in relation to the formation of a joint venture pursuant to which the Company and Lifan Technology will contribute 50% (representing RMB300 million) and 50% (representing RMB300 million), respectively, of the total shares issued by the joint venture;

(e) the subscription agreement dated 9 May 2022 entered into between Centurion Industries Limited ("**CIL**"), a wholly-owned subsidiary of the Company, and Renault Korea Motors Company Limited ("**Renault Korea Motors**") in relation to the subscription of 45,375,000 common shares of Renault Korea Motors at a cash consideration of approximately KRW264 billion (approximately RMB1,376 million);

(f) the equity transfer agreement dated 11 July 2022 entered into among the Company, BNPP PF and its wholly-owned subsidiary in relation to the transfer of 5% interests in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420.7 million;

(g) framework agreement dated 8 November 2022 entered into among Geely Holding, Renault, and the Company in relation to the formation of a joint venture company regarding internal combustion engine, hybrid and plug-in hybrid powertrains and transmissions activities and related technologies;

(h) the acquisition agreement dated 12 December 2022 and the supplemental agreement dated 28 March 2023 entered into between Zhejiang Jirun and 浙江吉利汽車製造有限公司 (Zhejiang Geely Automobile Manufacturing Company Limited*) in relation to the acquisition of 西安吉利汽車有限公司 (Xi'an Geely Automobile Company Limited*) for a cash consideration of approximately RMB382.5 million;

(i) the acquisition agreement dated 20 January 2023 entered into between Geely International (Hong Kong) Limited and Linkstate Overseas Limited in relation to the acquisition of the Proton sale shares and the sale loan for an aggregate consideration of approximately RMB1,456.7 million;

(j) the acquisition agreement dated 20 January 2023 entered into between GIHK and Linkstate in relation to the acquisition of 49.9% of DHG at a nominal consideration of US$1.00;

(k) the contribution agreement dated 11 July 2023 entered into among the Company, Geely Holding and Renault in relation to the contribution all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG and Horse Holding to the JV Company; and

(l) the joint venture agreement dated 11 July 2023 entered into between the Company, Geely Holding and Renault in relation to the establishment of the JV Company engaging the Powertrain Business.

8. GENERAL

(a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

(b) The company secretary of the Company is Mr. Cheung Chung Yan, David, a fellow member of the Association of Chartered Certified Accountants.

(c) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://geelyauto.com.hk) from the date of this circular up to and including the date of the EGM on Friday, 22 September 2023:

(a) the Contribution Agreement;

(b) the Joint Venture Agreement;

(c) the Powertrain Purchase Agreement;

(d) the letter from the Board, the text of which is set out in the section headed "*Letter from the Board*" in this circular;

(e) the letter from the Independent Board Committee, the text of which is set out in the section headed "*Letter from the Independent Board Committee*" in this circular;

(f) the valuation reports issued by Asia-Pacific Consulting and Appraisal Limited as set out in Appendices IA and IB to this circular;

(g) the valuation report issued by AVISTA Valuation Advisory Limited as set out in Appendix IC to this circular;

(h) the letter from Ballas Capital Limited, the text of which is set out in the section headed "*Letter from the Independent Financial Adviser*" in this circular;

(i) the written consents from Ballas Capital Limited, Asia-Pacific Consulting and Appraisal Limited and AVISTA Valuation Advisory Limited referred to in the paragraph headed "*Qualification of experts*" in this appendix;

(j) the memorandum and articles of association of the Company;

(k) annual reports of the Company for the financial year ended on 31 December 2020, 31 December 2021, and 31 December 2022; and

(l) this circular.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Geely Automobile Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") will be held at Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 22 September 2023 at 4:00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

1. "**THAT** the contribution agreement dated 11 July 2023 between the Company, 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*) ("**Geely Holding**") and Renault S.A.S., ("**Renault**") (the "**Contribution Agreement**", a copy of which is tabled at the meeting and marked "**A**" and initialed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder be and is hereby approved, ratified and confirmed, and any one or more directors ("**Director(s)**") of the Company (the "**Board**") be and is/are hereby authorised for and on behalf of the Company to execute all such documents, agreements and do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of in connection with the implementation of or giving effect to the Contribution Agreement, and all matters incidental thereto or in connection therewith."

2. "**THAT** the joint venture agreement dated 11 July 2023 between the Company, Geely Holding and Renault (the "**Joint Venture Agreement**", a copy of which is tabled at the meeting and marked "**B**" and initialed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder be and is hereby approved, ratified and confirmed, and any one or more Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, agreements and do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of in connection with the implementation of or giving effect to the Joint Venture Agreement, and all matters incidental thereto or in connection therewith."

3. "**THAT** the powertrain purchase agreement dated 11 July 2023 between the Company, 極光灣科技有限公司 (Aurobay Technology Co., Ltd.*) and 吉利長興自動變速器有限公司 (Geely Changxing Automatic Transmission Co., Ltd.*) (the "**Powertrain Purchase Agreement**", a copy of which is tabled at the meeting and marked "**C**" and initialed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder with the relevant proposed annual caps

in relation to such transactions from the Effective Date (as defined in this circular) to 31 December 2026 as set out in this circular, be and are hereby approved, ratified and confirmed, and any one or more Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, agreements and do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of in connection with the implementation of or giving effect to the Powertrain Purchase Agreement, and all matters incidental thereto or in connection therewith."

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

Hong Kong, 6 September 2023

* *for identification purpose only*

Notes:

(1) In order to establish entitlements of attending and voting at the forthcoming extraordinary general meeting of the Company to be held on Friday, 22 September 2023, all transfers of shares of the Company, accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 18 September 2023.

(2) Any shareholder of the Company (the "**Shareholder**") entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder.

(3) In order to be valid, a proxy form in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited at the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.

(4) In case of joint shareholdings, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

(5) If there is Typhoon Signal No. 8 or above, a "black" rainstorm warning and/or extreme conditions caused by a super typhoon in force in Hong Kong at any time after 1:00 p.m. on the date of the forthcoming extraordinary general meeting, the meeting will be postponed. The Company will publish an announcement on the websites of the Company at (http://www.geelyauto.com.hk) and the Stock Exchange at (http://www.hkexnews.hk) to notify Shareholders of the date, time and venue of the rescheduled meeting.

As at the date of this notice, 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. Lam Yin Shan, Jocelyn and Ms. Gao Jie.