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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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# GEELY

吉利汽車控股有限公司

## GEELY AUTOMOBILE HOLDINGS LIMITED

*(Incorporated in Cayman Islands with limited liability)*

(Stock code: 175)

- (1) CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS  
AND THE NINGBO VIRIDI SUBSCRIPTION; AND**
- (2) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF  
THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION**

**Financial adviser to Geely Automobile Holdings Limited**



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

# BALLAS

C A P I T A L

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A letter from the Independent Board Committee is set out on pages 47 to 48 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 49 to 99 of this circular. A notice convening the EGM to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 24 August 2021 at 4:00 p.m. is set out on pages EGM-1 to EGM-5 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.

### **PRECAUTIONARY MEASURES FOR THE EGM**

Please see page ii of this document for measures being taken to prevent and control the spread of the COVID-19 at the EGM, including:

- compulsory temperature checks
- recommended wearing of surgical face masks
- no distribution of corporate gifts and refreshments

**Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company encourages attendees to wear face masks and reminds Shareholders that they may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.**

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## PRECAUTIONARY MEASURES FOR THE EGM

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In view of the ongoing COVID-19 and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius or any person wearing an electronic tracking wristband under quarantine order may be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) The Company encourages attendees to wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats; and
- (iii) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The form of proxy is attached to this Circular for Shareholders who opt to receive physical circulars. Alternatively, the form of proxy can be downloaded from the "Investor Centre" section of the Company's website at <http://www.geelyauto.com.hk>. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders have any questions relating to the EGM, please contact Union Registrars Limited, the Company's Hong Kong share registrar, as follows:

Union Registrars Limited  
Suites 3301-04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road, North Point, Hong Kong  
E-mail: [geely@unionregistrars.com.hk](mailto:geely@unionregistrars.com.hk)  
Tel. No.: (852) 2849 3399  
Fax No.: (852) 2849 3319

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## DEFINITIONS

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

“2020 R&D Services and Technology Licensing Agreement”	the agreement dated 4 November 2020 entered into among the Company, Geely Holding and LYNK & CO for the (i) provision of R&D and related technological support services by the Group to the LYNK & CO Group and the Geely Holding Group; and (ii) procurement of R&D and related technological support services from Geely Holding Group for a term from the effective date of the 2020 R&D Services and Technology Licensing Agreement to 31 December 2022
“Acquisitions”	the Haohan Energy Acquisition and the CEVT Acquisition
“Acquisition Agreements”	the Haohan Energy Acquisition Agreement and the CEVT Acquisition Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Automobile Components Procurement Agreement”	the agreement entered into between the Company and ZEEKR on 2 July 2021 pursuant to which the Group conditionally agreed to procure, and ZEEKR Group conditionally agreed to supply, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) for a period from the effective date of the Automobile Components Procurement Agreement to 31 December 2023
“Automobile Components Sales Agreement”	the agreement entered into among the Company, Geely Holding and LYNK & CO on 2 July 2021 pursuant to which the Group conditionally agreed to sell, and the Geely Holding Group and the LYNK & CO Group conditionally agreed to procure, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) for a period from the effective date of the Automobile Components Sales Agreement to 31 December 2023
“Ballas Capital” or “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 Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions

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## DEFINITIONS

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“BNPP PF”	BNP Paribas Personal Finance, a subsidiary of the BNP Paribas Group, which engages in consumer credit and mortgage lending activities
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong, the PRC and Sweden
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBU(s)”	complete buildup unit (整車), a complete vehicle after the final assembly
“CEVT”	a limited liability company established in Sweden and is owned as to approximately 71% by Geely Holding as at the Latest Practicable Date
“CEVT Acquisition”	the acquisition of the entire registered capital in CEVT by ZEEKR from Zhejiang Geely pursuant to the CEVT Acquisition Agreement
“CEVT Acquisition Agreement”	the conditional sale and purchase agreement dated 2 July 2021 entered into between ZEEKR and Zhejiang Geely in relation to the CEVT Acquisition
“CKD(s)”	complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle
“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 code: 175)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Financing Arrangement and the transactions contemplated thereunder
“COVID-19”	novel coronavirus, a coronavirus identified as the cause of an outbreak of respiratory illness
“Directors”	the director(s) of the Company

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## DEFINITIONS

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“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions
“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 incorporated in the PRC and is owned as to 78% by Geely Technology and as to 22% by Kandi Vehicles as at the Latest Practicable Date
“Fengsheng Group”	Fengsheng together with its subsidiaries
“Geely Brand Vehicles”	vehicles of automobile brand of the Group
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a private limited liability company incorporated in Zhejiang Province, the PRC, and is beneficially wholly owned by Mr. Li and his associate as at the Latest Practicable Date
“Geely Holding-Owned Brands Vehicles”	vehicles of automobile brands of the Geely Holding Group excluding Volvo Brand Vehicles
“Geely Holding Automobile”	吉利汽車集團有限公司 (Geely Automobile Group Company Limited*), a private limited liability company incorporated in the PRC, and is wholly owned by Geely Holding as at the Latest Practicable Date
“Geely Holding Brand Vehicles”	vehicles of automobile brands of the Geely Holding Group
“Geely Holding Group”	Geely Holding and its subsidiaries
“Genius AFC”	吉致汽車金融有限公司 (Genius Auto Finance Co., Ltd.*), a limited liability company incorporated in the PRC which is owned as to 80% by the Company and as to 20% by BNPP PF. 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
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Haohan Energy”	浙江浩瀚能源科技有限公司 (Zhejiang Haohan Energy Technology Company Limited*), a limited liability company established in the PRC and is wholly owned by Geely Holding Automobile as at the Latest Practicable Date
“Haohan Energy Acquisition”	the acquisition of the 30% equity interests in Haohan Energy by ZEEKR from Geely Holding Automobile pursuant to the Haohan Energy Acquisition Agreement
“Haohan Energy Acquisition Agreement”	the conditional sale and purchase agreement dated 2 July 2021 entered into between ZEEKR and Geely Holding Automobile in relation to the Haohan Energy Acquisition
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions
“Independent Shareholders”	Shareholder(s) other than Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui and their respective associates
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maple Guorun”	上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Ltd.*) a limited liability company incorporated in the PRC and will be a wholly owned subsidiary of ZEEKR upon completion of the Maple Guorun Disposal
“Maple Guorun Disposal”	the disposal of the entire registered capital of Maple Guorun by Value Century, Zhejiang Fulin and Shanghai Maple to ZEEKR pursuant to the conditional sale and purchase agreement dated 28 April 2021
“Latest Practicable Date”	27 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

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## DEFINITIONS

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“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 and owned as to 50%, 20% and 30% by Zhejiang Jirun, Zhejiang Haoqing and VCI as at the Latest Practicable Date
“LYNK & CO Brand Vehicles”	vehicles of automobile brands of the LYNK & CO Group
“LYNK & CO Group”	LYNK & CO and its subsidiaries
“LYNK & CO Sales”	領克汽車銷售有限公司 (LYNK & CO Automobile Sales Co., Ltd*), a limited company established in the PRC and is a wholly owned subsidiary of LYNK & CO as at the Latest Practicable Date
“Maple-Branded Vehicles”	the vehicle models owned by Fengsheng Group
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder holding approximately 41% interest in the total issued share capital 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 and is an indirect wholly owned subsidiary of Geely Holding as at the Latest Practicable Date
“Ningbo Viridi Subscription”	the subscription for additional capital in Ningbo Viridi pursuant to the Ningbo Viridi Subscription Agreement
“Ningbo Viridi Subscription Agreement”	the subscription agreement dated 2 July 2021 entered into among ZEEKR, Zhejiang Jichuang and Ningbo Viridi in relation to the Ningbo Viridi Subscription
“PBOC”	the People’s Bank of China (中國人民銀行)
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proton”	Proton Holdings Berhad, a private limited liability company incorporated in Malaysia, and is owned as to 49.9% by Geely Holding Group as at the Latest Practicable Date
“R&D”	research and development



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## DEFINITIONS

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“R&D Services and Technology Licensing Agreement”	the agreement entered into among the Company, Geely Holding and LYNK & CO on 2 July 2021 pursuant to which (i) the Group conditionally agreed to provide to the Geely Holding Group and the LYNK & CO Group R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, technical consultation services, technical support services, technology licensing, etc.; and (ii) the Group conditionally agreed to procure from the Geely Holding Group R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, technical consultation, technical support services, technology licensing, etc. for a term from the effective date of the R&D Services and Technology Licensing Agreement to 31 December 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SEK”	Swedish Krona, the lawful currency of Sweden
“Shanghai Maple”	上海華普汽車有限公司 (Shanghai Maple Automobile Company Limited*), a private limited liability company incorporated in the PRC and is 90% owned by Geely Holding as at the Latest Practicable Date
“Smart Brand Vehicles”	smart vehicle brand under the joint venture formed by Geely Holding Group and another third party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Value Century”	Value Century Group Limited, a limited company incorporated in the British Virgin Islands and is wholly owned by the Company as an investment holding company as at the Latest Practicable Date
“VCI”	沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Company Limited*), a limited liability company established in the PRC and is a subsidiary of Volvo as at the Latest Practicable Date
“Volvo”	Volvo Car Corporation, a limited liability company incorporated under the laws of Sweden and is an indirect 97.8% owned subsidiary of Geely Holding as at the Latest Practicable Date
“Volvo Brand Vehicles”	vehicles of automobile brand of Volvo

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## DEFINITIONS

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“ZEEKR”	ZEEKR Intelligent Technology Holding Limited, a limited liability company established in the Cayman Islands and is indirectly owned as to 51% by the Company and as to 49% by Geely Holding as at the Latest Practicable Date
“ZEEKR Brand”	a vehicle brand under the ZEEKR Group
“ZEEKR Brand Vehicles”	vehicles of automobile brand under the ZEEKR Group
“ZEEKR Cooperation Partners”	the third parties involved in the sales of ZEEKR Brand Vehicles and related business
“ZEEKR Finance Cooperation Agreement”	the cooperation agreement entered into between Genius AFC and ZEEKR on 2 July 2021, pursuant to which Genius AFC will provide vehicle financing services to the ZEEKR Retail Customers to assist them to buy ZEEKR Brand Vehicles
“ZEEKR Financing Annual Caps”	the proposed annual caps (representing the annual financing amounts to be provided by Genius AFC to the ZEEKR Retail Customers) under the ZEEKR Retail Financing Business for each of the financial years ending 31 December 2021, 2022 and 2023
“ZEEKR Financing Arrangement”	the parcel of arrangements which includes (i) the cooperation arrangements as stipulated in the ZEEKR Finance Cooperation Agreement; and (ii) the ZEEKR Retail Financing Business
“ZEEKR Group”	ZEEKR together with its subsidiaries
“ZEEKR Relevant Business Agreement”	the cooperation agreements to be entered into between Genius AFC and the ZEEKR Group or ZEEKR Cooperation Partners, pursuant to which the ZEEKR Group or ZEEKR Cooperation Partners will recommend ZEEKR Retail Customers to use Genius AFC for obtaining vehicle loans to finance their purchase of ZEEKR Brand Vehicles
“ZEEKR Retail Customer(s)”	retail customers who purchase ZEEKR Brand Vehicles from the ZEEKR Group or ZEEKR Cooperation Partners
“ZEEKR Retail Financing Business”	the provision by Genius AFC of vehicle loans and other financing to the ZEEKR Retail Customers to assist them to buy ZEEKR Brand Vehicles from the ZEEKR Group or ZEEKR Cooperation Partners

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## DEFINITIONS

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“ZEEKR Retail Loan Agreements”	financing agreements to be entered into between Genius AFC and the ZEEKR Retail Customers which set out the terms of the loans to be provided by Genius AFC to the ZEEKR Retail Customers for their purchase of ZEEKR Brand Vehicles
“ZEEKR Technology”	寧波極氫智能科技有限公司 (Ningbo ZEEKR Intelligent Technology Company Limited*) a private limited liability company incorporated in the PRC on 11 September 2020 and is an indirect wholly owned subsidiary of ZEEKR upon completion of ZEEKR Technology Acquisition Agreement
“ZEEKR Technology Acquisition Agreement”	the conditional sale and purchase agreement dated 28 April 2021 entered into between Geely Holding Automobile and Maple Guorun in relation to the acquisition of the entire registered capital in ZEEKR Technology by Maple Guorun from Geely Holding Automobile
“Zhejiang Fulin”	浙江福林國潤汽車零部件有限公司 (Zhejiang Fulin Guorun Automobile Parts Company Limited*) a limited company incorporated in the PRC and is indirectly wholly owned by 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 and is a direct approximately 71% owned subsidiary of 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 private company incorporated in the PRC and is a wholly owned subsidiary of Geely Holding as at the Latest Practicable Date
“Zhejiang Jichuang”	浙江吉創汽車零部件有限公司 (Zhejiang Jichuang Automobile Parts Company Limited*), a limited liability company established in the PRC and is 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 Company Limited*), a limited liability company established in the PRC and is an indirect 99% owned subsidiary of the Company as at the Latest Practicable Date
“%”	per cent

\* 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.

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LETTER FROM THE BOARD

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**GEELY**

吉利汽車控股有限公司

**GEELY AUTOMOBILE HOLDINGS LIMITED**

*(Incorporated in Cayman Islands with limited liability)*

(Stock code: 175)

*Executive Directors:*

Mr. Li Shu Fu (*Chairman*)  
Mr. Yang Jian (*Vice Chairman*)  
Mr. Li Dong Hui, Daniel (*Vice Chairman*)  
Mr. Gui Sheng Yue (*Chief Executive Officer*)  
Mr. An Cong Hui  
Mr. Ang Siu Lun, Lawrence  
Ms. Wei Mei

*Independent Non-executive Directors:*

Mr. Lee Cheuk Yin, Dannis  
Mr. Yeung Sau Hung, Alex  
Mr. An Qing Heng  
Mr. Wang Yang

*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

5 August 2021

*To the Shareholders,*

Dear Sir or Madam,

- (1) CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS  
AND THE NINGBO VIRIDI SUBSCRIPTION; AND**
- (2) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF  
THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 2 July 2021 in relation to, among other things, (i) the Acquisitions and the Ningbo Viridi Subscription; and (ii) the Continuing Connected Transactions.

The purpose of this circular is to provide you with information, among other things, (i) further information about the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions; (ii) the recommendation of the Independent Board Committee on the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions; (iii) the advice of the Independent Financial

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## LETTER FROM THE BOARD

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Adviser in respect of the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions; and (iv) other information as required under the Listing Rules together with the notice of the EGM.

### (I) THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION

#### (A) CEVT Acquisition

##### *Date*

2 July 2021 (after trading hours)

##### *Parties*

Vendor: Zhejiang Geely

Purchaser: ZEEKR

Zhejiang Geely is principally engaged in the development, manufacture and sale of internal combustion engines and related automobile components in the PRC. Zhejiang Geely is a limited company established in the PRC and is a direct approximately 71% owned subsidiary of Geely Holding as at the Latest Practicable Date.

ZEEKR is a limited liability company established in the Cayman Islands and is indirectly owned as to 51% by the Company and as to 49% by Geely Holding. ZEEKR is principally acted as an investment holding company. ZEEKR Group is principally engaged in the research and development, purchase and sale of the electric mobility related products such as the intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto.

##### *Subject matter*

ZEEKR conditionally agreed to acquire through a subsidiary and Zhejiang Geely conditionally agreed to sell 100% equity interests in CEVT.

Details of CEVT are set out in the paragraph headed “Information on CEVT, Haohan Energy and Ningbo Viridi – CEVT” below.

Upon completion of the CEVT Acquisition, CEVT will become a wholly owned subsidiary of ZEEKR and its financial results will be consolidated into the consolidated financial statements of the Group.

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## LETTER FROM THE BOARD

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### *Consideration*

The consideration for the CEVT Acquisition is approximately SEK1,057.8 million, which was arrived at after arm's length negotiations between Zhejiang Geely and ZEEKR with reference to the appraised value for 100% equity interests of CEVT as at 30 April 2021 determined by an independent valuer based on the assets approach.

The consideration will be funded by internal resources of ZEEKR Group and payable in cash to Zhejiang Geely within three months from the completion of the CEVT Acquisition unless otherwise agreed between ZEEKR and Zhejiang Geely.

### *Conditions precedent*

Completion of the CEVT Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) ZEEKR has been satisfied with the results of the due diligence of CEVT;
- (ii) all of Zhejiang Geely's warranties shall in all material respects be true, correct and not misleading when made, and shall in all material respects be true, correct and not misleading on the completion date with the same force and effect as if they had been made on such date and Zhejiang Geely having performed its obligations in all material respects under the CEVT Acquisition Agreement on or before the completion date;
- (iii) all of ZEEKR's warranties shall in all material respects be true, correct and not misleading when made, and shall in all material respects be true, correct and not misleading on the completion date with the same force and effect as if they had been made on such date;
- (iv) ZEEKR shall have obtained all decisions, consents and waivers necessary for consummation of the CEVT Acquisition, including, but not limited to, all permits, authorisations, approvals, consents or permits of any governmental authority or regulatory body;
- (v) the Company having complied with the requirements under the Listing Rules in respect of the CEVT Acquisition, including where necessary, having made the announcement and obtained the Independent Shareholders' approval for the CEVT Acquisition;
- (vi) Zhejiang Geely shall have obtained all decisions, consents and waivers necessary for consummation of the CEVT Acquisition, including, but not limited to, all permits, authorisations, approvals, consents or permits of any governmental authority or regulatory body; and

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## LETTER FROM THE BOARD

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- (vii) (a) there being no material adverse change in the existence, business and financial positions of CEVT; and (b) no statute, regulation, proceeding or order pertaining to CEVT having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the CEVT Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the CEVT Acquisition Agreement.

In respect of condition (iv) above, to the best of the Directors' knowledge, as at the Latest Practicable Date, there are no material approvals, consents, or permits required for the CEVT Acquisition apart from the PRC ODI Approvals, i.e., approvals by or filings with the National Development and Reform Commission, Ministry of Commerce or their respective local branches in relation to overseas direct investment, in connection with the CEVT Acquisition from competent government authorities in accordance with the applicable laws. In the event that any of the conditions set out above is not fulfilled or waived (conditions (iv) and (v) above are not capable of being waived) within 90 calendar days from the date of the CEVT Acquisition Agreement (or such later date as the parties may agree in writing), either party to the CEVT Acquisition Agreement will have the right to terminate the CEVT Acquisition Agreement by prior written notice to the other. In the event of such termination, no party to the CEVT Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the CEVT Acquisition Agreement will become null and void upon such termination and the CEVT Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches. As at the Latest Practicable Date, condition (vi) has been fulfilled and none of the above conditions has been waived.

### *Completion of the CEVT Acquisition*

Completion of the CEVT Acquisition will take place on the later of the fifth Business Day following satisfaction or waiver of the conditions precedent set out in the CEVT Acquisition Agreement; or at such other date and time as the parties may agree in writing.

### **(B) Haohan Energy Acquisition**

#### *Date*

2 July 2021 (after trading hours)

#### *Parties*

Vendor: Geely Holding Automobile

Purchaser: ZEEKR

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## LETTER FROM THE BOARD

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Geely Holding Automobile is a private limited liability company incorporated in the PRC which is wholly owned by Geely Holding. Geely Holding Automobile is principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses.

Please refer to the paragraph headed “CEVT ACQUISITION – Parties” for further details regarding ZEEKR.

### *Subject matter*

ZEEKR conditionally agreed to acquire through a subsidiary and Geely Holding Automobile conditionally agreed to sell, 30% of the equity interests in Haohan Energy.

Details of Haohan Energy are set out in the paragraph headed “Information on CEVT, Haohan Energy and Ningbo Viridi – Haohan Energy” below.

### *Consideration*

The consideration for the Haohan Energy Acquisition is approximately RMB9.0 million and was arrived at after arm’s length negotiations between Geely Holding Automobile and ZEEKR with reference to the appraised value for 100% equity interests of Haohan Energy as at 30 April 2021 as determined by an independent valuer using the assets approach.

The consideration will be funded by internal resources of ZEEKR Group and payable in cash to Geely Holding Automobile within three months from the completion of the Haohan Energy Acquisition unless otherwise agreed between ZEEKR and Geely Holding Automobile.

### *Conditions precedent*

Completion of the Haohan Energy Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) Haohan Energy has obtained valid internal approval for the Haohan Energy Acquisition Agreement and the transaction contemplated thereunder;
- (ii) ZEEKR and Geely Holding Automobile have obtained their respective valid internal approval for the Haohan Energy Acquisition Agreement and the transaction contemplated thereunder;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the Haohan Energy Acquisition Agreement and the transaction contemplated thereunder, including but not limited to, the obtaining of the new business license of Haohan Energy (if applicable) and the completion of registration procedures with the State Administration for Market Regulation in relation to the Haohan Energy Acquisition;



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## LETTER FROM THE BOARD

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- (iv) the Company having made the announcement and obtained relevant Independent Shareholders' approval (if applicable) for the Haohan Energy Acquisition Agreement and the transaction contemplated thereunder in accordance with the Listing Rules;
- (v) the representations and warranties made by Geely Holding Automobile in the Haohan Energy Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Geely Holding Automobile having performed fully its obligations under the Haohan Energy Acquisition Agreement on or before completion of the Haohan Energy Acquisition; and
- (vi) (a) there being no material adverse change in the existence, business and financial positions of Haohan Energy; and (b) no statute, regulation, proceeding or order pertaining to Haohan Energy having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the Haohan Energy Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the Haohan Energy Acquisition Agreement.

In respect of condition (iii) above, to the best of the Directors' knowledge, as at the Latest Practicable Date, there are no material approvals, consents, filings and/or waivers required for the Haohan Energy Acquisition apart from the application to be made to the State Administration for Market Regulation for the transfer of 30% of the equity interests in Haohan Energy from Geely Holding Automobile to ZEEKR. In the event that the conditions set out above are not fulfilled or waived (conditions (iii) and (iv) are not capable of being waived) within 90 calendar days from the date of the Haohan Energy Acquisition Agreement (or such later date as the parties may agree in writing), any party to the Haohan Energy Acquisition Agreement will have the right to terminate the Haohan Energy Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the Haohan Energy Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the Haohan Energy Acquisition Agreement will become null and void upon such termination and the Haohan Energy Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches. As at the Latest Practicable Date, none of the above conditions has been fulfilled or waived.

### ***Completion of the Haohan Energy Acquisition***

Completion of the Haohan Energy Acquisition will take place on the second Business Day after all the conditions precedent to the Haohan Energy Acquisition Agreement have been fulfilled or waived (as the case may be) or such later date as the parties may agree in writing.

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## LETTER FROM THE BOARD

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### (C) Ningbo Viridi Subscription Agreement

#### *Date*

2 July 2021 (after trading hours)

#### *Parties*

ZEEKR, Zhejiang Jichuang and Ningbo Viridi

Please refer to the paragraph headed “CEVT ACQUISITION – Parties” for further details regarding ZEEKR.

Zhejiang Jichuang is principally engaged in the development, manufacture and sale of internal combustion engines and related automobile components.

Details of Ningbo Viridi are set out in the paragraph headed “Information on CEVT, Haohan Energy and Ningbo Viridi – Ningbo Viridi” below.

#### *Subject Matter*

ZEEKR conditionally agreed to subscribe through a subsidiary for additional capital in Ningbo Viridi at a cash consideration of approximately RMB860.7 million. Upon completion, ZEEKR will hold 51% of the enlarged share capital of Ningbo Viridi.

#### *Consideration*

The consideration for the Ningbo Viridi Subscription of approximately RMB860.7 million was arrived at after arm’s length negotiations among ZEEKR, Zhejiang Jichuang and Ningbo Viridi based on 51% equity interests in Ningbo Viridi on a post-subscription basis, which was determined with reference to the (i) appraised value of Ningbo Viridi as at 30 April 2021 as determined by an independent valuer using the assets approach; (ii) the 49% equity interests in Ningbo Viridi owned by Zhejiang Jichuang after the Ningbo Viridi Subscription; and (iii) the 51% equity interests in Ningbo Viridi subscribed by ZEEKR in the Ningbo Viridi Subscription.

The consideration will be funded by internal resources of ZEEKR Group and payable in cash to Ningbo Viridi within three months from the completion of the Ningbo Viridi Subscription unless otherwise agreed between ZEEKR and Ningbo Viridi.

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## LETTER FROM THE BOARD

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### *Conditions Precedent*

Completion of the Ningbo Viridi Subscription will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) Ningbo Viridi has obtained its valid internal approval for the Ningbo Viridi Subscription Agreement and the transaction contemplated thereunder;
- (ii) ZEEKR and Zhejiang Jichuang have obtained their respective valid internal approval for the Ningbo Viridi Subscription Agreement and the transaction contemplated thereunder;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the Ningbo Viridi Subscription Agreement and the transaction contemplated thereunder, including but not limited to, the obtaining of the new business license of Ningbo Viridi (if applicable) and the completion of registration procedures with the State Administration for Market Regulation in relation to the Ningbo Viridi Subscription;
- (iv) the Company having made the announcement and obtained the relevant Independent Shareholders' approval (if applicable) for the Ningbo Viridi Subscription Agreement and the transaction contemplated thereunder in accordance with the Listing Rules;
- (v) the representations and warranties made by Ningbo Viridi in the Ningbo Viridi Subscription Agreement remaining true and accurate in all material respects and not misleading in any respect, and Ningbo Viridi having performed fully its obligations under the Ningbo Viridi Subscription Agreement on or before completion of the Ningbo Viridi Subscription; and
- (vi) (a) there being no material adverse change in the existence, business and financial positions of Ningbo Viridi; and (b) no statute, regulation, proceeding or order pertaining to Ningbo Viridi having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the Ningbo Viridi Subscription that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the Ningbo Viridi Subscription Agreement.

In respect of condition (iii) above, to the best of the Directors' knowledge, as at the Latest Practicable Date, there are no material approvals, consents, filings and/or waivers required for the Ningbo Viridi Subscription Agreement apart from the application to be made to the State Administration for Market Regulation for the Ningbo Viridi Subscription. In the event that the conditions set out above are not fulfilled or waived (conditions (iii) and (iv) above are not capable of being waived) within 90 calendar days from the date of the Ningbo Viridi Subscription Agreement (or such later date as the parties may agree in writing), any



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## LETTER FROM THE BOARD

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### INFORMATION ON CEVT, HAOHAN ENERGY AND NINGBO VIRIDI

#### CEVT

CEVT was established in Sweden in 2013 and is a wholly owned subsidiary of Zhejiang Geely as at the Latest Practicable Date. It is principally engaged in automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and provision of mobility technology solutions.

CEVT's business plan is to focus on its research and development in its software systems, modular and virtual engineering for intelligent electric vehicle in its future development, aiming to be at the forefront of innovative technologies for mobility with sustainability.

Set out below is the unaudited financial information of CEVT prepared under HKFRS for the years ended 31 December 2019 and 31 December 2020:

	For the year ended 31 December	
	2019	2020
	(unaudited)	(unaudited)
	SEK in million	SEK in million
Revenue	4,238.0	3,735.3
Profit before taxation	215.2	231.8
Profit after taxation	167.7	183.2

The total assets, total liabilities and net assets of CEVT were approximately SEK4,428.0 million, SEK3,384.2 million and SEK1,043.8 million, respectively, as at 30 April 2021. Total assets mainly comprised trade and other receivables of approximately SEK4,015.3 million. Total liabilities mainly comprised trade and other payables of approximately SEK2,190.1 million, short-term borrowings of approximately SEK836.6 million.

#### Haohan Energy

Haohan Energy was established in the PRC in February 2021 and is a wholly owned subsidiary of Geely Holding Automobile as at the Latest Practicable Date. Haohan Energy is principally engaged in the research and development of automobile charging systems and technologies, provision of automobile charging services and operation of automobile charging points and network.

The historical financial information of Haohan Energy was not available before February 2021. The unaudited total assets, total liabilities and net assets of Haohan Energy prepared under HKFRS were approximately RMB33.0 million, RMB3.1 million and RMB29.9 million, respectively, as at 30 April 2021. Total assets mainly comprised other receivables of approximately RMB32.0 million. Total liabilities mainly comprised other payables of approximately RMB3.1 million.

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### Ningbo Viridi

Ningbo Viridi was established in the PRC in June 2017 and is an indirect wholly owned subsidiary of Geely Holding as at the Latest Practicable Date. Ningbo Viridi is principally engaged in the research, development, production and sale of automobile components including electric powertrain and battery systems and related products and provision of after-sales services.

Set out below is the unaudited financial information of Ningbo Viridi prepared under HKFRS for the years ended 31 December 2019 and 31 December 2020:

	For the year ended 31 December	
	2019	2020
	(unaudited)	(unaudited)
	<i>RMB in million</i>	<i>RMB in million</i>
Revenue	1,172.1	356.3
Profit before taxation	16.2	9.1
Profit after taxation	16.2	9.1

The total assets, total liabilities and net assets of Ningbo Viridi were approximately RMB2,878.2 million, RMB2,054.7 million and RMB823.5 million, respectively, as at 30 April 2021. Total assets mainly comprised property, plant and equipment of approximately RMB1,292.2 million and cash and bank balances of approximately RMB1,038.7 million. Total liabilities mainly comprised trade and other payables of approximately RMB1,463.1 million and deferred government grant of approximately RMB591.6 million.

### REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION

It is the goal of the Company to develop and build up the ZEEKR Brand, which is the new premium pure electric vehicle brand of the Group, in order to capture the rapid market growth in the electric vehicle segment. After the Acquisitions and the Ningbo Viridi Subscription, the ZEEKR Group will possess the manufacturing facility for electric battery systems and equip with the innovative technologies developed by the Geely Holding Group for electric vehicles. The Company believes that such further integration of resources and consolidation of assets required for the research and development, manufacture and sale of the ZEEKR Brand Vehicles will increase the competitiveness of the ZEEKR Group. Set out below is a summary of the reasons for and benefits of the Acquisitions and the Ningbo Viridi Subscription:

#### CEVT Acquisition

CEVT is a world-class automotive research and development institute located in Sweden. It has a complete research and development system for the development of new energy vehicles including but not limited to the functions of automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and the provision of mobility technology solutions. After the CEVT Acquisition, the ZEEKR Group could greatly increase the speed of update and iteration of the ZEEKR Brand Vehicles, and provide continuous and stable technical support for product research and development.

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### **Haohan Energy Acquisition**

Haohan Energy is mainly engaged in the research and development of automobile charging facilities and technologies, provision of automobile charging services and operation of automobile charging points and network, focusing on the development on charging services under different situations, including at home, on a road trip and mobile rescue. The Company believes that it is an industry norm for new energy automobile manufacturers to invest in automobile charging facilities and technology, as customers are increasingly considering the importance of automobile charging services. Such services form an integral part for providing a greater level of convenience and comfort to the customers. As the demand of the electric vehicles grows, the demand for good quality of automobile charging services also increases. The Company views the Haohan Energy Acquisition as a valuable opportunity for the Group to participate in the fast growing automobile charging industry. However, as the operation of the automobile charging facilities requires heavy maintenance and depreciation expenses due to its asset-intensive nature, the Company believes that the acquisition of a 30% equity interests in Haohan Energy through the ZEEKR Group will allow the ZEEKR Group to maintain its asset-light business model while benefiting from the investment in the automobile charging industry.

### **Ningbo Viridi Subscription**

Ningbo Viridi is engaged in the research, development, production and sale of electric powertrain and battery systems and related components, and the provision of after-sales services. Throughout the development process of electric vehicles, electric powertrain and battery systems are considered to be the core elements for the electric vehicle, as the level of performance and duration of the batteries directly affect the driving range and safety of the electric vehicles. By acquiring and consolidating Ningbo Viridi, the ZEEKR Group will benefit from having a continuous and stable supply of the electric powertrain and battery systems which are the key to the manufacture and sale of ZEEKR Brand Vehicles.

The Directors (including the independent non-executive Directors) consider that, although the Acquisitions and the Ningbo Viridi Subscription are not entered into in the ordinary and usual course of business of the Group, such agreements of the Acquisitions and the Ningbo Viridi Subscription are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION**

After the completion of the Acquisitions and the Ningbo Viridi Subscription, the ZEEKR Group will possess the automobile and electric vehicle related technologies developed by CEVT and engage in the manufacture and sale of electric vehicles, electric powertrain and battery systems and other automobile components. It is expected that there will be continuing connected transactions in relation to the manufacture and sale of automobile components and R&D services and technology licensing services and ZEEKR Financing Arrangement among the ZEEKR Group, the Group, the LYNK & CO Group and the Geely Holding Group.

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## LETTER FROM THE BOARD

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In order to regulate these continuing connected transactions after completion of the Acquisitions and the Ningbo Viridi Subscription and to comply with the relevant requirements under the Listing Rules, the Company has entered into the following agreements:

**(A) R&D Services and Technology Licensing Agreement**

Reference is made to the Company's announcement dated 4 November 2020 regarding the 2020 R&D Services and Technology Licensing Agreement entered into among the Company, Geely Holding and LYNK & CO for a term from the effective date of the 2020 R&D Services and Technology Licensing Agreement to 31 December 2022.

CEVT has been providing such R&D services to the Geely Holding Group prior to the CEVT Acquisition. After completion of the CEVT Acquisition, the Group will through CEVT, provide R&D services to the Geely Holding Group in relation to automotive design, software systems development and modular development for use in the Geely Holding Brand Vehicles. The Group will also at the same time procure more R&D services from the Geely Holding Group for use in the ZEEKR Brand Vehicles. In view of the increasing demand for the R&D services to be provided by the Group and the Geely Holding Group to each other, the Directors expect that the annual caps under the 2020 R&D Services and Technology Licensing Agreement for the two years ending 31 December 2022 will not be sufficient.

In order to meet the increasing demand for the R&D services and technology licensing services, on 2 July 2021 (after trading hours), the Company, Geely Holding and LYNK & CO entered into the R&D Services and Technology Licensing Agreement.

The principal terms of the R&D Services and Technology Licensing Agreement are summarised below:

***Date***

2 July 2021 (after trading hours)

***Parties***

The Company, Geely Holding and LYNK & CO

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 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 is beneficially wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 41% of the issued share capital of the Company. Accordingly, Geely Holding is an associate of Mr. Li and a connected person of the Company for the purpose of the Listing Rules.



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LYNK & CO is a Chinese-foreign equity joint venture of the Company established in the PRC and is owned as to 50% by Zhejiang Jirun, as to 20% by Zhejiang Haoqing and as to 30% by VCI as at the Latest Practicable Date. Zhejiang Haoqing and VCI are owned as to 100% and 97.8%, respectively by Geely Holding. LYNK & CO is principally engaged in the manufacture and sale of LYNK & CO Brand Vehicles, and the provision of after sales parts.

### *Subject matter*

Pursuant to the R&D Services and Technology Licensing Agreement, it was conditionally agreed that: (i) the Group will provide to the Geely Holding Group and the LYNK & CO Group R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, technical consultation services, technical support services and technology licensing, etc.; and (ii) the Group will procure from the Geely Holding Group R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, and technical consultation services, technical support services and technology licensing, etc.

As such, the 2020 R&D Services and Technology Licensing Agreement entered into among the Company, Geely Holding and LYNK & CO on 4 November 2020, will be terminated and superseded by the R&D Services and Technology Licensing Agreement upon it becoming effective.

### *Pricing basis*

The services or licenses fees for the R&D services and technology licenses shall be determined based on (i) market rates for comparable R&D services or technology licensing services; or (ii) if there are no comparable market rates, (a) the costs of providing the relevant service plus a margin rate with reference to the median cost-plus-margin rate of the comparable companies providing similar services as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification (the “R&D Services Pricing Analysis Report”), or (b) a percentage of revenue of each vehicle utilising the relevant vehicles platform technology sold based on a licenses fees percentage with reference to the median licenses fees rate of the comparable companies providing similar services as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification (the “Licenses Fees Pricing Analysis Report”). According to the aforementioned pricing basis, the R&D service fees and license fee will be determined based on the formula below respectively:

$$\text{R\&D service fees} = \text{Cost of providing the R\&D services} \times (1 + \text{margin rate})$$

License fee = Pre-tax revenue of each vehicle which adopts the platform technology x license fee rate x platform rate (representing the cost of the platform technology to the total manufacturing cost of the vehicle model).

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The Company, Geely Holding and LYNK & CO (where applicable) will determine the margin rate and license fee rate of R&D services and technology licensing services with reference to the respective transfer pricing analysis reports prepared by an independent certified public accountant or institution with the same qualification. The Company and Geely Holding will review the scope of the R&D services and technology licensing services on yearly basis (or more frequently if it is determined necessary) to determine whether updated transfer pricing analysis reports should be obtained for the determination of the margin rate and license fee rate.

### *Term*

From the effective date of the R&D Services and Technology Licensing Agreement to 31 December 2023.

### *Conditions precedent to the R&D Services and Technology Licensing Agreement*

The R&D Services and Technology Licensing Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the R&D Services and Technology Licensing Agreement.

If the above condition has not been fulfilled on or before 30 September 2021 (or such later date as the parties may agree in writing), the R&D Services and Technology Licensing Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

### *Termination*

The R&D Services and Technology Licensing Agreement may be terminated if:

- (i) a three-month prior written notice to terminate the R&D Services and Technology Licensing Agreement is served by any party;
- (ii) any party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the R&D Services and Technology Licensing Agreement due to force majeure; or
- (iii) Geely Holding, LYNK & CO or any of their respective associates cease to be a connected person of the Company.

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### *Historical transaction amounts and proposed annual caps*

The table below sets out (i) the historical transaction amounts for the year ended 31 December 2020; and (ii) the annual caps for the R&D service fees payable to and receivable from the Geely Holding Group and the LYNK & CO Group pursuant to the 2020 R&D Services and Technology Licensing Agreement for the three years ending 31 December 2022.

	<b>Historical transaction amounts for the year ended 31 December 2020</b>	<b>Announced annual caps for the year ended/ending 31 December</b>		
		<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB million</i> (Audited)	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Service fees receivable from the Geely Holding Group and the LYNK & CO Group for the R&D services and technology licensing provided by the Group	886.5	1,475.7	3,711.6	4,046.5
Utilisation rate of annual caps	60.1%			
Service fees payable to the Geely Holding Group for the R&D services and technology licensing provided by the Geely Holding Group	320.6	437.5	676.3	528.8
Utilisation rate of annual caps	73.3%			

The table below sets out the proposed annual caps for the R&D service fees and technology license fees receivable and payable by the Group pursuant to the R&D Services and Technology Licensing Agreement for the period from the effective date of the R&D Services and Technology Licensing Agreement to 31 December 2021 and each of the two years ending 31 December 2023.

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<p style="margin: 0;">Proposed annual cap for the period from the effective date of the R&amp;D Services and Technology Licensing Agreement to 31 December 2021 <i>RMB million</i></p>	<p style="margin: 0;">Proposed annual caps for the year ending 31 December 2022                      2023 <i>RMB million</i>                      <i>RMB million</i></p>		
<p style="margin: 0;">Service fees and license fees receivable from the Geely Holding Group and services fees receivable from the LYNK &amp; CO Group for the R&amp;D and technology licensing services provided by the Group</p>	5,157.2	9,568.2	10,053.1
<p style="margin: 0;">Service fees and license fees payable to the Geely Holding Group for the R&amp;D and technology licensing services provided by the Geely Holding Group</p>	2,032.9	4,027.9	4,364.0

***Basis of determination of the proposed annual caps***

The proposed annual caps for R&D services and technology licensing services have been determined by the Directors with reference to (i) projected total staff hours required for each R&D and technology support project; (ii) projected hourly cost for the R&D staff based on historical cost; (iii) other relevant costs incurred for the R&D and technology support projects; (iv) estimated stage of completion of the R&D and technology support projects for the period from the date of the R&D Services and Technology Licensing Agreement to 31 December 2021 and each of the two years ending 31 December 2023; (v) the median margin rate of 7.78% as stated in the R&D Services Pricing Analysis Report issued on 26 November 2019 over the estimated cost; (vi) the expected increase in the R&D and technology support services in relation to the development of the ZEEKR Brand Vehicles and LYNK & CO Brand Vehicles; (vii) the projected unit sales of vehicles utilising relevant vehicles platform technologies licensed by the Geely Holding Group and the Group; (viii) the median license fee rate of 3% as stated in the Licenses Fees Pricing Analysis Report issued on 9 October 2020 for relevant vehicles platform technologies licensed by the Geely Holding Group and the Group; and (ix) the estimated average platform rate for relevant vehicles platform technologies licensed by the Geely Holding Group and the Group for the manufacturing of Geely Brand Vehicles. The aforementioned margin rate, license fee rate and the estimated platform rate are

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only for the purpose of calculating the proposed annual caps above and shall not be deemed as fixed rates for the transactions throughout the term of the R&D Services and Technology Licensing Agreement.

The significant increase in the proposed annual cap for service fees and license fees receivable from the Geely Holding Group and services fees receivable from the LYNK & CO Group for the years ending 31 December 2022 and 2023 is due to (i) the expected increase in R&D and technology support projects relating to the development of LYNK & CO Brand Vehicles in 2022, especially for the several new models that will be introduced to the market by LYNK & CO Group in 2022 and 2023; (ii) the expected increase in R&D and technology support projects relating to the development of ZEEKR Brand Vehicles in 2022; and (iii) increase in R&D services due to the acquisition of CEVT since CEVT has been providing R&D services to the Geely Holding Group before the CEVT Acquisition, and after the completion of CEVT Acquisition, the Group will provide R&D services to Geely Holding Group through CEVT.

The Directors (including the independent non-executive Directors) are of the view that the R&D Services and Technology Licensing Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps of the R&D Services and Technology Licensing Agreement for the period from the date of the R&D Services and Technology Licensing Agreement to 31 December 2023 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Reasons for and Benefits of Entering into the R&D Services and Technology Licensing Agreement***

The R&D services provided by the Group to the Geely Holding Group and the LYNK & CO Group are mainly used for vehicle engines, transmissions and other automobile-related products to be used by the models under the brands of Proton, LYNK & CO and other brands owned by the Geely Holding Group. The technologies owned by the Group will enhance the R&D capabilities and core competitiveness of the Group. In addition, the technology licensing services provided by the Group to the Geely Holding Group will provide the Group with opportunities to export its technology and generate additional income for the Group. On the other hand, the R&D and licensing services provided by the Geely Holding Group to the Group will give the Group access to the global R&D resources and the vehicles platform technology of the Geely Holding Group.

After completion of the CEVT Acquisition, the Group will, through CEVT, provide R&D services to the Geely Holding Group in relation to automotive design, software systems development and modular development for use in the Geely Holding Brand Vehicles. The Group will also at the same time procure more R&D services from the Geely Holding Group for use in the ZEEKR Brand Vehicles. In view of the increasing demand for the R&D services to be provided by the Group and the Geely Holding Group to each other, the Directors expect that the annual caps under the 2020 R&D Services and Technology Licensing Agreement for

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the two years ending 31 December 2022 will not be sufficient. The entering into of the R&D Services and Technology Licensing Agreement will allow the Group to meet the increase in demand for the R&D services and technology licensing services.

The Directors are of the view that the entering into of the R&D Services and Technology Licensing Agreement is beneficial to the Group as (i) it enhances synergy and co-sharing of technology among the parties, which reduces the overall R&D costs for the Group; (ii) it supports further technology upgrade for the Group's development which in turn improves the competitiveness of the Group's vehicles; and (iii) it allows the Group to meet the increasing demand for the R&D services and technology licensing services.

### ***Internal Control Measures in Relation to the R&D Services and Technology Licensing Agreement***

In terms of the R&D and technology licensing services provided by the Group to the Geely Holding Group and the LYNK & CO Group, the finance department of the Group will compare the scope of the services and rates with the existing similar services with Independent Third Parties (if any) to determine the market rates for the R&D services or technology licensing services. If there are no such market rates, the finance department of the Group will review the relevant cost items incurred by the Group for the relevant R&D services and technology licensing services performed on yearly basis (or more frequently if it is determined necessary) and ensure the existence and accuracy of such costs.

In terms of the R&D and technology licensing services provided by the Geely Holding Group to the Group, the finance department of the Group will compare the scope of the services and rates with the existing similar services with Independent Third Parties (if any) to determine the market rates for the R&D services or technology licensing services. If there are no such market rates, the finance department of the Group will review the relevant costs items provided by the Geely Holding Group in relation to the R&D and technology licensing services performed on yearly basis (or more frequently if it is determined necessary) and ensure the existence and accuracy of such costs.

The Company and Geely Holding will review the scope of the R&D services and technology licensing services on a yearly basis (or more frequently if it is determined necessary) to determine whether updated transfer pricing analysis reports should be obtained for the determination of the margin rate and licenses fee rate.

During the review, the Company and Geely Holding will consider whether the R&D services and technology licensing services contemplated under the R&D Services and Technology Licensing Agreement will fall within the scope of R&D services and technology licensing services stated in the respective transfer pricing analysis reports. If such R&D services and technology licensing services are outside the scope of R&D services and technology licensing services stated in the respective transfer pricing analysis reports, the Company and Geely Holding will seek to obtain updated transfer pricing analysis reports for reference.

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For the licensing of the relevant vehicles platform technologies, the finance department of the Group will review the selling price of the vehicles utilising relevant vehicles platform technologies being licensed and the cost of the relevant vehicles platform technologies to the total manufacturing cost of the respective vehicle models on yearly basis (or more frequently if it is determined necessary) to ensure existence and accuracy of the licenses fees.

The independent non-executive Directors will review the transactions contemplated under the continuing connected transactions and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

### **(B) Automobile Components Sales Agreement**

On 2 July 2021 (after trading hours), the Company, Geely Holding and LYNK & CO entered into the Automobile Components Sales Agreement.

The principal terms of the Automobile Components Sales Agreement are summarised below:

#### ***Date***

2 July 2021 (after trading hours)

#### ***Parties***

Vendor: the Company

Purchasers: Geely Holding and LYNK & CO

Please refer to the paragraph headed "Continuing connected transactions upon completion of the Acquisitions and the Ningbo Viridi Subscription – (A) R&D Services and Technology Licensing Agreement – Parties" for further details regarding the Company, Geely Holding, and LYNK & CO.

#### ***Subject matter***

Pursuant to the Automobile Components Sales Agreement, the Group conditionally agreed to sell automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) to the Geely Holding Group and the LYNK & CO Group.

The sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms

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## LETTER FROM THE BOARD

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available to the Geely Holding Group and the LYNK & CO Group from other Independent Third Party suppliers or terms available to the Group from other Independent Third Party customers.

### *Term*

The Automobile Components Sales Agreement, has a term from the effective date of the Automobile Components Sales Agreement to 31 December 2023.

### *Conditions precedent to the Automobile Components Sales Agreement*

The Automobile Components Sales Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Automobile Components Sales Agreement.

If the above condition has not been fulfilled on or before 30 September 2021 (or such later date as the parties may agree in writing), the Automobile Components Sales Agreement will lapse and all the obligations and liabilities of the parties under the Automobile Components Sales Agreement will cease and terminate.

### *Termination*

Either party may terminate the Automobile Components Sales Agreement (i) by giving the other three months prior written notice; or (ii) at any time if (a) either party ceases business, or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as a result of material violation of laws or regulations, declares bankrupt, or is unable to perform its obligations under the Automobile Components Sales Agreement due to force majeure; or (b) Geely Holding, LYNK & CO or any of their respective associates ceases to be a connected person of the Company.

### *Pricing basis and proposed annual caps*

#### *(a) Pricing basis*

The selling price of the automobile components under the Automobile Components Sales Agreement will be determined on an arm's length basis and on normal commercial terms with reference to the prevailing market price for similar products, and will not be less favourable to the Group than terms available to the Geely Holding Group and the LYNK & CO Group from other Independent Third Party suppliers or terms available to the Group from other Independent Third Party customers.

#### *(b) Proposed annual caps*

There were no historical figures for the transactions contemplated under the Automobile Components Sales Agreement.



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## LETTER FROM THE BOARD

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The table below sets out the proposed annual caps for the sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group.

	Proposed annual caps for the year ending		
	31 December		
	2021	2022	2023
	RMB million	RMB million	RMB million
Sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group	1,398.2	13,750.9	24,644.7

(c) *Basis of determination of the proposed annual caps*

The proposed annual caps for the sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group were determined by the Directors with reference to:

- (i) the projected numbers of units of each model of automobile components for use in the ZEEKR Brand Vehicles, LYNK & CO Brand Vehicles and Geely Holding Brand Vehicles for the three years ending 31 December 2023;
- (ii) the projected units sales of the ZEEKR Brand Vehicles, LYNK & Co Brand Vehicles and Geely Holding Brand Vehicles which are manufactured with the aforesaid automobile components for the three years ending 31 December 2023;
- (iii) the projected procurement of automobile components in relation to the charging stations to be built by the Geely Holding Group in 2022 and 2023; and
- (iv) the projected unit selling price for each model of automobile components which are determined with reference to the prevailing selling price of similar automobile components obtained from independent suppliers to the Geely Holding Group and the LYNK & CO Group for the three years ending 31 December 2023.

The significant increase in the proposed annual cap for each of the two years ending 31 December 2023 is primarily due to (i) the expected introduction of the one new model of ZEEKR Brand Vehicles in 2022 and three new models of ZEEKR Brand Vehicles in 2023; (ii) the expected introduction of three new model of Smart Brand Vehicles and one new model of Volvo Brand Vehicles in 2022; (iii) with the promulgation and implementation of the national new energy policy, the sales of new energy vehicles will gradually increase, and the demand for batteries will also increase significantly in 2022 and 2023; and (iv) procurement of components in relation to charging stations by the Geely Holding Group is expected to increase as the number of charging stations to be built by the Geely Holding Group is expected to increase significantly in 2022 and 2023.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors) are of the view that the proposed annual caps under the Automobile Components Sales Agreement for the three years ending 31 December 2023 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### ***Internal Control Measures in Relation to Pricing for Automobile Components Sales Agreement***

The Company will determine the selling price with reference to the prevailing market price with the Geely Holding Group and the LYNK & CO Group respectively. In order to ensure that the aforesaid pricing basis for the Automobile Components Sales Agreement is adhered to, the Group will obtain price quotation of similar products from a number of Independent Third Party suppliers for comparison to ensure that the selling price of automobile components are determined properly. The Group, the Geely Holding Group and the LYNK & CO Group will negotiate the terms of such transactions to ensure that prices are fair and reasonable, and properly reflect the level of market prices of the automobile components in such transactions. The Group and the Geely Holding Group will review the scope of automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) to be sold by the Group to the Geely Holding Group and the LYNK & CO Group on yearly basis (or more frequently if it is determined necessary). In addition, the transactions under the Automobile Components Sales Agreement will be supervised and inspected by the Group to ensure that the transactions are carried out on normal commercial terms.

The independent non-executive Directors will review the transactions contemplated under the continuing connected transactions and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

### **(C) Automobile Components Procurement Agreement**

On 2 July 2021 (after trading hours), the Company and ZEEKR entered into the Automobile Components Procurement Agreement.

The principal terms of the Automobile Components Procurement Agreement are summarised below:

#### ***Date***

2 July 2021 (after trading hours)

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## LETTER FROM THE BOARD

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### *Parties*

Vendor: ZEEKR

Purchaser: the Company

ZEEKR is a limited liability company established in the Cayman Islands and is indirectly owned as to 51% by the Company and as to 49% by Geely Holding. ZEEKR is principally engaged in the research and development, purchase and sale of the electric mobility related products such as the intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto.

Please refer to the paragraph headed “Continuing connected transactions upon completion of the Acquisitions and the Ningbo Viridi Subscription – (A) R&D Services and Technology Licensing Agreement – Parties” for further details regarding the Company.

### *Subject matter*

Pursuant to the Automobile Components Procurement Agreement, the Group conditionally agreed to procure, and the ZEEKR Group conditionally agreed to supply automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) to the Group.

The procurement of automobile components by the Group from the ZEEKR Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available from other Independent Third Party suppliers to the Group or terms available to ZEEKR Group from other Independent Third Party customers.

### *Term*

The Automobile Components Procurement Agreement, has a term from the effective date of the Automobile Components Procurement Agreement to 31 December 2023.

### *Conditions precedent to the Automobile Components Procurement Agreement*

The Automobile Components Procurement Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Automobile Components Procurement Agreement.

If the above condition has not been fulfilled on or before 30 September 2021 (or such later date as the parties may agree in writing), the Automobile Components Procurement Agreement will lapse and all the obligations and liabilities of the parties under the Automobile Components Procurement Agreement will cease and terminate.

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## LETTER FROM THE BOARD

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### *Termination*

Either party may terminate the Automobile Components Procurement Agreement (i) by giving the other three months prior written notice; or (ii) at any time if (a) either party ceases business, or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as a result of material violation of laws or regulations, declares bankrupt, or is unable to perform its obligations under the Automobile Components Procurement Agreement due to force majeure; or (b) ZEEKR or its associates ceases to be a connected person of the Company.

### *Pricing basis and proposed annual caps*

#### *(a) Pricing basis*

The selling price of the automobile components under the Automobile Components Procurement Agreement will be determined on an arm's length basis and on normal commercial terms with reference to the prevailing market price for similar products, and will not be less favourable to the Group than terms available from other Independent Third Party suppliers to the Group or terms available to ZEEKR Group from other Independent Third Party customers.

#### *(b) Proposed annual caps*

There were no historical figures for the transactions contemplated under the Automobile Components Procurement Agreement as the Group has not procured automobile components manufactured by ZEEKR Group previously. However, the historical transaction amounts for the procurement of automobile components by the Group from Ningbo Viridi, which will become a connected subsidiary of the Company upon the completion of the Ningbo Viridi Subscription was approximately RMB708.8 million, RMB169.3 million and RMB230.3 million for the two years ended 31 December 2020 and the five months ended 31 May 2021, respectively.

The table below sets out the proposed annual caps for procurement of automobile components by the Group from the ZEEKR Group. After the commencement of the Automobile Components Procurement Agreement, the Group will purchase automobile components from the ZEEKR Group for the use in the Geely Brand Vehicles.

	<b>Proposed annual caps for the year ending</b>		
	<b>31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Purchase of automobile components by the Group from the ZEEKR Group	628.1	1,223.8	1,410.6

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## LETTER FROM THE BOARD

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(c) *Basis of determination of the proposed annual caps*

The proposed annual caps for the procurement of automobile components by the Group from the ZEEKR Group were determined by the Directors with reference to:

- (i) the projected number of units of each model of automobile components for use in the Geely Brand Vehicles for the three years ending 31 December 2023;
- (ii) the projected units sales of the Geely Brand Vehicles which are manufactured with the aforesaid automobile components for the three years ending 31 December 2023; and
- (iii) the projected unit selling price for each model of automobile components which are determined with reference to the prevailing selling price of similar automobile components obtained from independent suppliers to the Group for the three years ending 31 December 2023.

The increase in the proposed annual cap for the procurement of automobile components by the Group from the ZEEKR Group for the year ending 31 December 2021 as compared to the historical transaction amount for the procurement of automobile components by the Group from Ningbo Viridi for the year ended 31 December 2020 is mainly due to (i) the decrease in demand of overall vehicle market in the PRC due to the outbreak of COVID-19 in 2020; (ii) the expected increase in marketing and sales of electric models of Geely Brand Vehicles in 2021 in response to the national policies on the development of the energy-saving and new energy automobile industry; and (iii) the expected increase in demand of Geely Brand Vehicles in the second half of 2021 due to seasonal factor.

The increase in the proposed annual cap for the procurement of automobile components by the Group from the ZEEKR Group for each of the two years ending 31 December 2023 is primarily due to (i) the expected increase in demand of batteries for KX11 model of the Geely Brand Vehicles in the second quarter of 2022; (ii) with the promulgation and implementation of the national new energy policy, the sales of new energy vehicles will gradually increase; and (iii) the demand for batteries will also increase significantly in 2022 and 2023.

The Directors (including the independent non-executive Directors) are of the view that the proposed annual caps of the Automobile Components Procurement Agreement for the three years ending 31 December 2023 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

***Internal Control Measures in Relation to Pricing for Automobile Components Procurement Agreement***

In order to ensure that the aforesaid pricing basis for the Automobile Components Procurement Agreement is adhered to, the Group will obtain price quotation from a number of Independent Third Party suppliers to ensure the selling price of the relevant automobile components to be supplied by the ZEEKR Group are determined properly. The Group and the

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ZEEKR Group will negotiate the terms of such transactions to ensure that prices are fair and reasonable. The Group and the ZEEKR Group will determine the selling price with reference to the prevailing market price. The Group and the ZEEKR Group will review the scope of automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) to be purchased by the Group from the ZEEKR Group on yearly basis (or more frequently if it is determined necessary). In addition, the transactions under the Automobile Components Procurement Agreement will be supervised and inspected by the Group to ensure that the transactions are carried out on normal commercial terms.

The independent non-executive Directors will review the transactions contemplated under the continuing connected transactions and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

### ***Reasons for and Benefits of Entering into the Automobile Components Sales Agreement and Automobile Components Procurement Agreement***

The major reason for the Group to enter into the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement is because Ningbo Viridi, as a connected subsidiary after the completion of the Ningbo Viridi Subscription, will continue to supply automobile components to the Group for the use in the Geely Brand Vehicles and to the Geely Holding Group and LYNK & CO Group for the use in other vehicle brands as it has been doing prior to the Ningbo Viridi Subscription. Such arrangements are in the ordinary course of business of Ningbo Viridi which is principally engaged in the research, development, production and sale of automobile components including electric powertrain and battery systems and related products and provision of after-sales services. Prior to the Ningbo Viridi Subscription, the Company, LYNK & CO and Geely Holding entered into the continuing connected transactions with Ningbo Viridi in relation to the procurement of automobile components, which mainly include batteries, motors and electronic control system products from Ningbo Viridi. To ensure the smooth operation and reliable and stable supply of automobile components to the Group, the Group will continue the aforesaid continuing connected transactions by entering into the Automobile Components Sales Agreement and Automobile Components Procurement Agreement with Geely Holding, LYNK & CO and ZEEKR after completion of the Ningbo Viridi Subscription which will constitute continuing connected transactions of the Group.

In addition, under the Automobile Components Sales Agreement, the Group will sell to the Geely Holding Group the automobile components which will be further processed and assembled in CKD and related components for the use in ZEEKR Brand Vehicles. Since ZEEKR adopts an asset-light operation model, such arrangement would reduce the cost of production of ZEEKR Brand Vehicles by sharing the production plant of the Geely Holding Group and benefit the Group as a whole.

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## LETTER FROM THE BOARD

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### (D) ZEEKR Financing Arrangement

#### *ZEEKR Financing Arrangement – ZEEKR Finance Cooperation Agreement*

On 2 July 2021 (after trading hours), Genius AFC and ZEEKR entered into the ZEEKR Finance Cooperation Agreement. Details of the ZEEKR Finance Cooperation Agreement are set out below:

#### *Date*

2 July 2021 (after trading hours)

#### *Parties*

Genius AFC and ZEEKR

Genius AFC is a vehicle financing company established in the PRC, and is beneficially owned as to 80% and 20% by the Company and BNPP PF, respectively as at the Latest Practicable Date. Genius AFC is principally engaged in the provision of vehicle financing services in the PRC. The exercise of call option by BNPP PF to acquire additional equity interest in Genius AFC with reference to the announcement of the Company dated 12 August 2020 has not yet been completed as at the Latest Practicable Date.

Please refer to the paragraph headed “Continuing connected transactions upon completion of the Acquisitions and the Ningbo Viridi Subscription – (C) The Automobile Components Procurement Agreement – Parties” for further details regarding the ZEEKR Group.

#### *Subject matter*

Genius AFC will provide vehicle financing services to the ZEEKR Retail Customers to assist them to buy ZEEKR Brand Vehicles from the ZEEKR Group or the ZEEKR Cooperation Partners.

#### *Term*

The ZEEKR Finance Cooperation Agreement will have an initial term of three years and will then continue unless and until terminated by either party by giving at least six months prior written notice. Such continuation/renewal will be subject to the approval of (i) the regulators of the Company (that is, the Stock Exchange), if required; and (ii) the Independent Shareholders.

#### *Conditions precedent to the ZEEKR Finance Cooperation Agreement*

The ZEEKR Finance Cooperation Agreement shall take effect upon:

- (i) the approval of the Independent Shareholders on the ZEEKR Financing Arrangement;
- and

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## LETTER FROM THE BOARD

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- (ii) the approval of the Stock Exchange on the ZEEKR Financing Arrangement, if required.

### *Termination*

ZEEKR may terminate the ZEEKR Finance Cooperation Agreement with immediate effect if (i) Genius AFC becomes insolvent; or (ii) Genius AFC materially breaches, or materially fails to comply with, the ZEEKR Finance Cooperation Agreement and such failure is not capable of remedy or is capable of remedy but is not remedied within 30 days of ZEEKR giving Genius AFC written notice of such breach subject to the remediation clause under the ZEEKR Finance Cooperation Agreement.

Genius AFC may terminate the ZEEKR Finance Cooperation Agreement with immediate effect if (i) ZEEKR becomes insolvent; or (ii) ZEEKR materially breaches, or materially fails to comply with, the ZEEKR Finance Cooperation Agreement or any other agreement entered into or in connection with the ZEEKR Finance Cooperation Agreement and such failure is not capable of remedy or is capable of remedy but is not remedied within 30 days of Genius AFC giving ZEEKR written notice of such breach subject to the remediation clause under the ZEEKR Finance Cooperation Agreement.

### *Principal terms regarding the mode of cooperation between Genius AFC and ZEEKR*

#### *(i) Cooperation*

ZEEKR will (a) use its endeavours to facilitate Genius AFC in providing retail financing services to ZEEKR Retail Customers; (b) use its reasonable endeavours to procure the ZEEKR Cooperation Partners to recommend ZEEKR Retail Customers to use the retail financing services provided by Genius AFC; and (c) on the condition that ZEEKR and Genius AFC have reached an agreement on the policy of granting the subsidies, to use its reasonable endeavours to grant subsidies to those who are covered by the ZEEKR Retail Financing Business for the promotional campaigns in relation to the retail financing services offered by Genius AFC to the ZEEKR Retail Customers.

Genius AFC will not be the exclusive provider of vehicle loans as described in the ZEEKR Finance Cooperation Agreement to the ZEEKR Retail Customers. Notwithstanding the foregoing, should another independent vehicle financing company offer vehicle financing services under the same conditions, Genius AFC will be the preferred partner of ZEEKR for the provision of vehicle financing services.

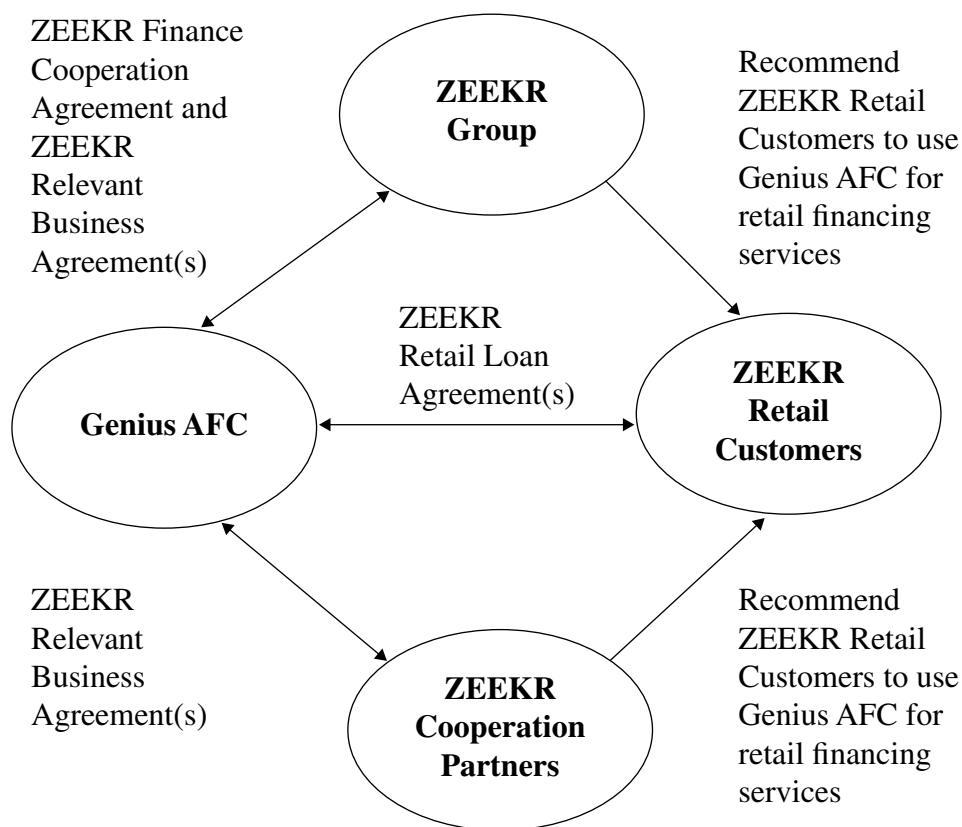


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## LETTER FROM THE BOARD

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The mode of cooperation between Genius AFC and ZEEKR for the ZEEKR Retail Financing Business are summarized as below:



(ii) *Pricing policy*

Genius AFC will enter into the ZEEKR Retail Loan Agreements with the ZEEKR Retail Customers for the ZEEKR Retail Financing Business. Genius AFC will ensure that the terms of the ZEEKR Retail Loan Agreements are competitive at all times during the term of the ZEEKR Finance Cooperation Agreement, and such terms will be in line with general auto finance market practice. Notwithstanding the foregoing, Genius AFC will have the sole discretion in determining the final pricing to be applied to the ZEEKR Retail Customers.

The ZEEKR Finance Cooperation Agreement provides guidance with respect to the interest rates charged by Genius AFC for the ZEEKR Retail Financing Business. The interest rates, at the time of each setting will be higher than the base lending rates published by the PBOC for similar types of loans under similar terms and conditions, provided that all relevant laws and regulations are complied with.

In practice, given that Genius AFC will not be the exclusive provider of financing services to the ZEEKR Retail Customers, which are independent third parties to Genius AFC, the sales and marketing department of Genius AFC will communicate with the ZEEKR Group or the ZEEKR Cooperation Partners on an ongoing basis to keep abreast of the market information.

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## LETTER FROM THE BOARD

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(iii) *Lending risk*

Genius AFC is primarily regulated by the CBIRC. In addition, PBOC, the Ministry of Finance of the PRC also have regulatory oversight of the automotive financing industry. CBIRC and PBOC enacted the Measures for the Administration of Automotive Loans and the Measures for the Administration of Automobile Finance Companies, respectively to standardize the management of automotive loan business.

All lending risk assessments and decisions will be the sole responsibility of Genius AFC, and such decisions will conform to applicable regulatory requirements. The extension of financing in any form to any ZEEKR Retail Customer is subject to satisfactory credit risk assessment in accordance with the Genius AFC's credit risk management procedures and all other internal risk and management policies as from time to time determined by Genius AFC at its sole discretion.

In relation to the credit risk assessment procedures for the ZEEKR Retail Financing Business, Genius AFC has utilized a computerized internal risk assessment expert system, which enables Genius AFC to perform credit risk assessment procedures using big data analysis. For the purpose of risk assessment, the risk control department of Genius AFC will set specifications for the retail products to determine whether to accept the loan application from the retail applicants, based on the retail applicant's earnings, credit history and repayment capability. Sound credit history and proof of recurring income of a retail applicant are normally indications of enhanced repayment capability. The risk control committee of Genius AFC will then review and approve the specifications rules for the retail products. Based on the evaluation by the computerized internal risk assessment expert system which is configured and modified by the risk control department from time to time, the decisions on whether to grant the loans to the retail applicants would be made by the system and the retail underwriting team of the operation department of Genius AFC (the "Underwriting Team"). The general responsibilities of the Underwriting Team also include verifying the information and materials provided by the retail applicants and assessing the retail applicants' credibility in order to make final credit decisions on the applications. Upon granting of the vehicle loan to a retail borrower, the collection team of the operation department of Genius AFC would monitor the performance of such loan and would follow up on any delinquency and/or default in payment.

(iv) *Term of the loan*

The maximum term of a loan to a ZEEKR Retail Customer shall be 60 months.

(v) *Subsidies*

ZEEKR will provide subsidies for the benefits of the ZEEKR Retail Customers in the ZEEKR Retail Financing Business, subject to the final assessment of the market situation (such as sales performance of the ZEEKR Brand Vehicles) by ZEEKR. The terms and period of such subsidies will be determined by ZEEKR in its sales incentive policies.

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## LETTER FROM THE BOARD

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(vi) *Security*

Under the ZEEKR Retail Loan Agreement, acceptable securities may include security over the ZEEKR Retail Customers' vehicles and/or different types of guarantees.

***Principal terms to be applied to the ZEEKR Retail Loan Agreements***

Genius AFC will enter into the ZEEKR Relevant Business Agreement with the ZEEKR Group or the ZEEKR Cooperation Partners, pursuant to which the ZEEKR Group or the ZEEKR Cooperation Partners will recommend ZEEKR Retail Customers to use Genius AFC for obtaining vehicle loans to finance their purchase of ZEEKR Brand Vehicles.

After the commencement of the ZEEKR Retail Financing Business, Genius AFC will further enter into the ZEEKR Retail Loan Agreements with the ZEEKR Retail Customers, pursuant to which Genius AFC will provide vehicle financing to such ZEEKR Retail Customers to facilitate their purchase of ZEEKR Brand Vehicles. The terms of the ZEEKR Retail Loan Agreements (including, among other things, pricing, loan term, credit limits, etc.) are expected to be consistent with the terms of the ZEEKR Finance Cooperation Agreement as disclosed above.

***ZEEKR Financing Annual Caps***

There were no historical transaction amounts for the ZEEKR Retail Financing Business as such financing business is only expected to commence in the third quarter of 2021. The table below sets out the proposed ZEEKR Financing Annual Caps for each of the three years ending 31 December 2023.

	<b>Proposed annual caps for the year ending</b>		
	<b>31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC to the ZEEKR Retail Customers under the ZEEKR Retail Financing Business	144.0	4,977.0	12,715.9

***Basis of determination of the ZEEKR Financing Annual Caps***

When determining the proposed ZEEKR Financing Annual Caps, Genius AFC has taken into account (i) the projected sales volume of ZEEKR Brand Vehicles for the three years ending 31 December 2023 which are determined with reference to the estimated market share; (ii) the projected average retail selling price for each unit of ZEEKR Brand Vehicles for the three years ending 31 December 2023; and (iii) the estimated retail financing penetration rate of the ZEEKR Retail Financing Business of 8%, 35% and 42% for each of the three years ending 31 December 2023, respectively. The above retail financing penetration rate represents the estimated percentage of the

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## LETTER FROM THE BOARD

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ZEEKR Retail Customers' purchases which will be financed by loans provided by Genius AFC. It is expected that the provision of subsidies by ZEEKR which would be converted into purchase price discount of the ZEEKR Brand Vehicles would encourage ZEEKR Retail Customers to choose Genius AFC for the provision of vehicle financing services. The increase in estimated retail financing penetration of ZEEKR Brand Vehicles for the two years ending 31 December 2022 and 2023 is mainly due to (i) the expected introduction of new premium car model in 2023 which would increase the demand for vehicle financing services due to higher expected selling price; and (ii) the stimulation from the abovementioned subsidies.

### ***Reasons for and Benefits of the ZEEKR Financing Arrangement***

Genius AFC is principally engaged in the provision of auto retail financing solutions to end customers, mainly supporting the key auto brands in the Group. Being a professional auto financing company, Genius AFC has been striving to improve the sales of the different auto brands, increasing the purchasing power and customer loyalty through providing financing services to customers. By vigorously widening the customer base and service scope, Genius AFC has maintained rapid growth in its net profits since 2017.

In terms of provision of financing services, as of 31 December 2020, Genius AFC successfully launched nine asset-backed securities (“ABS”) issuances, with cumulative amount of approximately RMB33.5 billion. With the steady increase in funding sources and assets scale, Genius AFC has been striving for continuing business growth and expanding its wholesale and retail financing services by widening the customer base and service scope with priority of fulfilling the financing needs for Geely Brand Vehicles. At the same time to create greater profits for Genius AFC through cooperation with other vehicle manufacturers.

Being the first high-end pure electric vehicle brand of the Group, ZEEKR Brand Vehicles are expected to face strong market demands. The entering of the ZEEKR Financing Arrangement will increase the purchasing power and customer loyalty and in turn increasing the sales of ZEEKR Brand Vehicles through the cooperation with the ZEEKR Group on one hand. On the other hand, it will allow Genius AFC to expand into the financing services of new automobile brands which will enable Genius AFC to expand its market reputation and gain further market share in the PRC auto finance industry and benefit from the PRC's fast growing auto finance business.

The Board (including the independent non-executive Directors) is of the view that the terms of the ZEEKR Financing Arrangement were negotiated on an arm's length basis and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Internal Control Measures in Relation to the ZEEKR Financing Arrangement***

#### ***Internal control within Genius AFC***

Based on customer requirements, all loan and product pricing proposals (including any subsequent modifications) are prepared by Genius AFC's sales and marketing department. In order to ensure that the aforesaid pricing basis for the ZEEKR Finance Cooperation Agreement is adhered to,

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## LETTER FROM THE BOARD

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the finance department of Genius AFC will monitor the fluctuations of the interest rates in the market at least on a monthly basis (or more frequently if it is determined necessary), which include, among others, the PBOC lending base rates, so as to ensure that the interest rates offered for the loan proposals will be higher than the PBOC lending base rates for similar types of loans under similar terms and conditions. In addition, Genius AFC's sales and marketing department communicates with the ZEEKR Group and the ZEEKR Cooperation Partners covered by the ZEEKR Finance Cooperation Agreement on an ongoing basis to ensure the terms of the retail loan agreement covered by ZEEKR Finance Cooperation Agreement is in line with the general auto finance market practice. The finance department of Genius AFC will prepare reports on market interest rates and review these reports at least monthly (or more frequently if it is determined necessary). These reports are distributed to departments including the sales and marketing department, the operation department, the risk control department, the legal and compliance department and the information and technology department of Genius AFC for review whenever necessary. All loan and product pricing proposals prepared by Genius AFC's sales and marketing department must be validated by Genius AFC's finance department (which is responsible for keeping abreast of market interest rates, including but not limited to the PBOC lending base rates, Shanghai interbank offered rates, and interest rates of bank note, assets backed securities, financial bond and other financial instruments and ensuring product pricing proposals are in line with the overall financial planning and budget), operation department (which is responsible for ensuring the operational feasibility by assessing whether the existing manpower, software system, standard and procedures and other internal resources are comprehensive and sufficient enough for the product pricing proposals and considering whether training is required for staff of Genius AFC to understand any new product pricing proposals), risk control department (which is responsible for assessing whether the product pricing proposals are acceptable from risk perspective), legal and compliance department (which is responsible for ensuring whether the loan and product pricing proposals comply with applicable law and regulations) and information technology department (which is responsible for making any necessary changes or enhancement to the existing software systems in respect of the retail financing business covered by the ZEEKR Finance Cooperation Agreement to support any new product pricing proposals if the existing software system is insufficient to satisfy the operational requirements for the new product pricing proposal). The loan and product pricing proposals will then be submitted to the sales and marketing committee for final approval.

To ensure the actual new financing amounts will not exceed the annual caps covered by the ZEEKR Finance Cooperation Agreement, Genius AFC will prepare specific monthly reports to show the actual transaction volumes and amounts as compared to the annual caps covered by the ZEEKR Finance Cooperation Agreement. Once the actual transaction amounts reached certain levels (being 70% of the annual caps covered by the ZEEKR Finance Cooperation Agreement for the relevant year), it will trigger an alert to the management to either control the volume for the related business to ensure the retail annual caps covered by the ZEEKR Finance Cooperation Agreement would not be exceeded or to commence necessary process to revise the aforementioned annual caps in accordance with the relevant requirements under Chapter 14A of the Listing Rules.

The above internal control procedures are to ensure the pricing policy stipulated under the ZEEKR Finance Cooperation Agreement is strictly adhered to.

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## LETTER FROM THE BOARD

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### *Internal control within the Group*

The internal audit department of the Group will also conduct assessment on the internal control measures for all continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to ensure such internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct 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; on normal commercial terms or better; and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company also engages its independent auditor to report on all continuing connected transactions every year. The independent auditor reviews and confirms whether all continuing connected transactions have been approved by the Board; have been conducted in accordance with the pricing policies of the relevant agreement governing the transactions; and have not exceeded the relevant annual caps.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the Latest Practicable Date, Geely Holding is a substantial shareholder of the Company and is wholly owned by Mr. Li and his associate. Also, Geely Holding Automobile, Zhejiang Jichuang and Ningbo Viridi are ultimately wholly owned subsidiaries of Geely Holding as at the Latest Practicable Date. Mr. Li is an executive Director and a substantial shareholder of the Company. Each of Geely Holding, Geely Holding Automobile, Zhejiang Jichuang and Ningbo Viridi is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, the Ningbo Viridi Subscription Agreement, the R&D Services and Technology Licensing Agreement and the Automobile Components Sales Agreement constitute connected transaction or continuing connected transactions of the Company.

As at the Latest Practicable Date, ZEEKR is indirectly owned as to 51% by the Company and as to 49% of Geely Holding and is therefore a connected subsidiary of the Company. As such, the transactions contemplated under the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Under the ZEEKR Financing Arrangement, should Genius AFC provide financing services to the ZEEKR Retail Customers who will purchase ZEEKR Brand Vehicles from the ZEEKR Group or the ZEEKR Cooperation Partners during the term of the ZEEKR Finance Cooperation Agreement, their transactions with Genius AFC are deemed to be connected transactions of the Company under Rule 14A.23 of the Listing Rules for the reason that the ZEEKR Retail Customers will use the loans provided by Genius AFC to purchase ZEEKR Brand Vehicles, which is a connected person of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisitions and the Ningbo Viridi Subscription exceeds 5% but less than 25% when aggregated with previous acquisition of ZEEKR Technology within the 12 months period prior the Acquisitions and the Ningbo Viridi Subscription, the entering into of the CEVT

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## LETTER FROM THE BOARD

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Acquisition Agreement, the Haohan Energy Acquisition Agreement and the Ningbo Viridi Subscription Agreement are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Furthermore, as the applicable percentage ratios in respect of the Acquisitions and the Ningbo Viridi Subscription exceeds 5% but less than 25% when aggregated with previous acquisition of ZEEKR Technology within the 12 months period prior the Acquisitions and the Ningbo Viridi Subscription, the entering into of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement and the Ningbo Viridi Subscription Agreement also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

As the applicable percentage ratios in respect of (i) the proposed annual caps for the R&D Services and Technology Licensing Agreement; (ii) the proposed annual caps aggregated under the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement, and (iii) the proposed annual caps for the ZEEKR Finance Cooperation Agreement on an annual basis are more than 5% respectively, the entering into of the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui, each an executive Director, are considered to be interested in the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, the Ningbo Viridi Subscription Agreement, the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui has abstained from voting on the Board resolutions for approving the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, the Ningbo Viridi Subscription Agreement, the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement.

Mr. Li and his associates together holding 4,042,618,000 shares (representing approximately 41.2% of the total issued share capital of the Company), Mr. Yang Jian and his associates together holding 6,000,000 shares (representing approximately 0.06% of the total issued share capital of the Company), Mr. Li Dong Hui, Daniel and his associates together holding 4,504,000 shares (representing approximately 0.05% of the total issued share capital of the Company), and Mr. An Cong Hui and his associates together holding 7,526,000 shares (representing approximately 0.08% of the total issued share capital of the Company) as at the Latest Practicable Date, will all abstain from voting on the resolutions to be proposed at the EGM to approve the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, the Ningbo Viridi Subscription Agreement, the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement.

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## LETTER FROM THE BOARD

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### EGM

The EGM will be convened to consider and approve the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions. A notice to convene the EGM is set out on pages EGM-1 to EGM-5 of this circular.

The EGM will be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 24 August 2021 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 Chinachem 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).

### RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders whether the terms of the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions 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 49 to 99 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 47 to 48 of this circular.

The Board (including the independent non-executive Directors) considers that, the terms of the Continuing Connected Transactions (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 relevant ordinary resolutions to be proposed at the EGM.

The Board (including the independent non-executive Directors) considers that, although the Acquisitions and the Ningbo Viridi Subscription are not entered into in the ordinary and usual course of business of the Group, the terms of the Acquisition Agreements, the Ningbo Viridi Subscription 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. The Board recommends the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM.



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## LETTER FROM THE BOARD

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### 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 47 to 48 and pages 49 to 99 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*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation from the Independent Board Committee to Independent Shareholders in relation to the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions prepared for the purpose of incorporation in this circular.*

# GEELY

吉利汽車控股有限公司

## GEELY AUTOMOBILE HOLDINGS LIMITED

*(Incorporated in Cayman Islands with limited liability)*

(Stock code: 175)

5 August 2021

*To the Independent Shareholders,*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS  
AND THE NINGBO VIRIDI SUBSCRIPTION; AND  
(2) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF  
THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION**

We refer to the circular dated 5 August 2021 (the “**Circular**”) of the Company of which this letter forms part. Terms defined in the 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 the terms of the Acquisitions, the Ningbo Viridi Subscription and Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders.

We wish to draw your attention to the letter from the Board as set out on pages 9 to 46 of the Circular and the letter from the Independent Financial Adviser as set out on pages 49 to 99 of the Circular which contains, inter alia, their advice and recommendation to us regarding the terms of the Acquisitions, the Ningbo Viridi Subscription, and the Continuing Connected Transactions 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) the terms of the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole; and (ii) although the Acquisition Agreements, the Ningbo Viridi Subscription Agreement and the transactions contemplated thereunder are not entered into in the ordinary and usual

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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course of business of the Group, the terms of the Acquisition Agreements, the Ningbo Viridi Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are 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 Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Geely Automobile Holdings Limited**

**Mr. Lee Cheuk Yin, Dannis**

**Mr. Yeung Sau Hung, Alex**

**Mr. An Qing Heng**

**Mr. Wang Yang**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Unit 1802, 18/F  
1 Duddell Street  
Central  
Hong Kong

5 August 2021

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sir or Madam,

**(I) CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS  
AND THE NINGBO VIRIDI SUBSCRIPTION;  
(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF  
THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION**

### INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions, the Ningbo Viridi Subscription and the continuing connected transactions in relation to the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement, 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 5 August 2021, 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 2 July 2021, (i) ZEEKR, a 51% owned subsidiary of the Company, entered into the CEVT Acquisition Agreement with Zhejiang Geely, an approximately 71% owned subsidiary of Geely Holding, pursuant to which ZEEKR conditionally agreed to acquire through a subsidiary 100% equity interests in CEVT for a cash consideration of approximately SEK1,057.8 million; (ii) ZEEKR entered into the Haohan Energy Acquisition Agreement with Geely Holding Automobile, a wholly owned subsidiary of Geely Holding, pursuant to which ZEEKR conditionally agreed to acquire through a subsidiary 30% of the equity interests in Haohan Energy for a cash consideration of approximately RMB9.0 million, and (iii) ZEEKR entered into the Ningbo Viridi Subscription Agreement with Zhejiang Jichuang and Ningbo Viridi, each a wholly owned subsidiary of Geely Holding, pursuant to which ZEEKR conditionally agreed to subscribe through a subsidiary for additional capital in Ningbo Viridi at a cash consideration of approximately RMB860.7 million, upon completion of which ZEEKR will hold 51% of the enlarged share capital of Ningbo Viridi. Upon completion of the Acquisitions, CEVT will become a wholly-owned subsidiary of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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ZEEKR and the financial results of Haohan Energy will be accounted for using the equity method in the consolidated financial statements of the Group. Upon completion of the Ningbo Viridi Subscription, Ningbo Viridi will be accounted as a non-wholly owned subsidiary of the Company.

After the completion of the Acquisitions and the Ningbo Viridi Subscription, the ZEEKR Group will possess the automobile and electric vehicle related technologies developed by CEVT and engage in the manufacture and sale of electric vehicles, electric powertrain and battery systems and other automobile components. It is expected that there will be continuing connected transactions in relation to the manufacture and sale of automobile components, R&D services and technology licensing services and ZEEKR Financing Arrangement among the ZEEKR Group, the Group, the LYNK & CO Group and the Geely Holding Group. On 2 July 2021, (i) the Company, Geely Holding and LYNK & CO entered into the R&D Services and Technology Licensing Agreement pursuant to which (a) the Group conditionally agreed to provide to the Geely Holding Group and the LYNK & CO Group R&D and related technological support services (the “**Technology Provision CCTs**”); and (b) the Group conditionally agreed to procure from the Geely Holding Group R&D and related technological support services (the “**Technology Procurement CCTs**”) for a term from the effective date of the R&D Services and Technology Licensing Agreement to 31 December 2023; (ii) the Company, Geely Holding and LYNK & CO entered into the Automobile Components Sales Agreement, pursuant to which the Group conditionally agreed to sell, and the Geely Holding Group and the LYNK & CO Group conditionally agreed to procure, automobile components (the “**Sales Products**”) for a period from the effective date of the Automobile Components Sales Agreement to 31 December 2023 (the “**Automobile Components Sales CCTs**”); (iii) the Company and ZEEKR entered into the Automobile Components Procurement Agreement, pursuant to which the Group conditionally agreed to procure, and the ZEEKR Group conditionally agreed to supply, automobile components (the “**Procurement Products**”) for a period from the effective date of the Automobile Components Procurement Agreement to 31 December 2023 (the “**Automobile Components Procurement CCTs**”); and (iv) Genius AFC and ZEEKR entered into the ZEEKR Finance Cooperation Agreement, pursuant to which Genius AFC will provide vehicle financing services to the ZEEKR Retail Customers to assist them to purchase ZEEKR Brand Vehicles (the “**Financing CCTs**”).

Geely Holding is a substantial shareholder of the Company and is wholly owned by Mr. Li and his associate. Geely Holding Automobile, Zhejiang Jichuang and Ningbo Viridi are ultimately wholly owned subsidiaries of Geely Holding. Mr. Li is an executive Director and a substantial shareholder of the Company. Each of Geely Holding, Geely Holding Automobile, Zhejiang Jichuang and Ningbo Viridi is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, the Ningbo Viridi Subscription Agreement, the R&D Services and Technology Licensing Agreement and the Automobile Components Sales Agreement constitute connected transaction or continuing connected transactions for the Company under the Listing Rules.

As at the Latest Practicable Date, ZEEKR is indirectly owned as to 51% by the Company and as to 49% of Geely Holding and is therefore a connected subsidiary of the Company. As such, the transactions contemplated under the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement constitute continuing connected transactions of the Company under the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Under the ZEEKR Financing Arrangement, should Genius AFC provide financing services to the ZEEKR Retail Customers who will purchase ZEEKR Brand Vehicles from the ZEEKR Group or the ZEEKR Cooperation Partners during the term of the ZEEKR Finance Cooperation Agreement, their transactions with Genius AFC are deemed to be connected transactions of the Company under Rule 14A.23 of the Listing Rules for the reason that the ZEEKR Retail Customers will use the loans provided by Genius AFC to purchase ZEEKR Brand Vehicles, which is a connected person of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisitions and the Ningbo Viridi Subscription exceeds 5% but less than 25% when aggregated with previous acquisition of ZEEKR Technology within the 12 months period prior the Acquisitions and the Ningbo Viridi Subscription, the entering into of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement and the Ningbo Viridi Subscription Agreement are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Furthermore, as the applicable percentage ratios in respect of the Acquisitions and the Ningbo Viridi Subscription exceeds 5% but less than 25% when aggregated with previous acquisition of ZEEKR Technology within the 12 months period prior the Acquisitions and the Ningbo Viridi Subscription, the entering into of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement and the Ningbo Viridi Subscription Agreement also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

As the applicable percentage ratios in respect of (i) the proposed annual caps for the R&D Services and Technology Licensing Agreement; (ii) the proposed annual caps aggregated under the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement, and (iii) the proposed annual caps for the ZEEKR Finance Cooperation Agreement on an annual basis are more than 5% respectively, the entering into of the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement are subject to the requirements of reporting, announcement and Independent Shareholders' approval 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 Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions.

### **INDEPENDENCE DECLARATION**

We are not associated or connected with the Company, the counterparties of the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for this appointment as the independent financial adviser in relation to the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions, we did not have any other relationship with or interests in the Company, the counterparties of the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions 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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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regarded as hindrance to our independence as defined under the Listing Rules. Accordingly, we consider we are eligible to give independent advice on the terms of the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions.

### **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. 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 Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions 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:

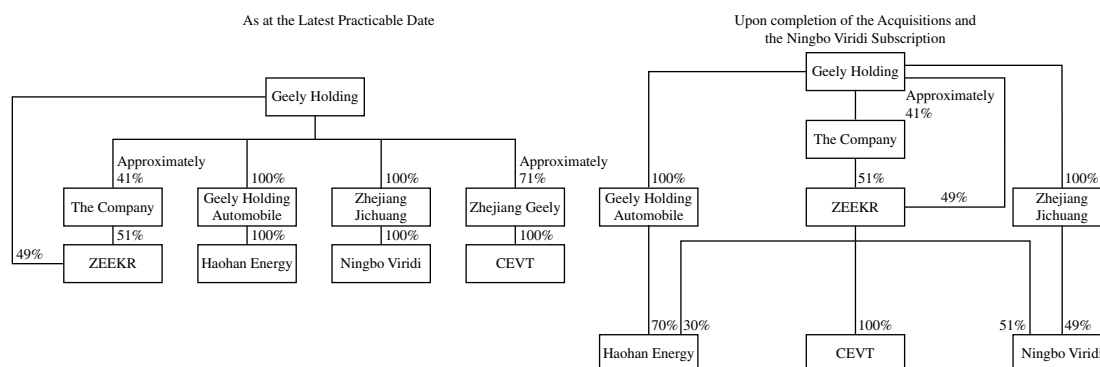
#### **1. Background of the Acquisitions and the Ningbo Viridi Subscription**

On 2 July 2021, (i) ZEEKR, a 51% owned subsidiary of the Company, entered into the CEVT Acquisition Agreement with Zhejiang Geely, an approximately 71% owned subsidiary of Geely Holding, pursuant to which ZEEKR conditionally agreed to acquire through a subsidiary 100% equity interests in CEVT for a cash consideration of approximately SEK1,057.8 million; (ii) ZEEKR entered into the Haohan Energy Acquisition Agreement with Geely Holding Automobile, a wholly owned subsidiary of Geely Holding, pursuant to which ZEEKR conditionally agreed to acquire through a subsidiary 30% of the equity interests in Haohan Energy for a cash consideration of approximately RMB9.0 million, and (iii) ZEEKR entered into the Ningbo Viridi Subscription Agreement with Zhejiang Jichuang and Ningbo Viridi, each a wholly owned subsidiary of Geely Holding, pursuant to which ZEEKR conditionally agreed to subscribe through a subsidiary for additional capital in Ningbo Viridi at a cash consideration of approximately RMB860.7 million, upon completion of which ZEEKR will hold 51% of the enlarged share capital of Ningbo Viridi. Upon completion of the Acquisitions, CEVT will become a wholly-owned subsidiary of

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ZEEKR and the financial results of Haohan Energy will be accounted for using the equity method in the consolidated financial statements of the Group. Upon completion of the Ningbo Viridi Subscription, Ningbo Viridi will be accounted as a non-wholly owned subsidiary of the Company.

The shareholding structure of CEVT, Haohan Energy and Ningbo Viridi before and after the completion of the Acquisitions and the Ningbo Viridi Subscription is set out below:



## 2. Information of the Company, ZEEKR and the counterparties of the Acquisitions and the Ningbo Viridi Subscription

### 2.1. Background of the Company, ZEEKR and the counterparties of the Acquisitions and the Ningbo Viridi Subscription

#### *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 is beneficially wholly owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial Shareholder holding approximately 41% of the issued share capital of the Company as at the Latest Practicable Date.

#### *Zhejiang Geely*

Zhejiang Geely is principally engaged in the development, manufacture and sale of internal combustion engines and related automobile components in the PRC. Zhejiang Geely is a direct approximately 71% owned subsidiary of Geely Holding as at the Latest Practicable Date.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Geely Holding Automobile*

Geely Holding Automobile is principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses. Geely Holding Automobile is wholly owned by Geely Holding as at the Latest Practicable Date.

### *Zhejiang Jichuang*

Zhejiang Jichuang is principally engaged in the development, manufacture and sale of internal combustion engines and related automobile components. Zhejiang Jichuang is a wholly owned subsidiary of Geely Holding as at the Latest Practicable Date.

### *ZEEKR*

ZEEKR is principally engaged in the research and development, purchase and sale of the electric mobility related products such as the intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto. ZEEKR is indirectly owned as to 51% by the Company and as to 49% by Geely Holding as at the Latest Practicable Date.

## **2.2. Historical financial performance of the Group**

Set out below is a summary of the financial results of the Group for the years ended 31 December 2018, 2019 and 2020 (“FY2018”, “FY2019” and “FY2020”) as extracted from the respective annual reports.

	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(audited)	(audited)	(audited)
Revenue			
– Sales of automobiles and related services	102,651	91,843	83,814
– Sales of automobile parts and components	3,944	5,130	6,989
– Research and development and related technological support services	–	–	745
– Licensing of intellectual properties	–	428	566
	<hr/>	<hr/>	<hr/>
Total revenue	106,595	97,401	92,114
Gross profit	21,513	16,917	14,737
Profit attributable to equity holders	12,553	8,190	5,534

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *FY2020 vs FY2019*

As disclosed in the annual report of the Group for FY2020, the Group sold a total of 1,320,217 units of vehicles in 2020, down 3% from 2019 and the total revenue decreased by 5% to RMB92.1 billion in 2020. Despite a 19% year-on-year decline in its overall sales volume in the first half of 2020, the Group's sales volume rebounded strongly in the second half of 2020, up 11% from the same period of the previous year. On the other hand, the export sales volume of the Group increased significantly by 25% to 72,691 units in 2020. Gross margin, however, was affected by higher discounts and incentives offered to dealers during the national lockdown in the earlier part of the year. The selling and distribution expenses during the year were kept at relatively high levels to maintain the competitiveness of the Group's dealers in a highly competitive market. The 13% increase in administrative expenses during the year was primarily due to the increase in total expenses in relation to the research and development activities. As a result, the Group's profit attributable to equity holders decreased by 32% to RMB5.5 billion in 2020.

### *FY2019 vs FY2018*

As disclosed in the annual report of the Group for FY2019, as a result of the weak demand for passenger vehicles in China in 2019, the Group's sales volume in the China market was down 12% from 2018. As a result of the Group's introduction of more updated products to the export markets, the export sales volume of the Group increased significantly by 109% to 57,991 units in 2019. Overall, the Group sold a total of 1,361,560 units of vehicles in 2019, down 9% from 2018. Total revenue decreased by 9% to RMB97.4 billion in 2019. Gross margin was also affected by higher discounts and incentives to dealers during the year. The selling and distribution expenses during the year were kept at relatively high levels to maintain the competitiveness of the Group's products in a stagnant market. The 36% increase in administrative expenses during the year was primarily attributable to the increase in total expenses in relation to the research and development activities. As a result, the Group's profit attributable to the equity holders decreased by 35% to RMB8.2 billion in 2019.

### **2.3. Financial position of the Group**

Set out below is a summary of the financial position of the Group as at 31 December 2020 as extracted from its annual report for FY2020.

	<b>As at 31 December 2020</b>
	<i>RMB'million</i>
	(audited)
Non-current assets	59,881
Current assets	50,935
Non-current liabilities	4,716
Current liabilities	41,887
<b>Net assets</b>	<b>64,213</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2020, total assets of the Group amounted to approximately RMB110.8 billion, which mainly comprised (i) trade and other receivables of approximately RMB28.8 billion, (ii) property, plant and equipment of approximately RMB26.6 billion, (iii) intangible assets of approximately RMB18.6 billion, and (iv) bank balances and cash of approximately RMB19.0 billion.

As at 31 December 2020, total liabilities of the Group amounted to approximately RMB46.6 billion, which mainly comprised (i) trade and other payables of approximately RMB41.9 billion, (ii) bank borrowings of approximately RMB2.0 billion, and (iii) bonds payable of approximately RMB1.9 billion.

As at 31 December 2020, the Group recorded net assets of approximately RMB64.2 billion.

### **3. Information of CEVT, Haohan Energy and Ningbo Viridi**

#### **3.1. Background information of CEVT, Haohan Energy and Ningbo Viridi**

##### *CEVT*

CEVT was established in Sweden in 2013 and is a wholly owned subsidiary of Zhejiang Geely as at the Latest Practicable Date. CEVT is principally engaged in automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and provision of mobility technology solutions.

CEVT's business plan is to focus on its research and development in its software systems, modular and virtual engineering for intelligent electric vehicle in its future development, aiming to be at the forefront of innovative technologies for mobility with sustainability.

##### *Haohan Energy*

Haohan Energy was established in the PRC in February 2021 and is a wholly owned subsidiary of Geely Holding Automobile as at the Latest Practicable Date. Haohan Energy is principally engaged in the research and development of automobile charging systems and technologies, provision of automobile charging services and operation of automobile charging points and network.

##### *Ningbo Viridi*

Ningbo Viridi was established in the PRC in June 2017 and is an indirect wholly owned subsidiary of Geely Holding as at the Latest Practicable Date. Ningbo Viridi is principally engaged in the research, development, production and sale of automobile components including electric powertrain and battery systems and related products and provision of after-sales services.

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### 3.2. *Historical financial performance and financial position of CEVT*

Set out below is a summary of the key combined financial information of CEVT for FY2019 and FY2020 as extracted from the unaudited financial information of CEVT prepared under HKFRS:

	<b>FY2019</b> <i>SEK'million</i> (unaudited)	<b>FY2020</b> <i>SEK'million</i> (unaudited)
Revenue	4,238	3,735
Profit before tax	215	232
Net profit	168	183

Revenue of CEVT amounted to approximately SEK4.2 billion and approximately SEK3.7 billion for FY2019 and FY2020 respectively, which were generated from technology development income. The decrease in revenue of CEVT in FY2020 was due to the decrease in technology development income mainly attributable to decrease business for fuel vehicles as a result of the shift in business focus in 2020. Operating expenses of CEVT remained relatively stable at approximately SEK3.8 billion and SEK3.6 billion for FY2019 and FY2020 respectively, which mainly comprised consultants fees, manpower expenses, testing fees and office rental. CEVT recorded net profit of approximately SEK168 million and SEK183 million for FY2019 and FY2020 respectively.

Set out below is a summary of the financial position of CEVT as at 30 April 2021 as extracted from the unaudited financial information of CEVT prepared under HKFRS:

	<b>As at 30 April 2021</b> <i>SEK'million</i> (unaudited)
Non-current assets	250
Current assets	4,178
Current liabilities	3,027
Non-current liabilities	357
<b>Net assets</b>	<b>1,044</b>

As at 30 April 2021, total assets of CEVT amounted to approximately SEK4.4 billion, which mainly comprised (i) trade and other receivables of approximately SEK4.0 billion, mainly due from related parties, (ii) property, plant and equipment of approximately SEK0.2 billion, and (iii) bank balances and cash of approximately SEK0.1 billion.

As at 30 April 2021, total liabilities of CEVT amounted to approximately SEK3.4 billion, which mainly comprised (i) trade and other payables of approximately SEK2.2 billion, and (ii) short-term borrowings of approximately SEK0.8 billion.

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As at 30 April 2021, CEVT recorded net assets of approximately SEK1.0 billion.

### 3.3. *Historical financial performance and financial position of Haohan Energy*

Haohan Energy was established in February 2021 and there was no historical financial information before February 2021. Set out below is a summary of the financial position of Haohan Energy as at 30 April 2021 as extracted from the unaudited financial information of Haohan Energy prepared under HKFRS:

	<b>As at 30 April 2021</b> <i>RMB'million</i> (unaudited)
Non-current assets	—*
Current assets	33
Current liabilities	3
Non-current liabilities	—
<b>Net assets</b>	<b>30</b>

\* *Represents figures below RMB1 million*

As at 30 April 2021, total assets of Haohan Energy amounted to approximately RMB33 million, which mainly comprised (i) other receivables of approximately RMB32 million, mainly due from related parties, and (ii) bank balances and cash of approximately RMB1 million.

As at 30 April 2021, total liabilities of Haohan Energy amounted to approximately RMB3 million, which mainly comprised other payables.

As at 31 December 2020, Haohan Energy recorded net assets of approximately RMB30 million.

### 3.4. *Historical financial performance and financial position of Ningbo Viridi*

Set out below is a summary of the key combined financial information of Ningbo Viridi for FY2019 and FY2020 as extracted from the unaudited financial information of Ningbo Viridi prepared under HKFRS:

	<b>FY2019</b> <i>RMB'million</i> (unaudited)	<b>FY2020</b> <i>RMB'million</i> (unaudited)
Revenue	1,172	356
Profit before taxation	16	9
Profit for the year	16	9

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Revenue of Ningbo Viridi amounted to approximately RMB1,172 million and approximately RMB356 million for FY2019 and FY2020 respectively, which were mainly generated from the sales of battery packs and electric drives and related products. The significant decrease in revenue in FY2020 was mainly due to the decrease in the sales of battery packs as a result of the negative impacts from the outbreak of COVID-19 and the decrease in demand resulting from the new energy subsidy policy. Gross profit margin remained stable at approximately 6.1% and 6.4% in FY2019 and FY2020 respectively. Other income amounted to approximately RMB14 million and RMB61 million for FY2019 and FY2020 respectively, which mainly comprised government subsidy, services income and income from technology transfer. Selling expenses of Ningbo Viridi mainly comprised salaries and employees benefits, shipping expenses, material consumption and maintenance fees. Administrative expenses of Ningbo Viridi mainly comprised salaries and employees benefits, agency and consulting fees, and research and development expenses. Ningbo Viridi recorded net profit of approximately RMB16 million and RMB9 million for FY2019 and FY2020 respectively.

Set out below is a summary of the financial position of Ningbo Viridi as at 30 April 2021 as extracted from the unaudited financial information of Ningbo Viridi prepared under HKFRS:

	<b>As at 30 April 2021</b>
	<i>RMB'million</i>
	(unaudited)
Non-current assets	1,292
Current assets	1,586
Current liabilities	1,463
Non-current liabilities	592
<b>Net assets</b>	<b>823</b>

As at 30 April 2021, total assets of Ningbo Viridi amounted to approximately RMB2.9 billion, which mainly comprised (i) property, plant and equipment of approximately RMB1.3 billion, and (ii) bank balances and cash of approximately RMB1.0 billion.

As at 30 April 2021, total liabilities of Ningbo Viridi amounted to approximately RMB2.1 billion, which mainly comprised (i) trade and other payables of approximately RMB1.5 billion, and (ii) deferred government grant of approximately RMB0.6 billion.

As at 30 April 2021, Ningbo Viridi recorded net assets of approximately RMB0.8 billion.

#### **4. Reasons for and benefits of the Acquisitions and the Ningbo Viridi Subscription**

As stated in the Letter from the Board, it is the goal of the Company to develop and build up the ZEEKR Brand, which is the new premium pure electric vehicle brand of the Group, in order to capture the rapid market growth in the electric vehicle segment. After the Acquisitions and the Ningbo Viridi Subscription, the ZEEKR Group will possess the manufacturing facility for electric battery systems and equip with the innovative technologies developed by the Geely Holding Group for electric vehicles. The Company believes that such further integration of resources and consolidation of assets required for the

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research and development, manufacture and sale of the ZEEKR Brand Vehicles will increase the competitiveness of the ZEEKR Group. Set out below is a summary of the reasons for and benefits of the Acquisitions and the Ningbo Viridi Subscription:

### *CEVT Acquisition*

CEVT is a world-class automotive research and development institute located in Sweden. It has a complete research and development system for the development of new energy vehicles including but not limited to the functions of automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and the provision of mobility technology solutions. After the CEVT Acquisition, the ZEEKR Group could greatly increase the speed of update and iteration of the ZEEKR Brand Vehicles, and provide continuous and stable technical support for product research and development.

### *Haohan Energy Acquisition*

Haohan Energy is mainly engaged in the research and development of automobile charging facilities and technologies, provision of automobile charging services and operation of automobile charging points and network, focusing on the development on charging services under different situations, including at home, on a road trip and mobile rescue. The Company believes that it is an industry norm for new energy automobile manufacturers to invest in automobile charging facilities and technology, as customers are increasingly considering the importance of automobile charging services. Such services form an integral part for providing a greater level of convenience and comfort to the customers. As the demand of the electric vehicles grows, the demand for good quality of automobile charging services also increases. The Company views the Haohan Energy Acquisition as a valuable opportunity for the Group to participate in the fast growing automobile charging industry. However, as the operation of the automobile charging facilities requires heavy maintenance and depreciation expenses due to its asset-intensive nature, the Company believes that the acquisition of a 30% equity interests in Haohan Energy through the ZEEKR Group will allow the ZEEKR Group to maintain its asset-light business model while benefiting from the investment in the automobile charging industry. Despite Haohan Energy was incorporated in February 2021, it (i) has commenced the research and development for high power charger since 2020; (ii) has a complete and executable business plan, of which the high power charger will be launched in the third quarter in 2021; and (iii) has a competent management team. Considering the heavy maintenance and depreciation expenses incurred for operating the automobile charging facilities, the Company believes that the acquisition of 30% equity interests in Haohan Energy through the ZEEKR Group will provide an opportunity for the Group to benefit from this growing segment in an asset-light way.

### *Ningbo Viridi Subscription*

Ningbo Viridi is engaged in the research, development, production and sale of electric powertrain and battery systems and related components, and the provision of after-sales services. Throughout the development process of electric vehicles, electric powertrain and battery systems are considered to be the core elements for the electric vehicle, as the level of performance and duration of the batteries directly affect the driving range and safety of the electric vehicles. By acquiring and

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consolidating Ningbo Viridi, the ZEEKR Group will benefit from having a continuous and stable supply of the electric powertrain and battery systems which are the key to the manufacture and sale of ZEEKR Brand Vehicles.

### *Our view*

In view of the above, which the CEVT Acquisition, the Haohan Energy Acquisition and the Ningbo Viridi Subscription will enable the ZEEKR Group to further integrate resources for the research and development, manufacture and sale of the ZEEKR Brand Vehicles, including possessing manufacturing facility of electric battery systems and equipping with the innovative technologies developed by the Geely Holding Group and our analysis on the principal terms of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement and the Ningbo Viridi Subscription Agreement as discussed in the section below, we concur with the view of the Directors that although the Acquisitions and the Ningbo Viridi Subscription are not entered into in the ordinary and usual course of business of the Group, such agreements of the Acquisitions and the Ningbo Viridi Subscription are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## 5. Principal terms of the agreements

### 5.1. *The CEVT Acquisition Agreement*

#### *Date*

2 July 2021 (after trading hours)

#### *Parties*

Vendor: Zhejiang Geely

Purchaser: ZEEKR

#### *Subject matter*

ZEEKR conditionally agreed to acquire through a subsidiary, and Zhejiang Geely conditionally agreed to sell, 100% of the equity interests in CEVT.

#### *Consideration*

The consideration for the CEVT Acquisition is approximately SEK1,057.8 million (the “**CEVT Consideration**”), which was arrived at after arm’s length negotiations between Zhejiang Geely and ZEEKR with reference to the appraised value for 100% equity interests of CEVT as determined by an independent valuer based on assets approach.



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The CEVT Consideration will be funded by internal resources of the ZEEKR Group and payable in cash to Zhejiang Geely within three months from the completion of the CEVT Acquisition unless otherwise agreed between ZEEKR and Zhejiang Geely.

### *Conditions precedent*

Completion of the CEVT Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the conditions as set out in the paragraph headed “*CEVT Acquisition – Conditions precedent*” in the Letter from the Board.

### *Completion*

Completion of the CEVT Acquisition will take place on the later of the fifth Business Day following satisfaction or waiver of the conditions precedent set out in the CEVT Acquisition Agreement or at such other date and time as the parties may agree in writing.

Upon completion of the CEVT Acquisition, CEVT will become a wholly owned subsidiary of ZEEKR and its financial results will be consolidated into the consolidated financial statements of the Group.

## 5.2. *The Haohan Energy Acquisition Agreement*

### *Date*

2 July 2021 (after trading hours)

### *Parties*

Vendor: Geely Holding Automobile

Purchaser: ZEEKR

### *Subject matter*

ZEEKR conditionally agreed to acquire through a subsidiary and Geely Holding Automobile conditionally agreed to sell, 30% of the equity interests in Haohan Energy.

### *Consideration*

The consideration for the Haohan Energy Acquisition is approximately RMB9.0 million (the “**Haohan Energy Consideration**”) and was arrived at after arm’s length negotiations between Geely Holding Automobile and ZEEKR with reference to the appraised value for 100% equity interests of Haohan Energy as at 30 April 2021 as determined by an independent valuer based on assets approach.

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The Haohan Energy Consideration will be funded by internal resources of the ZEEKR Group and payable in cash to Geely Holding Automobile within three months from the completion of the Haohan Energy Acquisition unless otherwise agreed between ZEEKR and Geely Holding Automobile.

### *Conditions precedent*

Completion of the Haohan Energy Acquisition will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the conditions as set out in the paragraph headed “*Haohan Energy Acquisition – Conditions precedent*” in the Letter from the Board.

### *Completion*

Completion of the Haohan Energy Acquisition will take place on the second Business Day after all the conditions precedent to the Haohan Energy Acquisition Agreement have been fulfilled or waived (as the case may be) or such later date as the parties may agree in writing.

Upon completion of the Haohan Energy Acquisition, Haohan Energy will be accounted for using the equity method in the consolidated financial statements of the Group.

### **5.3. The Ningbo Viridi Subscription Agreement**

#### *Date*

2 July 2021 (after trading hours)

#### *Parties*

ZEEKR, Zhejiang Jichuang and Ningbo Viridi

#### *Subject matter*

ZEEKR conditionally agreed to subscribe through a subsidiary for additional capital in Ningbo Viridi at a cash consideration of approximately RMB860.7 million. Upon completion of the Ningbo Viridi Subscription, ZEEKR will hold 51% of the enlarged share capital of Ningbo Viridi.

#### *Consideration*

The consideration for the Ningbo Viridi Subscription of approximately RMB860.7 million (the “**Ningbo Viridi Consideration**”) was arrived at after arm’s length negotiations among ZEEKR, Zhejiang Jichuang and Ningbo Viridi based on 51% equity interests in Ningbo Viridi on a post-subscription basis, which was determined with reference to (i) the appraised value of Ningbo Viridi as at 30 April 2021 as determined by an independent valuer using the

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assets approach; (ii) the 49% equity interests in Ningbo Viridi owned by Zhejiang Jichuang after the Ningbo Viridi Subscription; and (iii) the 51% equity interests in Ningbo Viridi subscribed by ZEEKR in the Ningbo Viridi Subscription.

The Ningbo Viridi Consideration will be funded by internal resources of the ZEEKR Group and payable in cash to Ningbo Viridi within three months from the completion of the Ningbo Viridi Subscription unless otherwise agreed between ZEEKR and Ningbo Viridi.

### *Conditions precedent*

Completion of the Ningbo Viridi Subscription will be subject to and conditional upon the fulfillment or waiver (as the case may be) of the conditions as set out in the paragraph headed “*Ningbo Viridi Subscription Agreement – Conditions precedent*” in the Letter from the Board.

### *Completion*

Completion of the Ningbo Viridi Subscription will take place on the second Business Day after all the conditions precedent to the Ningbo Viridi Subscription Agreement have been fulfilled or waived (as the case may be) or such later date as the parties may agree in writing.

Upon completion of the Ningbo Viridi Subscription, Ningbo Viridi will be accounted as a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

## **6. Fairness and reasonableness of the considerations of the Acquisitions and the Ningbo Viridi Subscription**

In assessing the fairness and reasonableness of the CEVT Consideration, the Haohan Energy Consideration and the Ningbo Viridi Consideration, we have relied on the CEVT Valuation Report, the Haohan Energy Valuation Report and the Ningbo Viridi Valuation Report (collectively, the “**Valuation Reports**”) conducted by an independent valuer (the “**Valuer**”). According to the Valuation Reports, the valuation of CEVT, Haohan Energy and Ningbo Viridi as at 30 April 2021 (the “**Valuation Date**”) was approximately SEK1,057.8 million, RMB29.9 million and RMB826.9 million, respectively, details of which are set out in Appendix IA, Appendix IB and Appendix IC of the Circular.

Details of our work performed in relation to the Valuation Reports are set out below:

### *(i) Suitability and qualification of the Valuer*

We have reviewed the Valuation Reports and interviewed the relevant team members of the Valuer with particular attention to: (i) the terms of engagement of the Valuer with the Company; (ii) the qualifications and experience of the Valuer; and (iii) the steps and due diligence measures taken by the Valuer in performing the valuations in formulating the Valuation Reports (collectively, the “**Valuations**”). Based on our review of the engagement letter between the Company and the Valuer, we are satisfied that the scope of work performed by the Valuer is appropriate to perform the

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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 Valuer. The Valuer has confirmed that it is independent from the Company, the counterparties of the Acquisitions and the Ningbo Viridi Subscription or their respective core connected persons or associates. We further understand that the Valuer is certified with the relevant professional qualifications required to perform the Valuations. We also note that the Valuer mainly conducted its due diligence through its own research and has relied on public information obtained through its own research as well as the financial information provided by the Management.

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

*(ii) Valuation methodology of the Valuations*

We understand that the generally accepted valuation approaches include market approach, assets 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. Assets 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 as condition or obsolescence present, whether arising from physical, functional or economic causes. 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.

*CEVT Valuation*

As discussed with the Valuer, the Valuer considers that the assets approach to be the most appropriate valuation approach for the CEVT Valuation over the income approach and the market approach as: (i) the market approach could not be properly performed due to the lack of information on comparable companies as there is no similar company in the industry solely focus on the virtual engineering and module design, being the principal business of CEVT, based on the research conducted by the Valuer; and (ii) the Valuer has discussed with the management of CEVT and was given to understand that no reliable projection of cash flow analysis can be provided as a result of pandemic and the rapidly changing business environment, which limited the use of income approach.

*Haohan Energy Valuation*

As discussed with the Valuer, the Valuer considers that the assets approach to be the most appropriate valuation approach for the Haohan Energy Valuation over the income approach and the market approach as: (i) the market approach would not be applicable as Haohan Energy is a newly startup company without revenue and profit recorded as at the

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Valuation Date; and (ii) the management of Haohan Energy considered the business model of Haohan Energy is not matured enough to construct a financial projection and hence income approach cannot be applied.

### *Ningbo Viridi Valuation*

As discussed with the Valuer, the Valuer considers that the assets approach to be the most appropriate valuation approach for the Ningbo Viridi Valuation over the income approach and the market approach as: (i) the market approach could not be properly performed as most of the companies principally focused on the manufacturing of automotive batteries, being the principal business of Ningbo Viridi, reported loss or very minimal earnings in the last financial period, and thus the calculated earnings multiples of these companies did not provide a meaningful ratio for comparison; and (ii) the Valuer has discussed with the management of Ningbo Viridi and was given to understand that no reliable projection of cash flow analysis can be provided as a result of pandemic and the rapidly changing business environment, which limited the use of income approach.

We have reviewed the financial information of CEVT and Ningbo Viridi for the two years ended 31 December 2020 and the four months ended 30 April 2021 and the financial information of Haohan Energy since its establishment in February 2021 to 30 April 2021. We noted that the revenue and the results of Ningbo Viridi fluctuated and Haohan Energy recorded no revenue since its establishment in February 2021 and up to 30 April 2021. On the other hand, we noted that the majority of the assets and liabilities of CEVT, Haohan Energy and Ningbo Viridi are tangible in nature and are hence identifiable for valuation purposes. As such, we concur with the view of the Valuer that the adoption of assets approach for the Valuations is more appropriate.

In order to assess the fairness and reasonableness of the Valuations, we have obtained and reviewed the Valuation Reports and the underlying information as used by the Valuer in arriving the Valuations. We have discussed the same with the Valuer and assessed the fairness and reasonableness on the basis and assumptions so adopted. We are given to understand that under assets approach, the fair value of each of CEVT, Haohan Energy and Ningbo Viridi was assessed by the restatement of the net asset value into fair value as at the Valuation Date.

### **6.1. The CEVT Valuation Report**

As set out in the CEVT Valuation Report, the appraised value of CEVT was approximately SEK1,057.8 million, representing an appreciation in value of approximately 1.3% as compared to the unaudited net asset value of CEVT of approximately SEK1,043.8 million as at the Valuation Date. The appreciation in value was attributable to the appraised value of properties, plant and equipment held by CEVT, which were classified under non-current assets, being higher than that of its carrying value.

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### *Current assets*

The current assets of CEVT mainly consist of trade and other receivables, cash and income tax recoverable, accounting for approximately 94.4% of the book value of the total assets of CEVT as at 30 April 2021. Based on the CEVT Valuation Report, all receivables are collectible and no adjustment for bad debt is required. Cash and prepayment involved no adjustment and the values of all these items will be restated at book value. As such, the appraised values of current assets are equivalent to their respective book values as at the Valuation Date in an aggregate amount of approximately SEK4.2 billion.

### *Non-current assets*

The non-current assets of CEVT mainly consist properties, plant and equipment, which mainly comprised tangible assets such as machines and other technical plants, computers and technical equipment, leasehold improvement and motor vehicles, accounting for approximately 3.3% of the book value of the total assets of CEVT as at 30 April 2021. We have discussed with the Valuer and understand that the usage of the tangible assets are assumed to be unchanged and the cost approach and market approach were considered in arriving the appraised value of each of such assets. We are given to understand that it is a common approach in appraising assets of similar kinds. The appraised value of tangible assets are mainly determined based on the cost approach which 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 the condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. We understand that this approach generally furnishes the most reliable indication of value for assets in the absence of a known market based on comparable sales.

The aggregate appraised value of the tangible assets of CEVT amounted to approximately SEK158.9 million, representing an appreciation of approximately 9.6% as compared to the book value as at the Valuation Date. The appreciation is mainly arising from the appreciation of the value of computers and technical equipment and machines and other technical plants.

### *Liabilities*

The liabilities of CEVT mainly consist of trade and other payables, borrowings and deferred tax liabilities. Based on the CEVT Valuation Report, book value of all payables and long term liabilities accurately reflects the current value that liable to CEVT which must be settled. As such, the appraised values of liabilities are equivalent their respective book values as at the Valuation Date in an aggregate amount of approximately SEK3.4 billion.

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### **6.2. The Haohan Energy Valuation Report**

As set out in the Haohan Energy Valuation Report, Haohan Energy is a newly startup company without business operation on the Valuation Date. As at the Valuation Date, Haohan Energy held only cash, other receivables, and a minimal amount of payables. Other receivables are collectible and no adjustment for bad debt is required. Book value of other payables has reflected the current value that liable to the Haohan Energy and must be settled. Cash involved no adjustment and the values of all these items will be restated at book value. As such the appraised value of Haohan Energy was approximately RMB29.9 million, which was equivalent to the unaudited net asset value of Haohan Energy as at the Valuation Date.

### **6.3. The Ningbo Viridi Valuation Report**

As set out in the Ningbo Viridi Valuation Report, the appraised value of Ningbo Viridi was approximately RMB826.9 million, representing an appreciation in value of approximately 0.4% as compared to the unaudited net asset value of Ningbo Viridi of approximately RMB823.5 million as at the Valuation Date. The appreciation in value was attributable to the appraised value of properties, plant and equipment held by Ningbo Viridi, which were classified under non-current assets, being higher than that of its carrying value.

#### *Current assets*

The current assets of Ningbo Viridi mainly consist of (i) bank balances and cash, (ii) inventories, (iii) trade and other receivables, and (iv) bill receivables, accounting for approximately 55.1% of the book value of the total assets of Ningbo Viridi as at 30 April 2021. Based on the Ningbo Viridi Valuation Report, all receivables are collectible and no adjustment for bad debt is required. Cash, prepayment and advance receipts involved no adjustment and the values of all these items will be restated at book value. As such, the appraised values of current assets are equivalent to their respective book values as at the Valuation Date in an aggregate amount of approximately RMB1.6 billion.

#### *Non-current assets*

The non-current assets of Ningbo Viridi mainly consist (i) properties, (ii) plant and equipment, and (iii) technology, accounting for approximately 44.9% of the book value of the total assets of Ningbo Viridi as at 30 April 2021.

#### (i) Properties

Properties of Ningbo Viridi mainly consist of buildings, land and construction-in-progress. We have discussed with the Valuer and understand that the owner sells the property interests on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in the Ningbo Viridi Valuation.

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We also understand that the Valuer has used a hybrid of the market approach and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. The aggregate of the two results represents the market value of the property interest as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidences available to the Valuer in the locality. In respect of the building and structures, depreciated replacement costs approach was used in which “provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction unless undue time inconvenience, risk or other factors involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence”. We are given to understand that the above approaches were common approaches in appraising properties of similar kinds.

The aggregate appraised value of the properties of Ningbo Viridi amounted to approximately RMB478.5 million, representing an appreciation of approximately 2.6% as compared to the book value as at the Valuation Date. The appreciation is mainly arising from the appraised value assigned to construction-in-progress and the appreciation in value of land, which were partly offset by the depreciation in value of buildings.

(ii) Plant and equipment

Plant and equipment of Ningbo Viridi mainly consist of construction-in-progress, machines and other technical plants, office equipment, motor vehicles and software. We have discussed with the Valuer and understand that the usage of the plant and equipment is assumed to be unchanged and the cost approach and market approach were considered in arriving the appraised value of each of such assets. We are given to understand that it is a common approach in appraising assets of similar kinds. The appraised value of equipment is generally determined based on the cost approach which 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 the condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. We understand that this approach generally furnishes the most reliable indication of value for assets in the absence of a known market based on comparable sales.

The aggregate appraised value of the plant and equipment of Ningbo Viridi amounted to approximately RMB546.5 million, representing a depreciation of approximately 1.6% as compared to the book value as at the Valuation Date. The depreciation is mainly arising from the depreciation of the value of construction-in-progress.

(iii) Technology

Technology of Ningbo Viridi represented the technology development cost mostly incurred in 2020 on the electric powertrain and battery systems and related products. The aforesaid technology remains in development stage and its book value mostly reflect the value of the current period. On this basis, the Valuer considers the value of technology shall be



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stated as current book value. As such, the appraised values of the technology of Ningbo Viridi are equivalent to their book values as at the Valuation Date of approximately RMB270.7 million.

### *Liabilities*

The liabilities of Ningbo Viridi mainly consist trade and other payables and deferred government grant. Based on the Ningbo Viridi Valuation Report, book value of all payables and long term liabilities accurately reflects the current value that liable to Ningbo Viridi which must be settled. As such, the appraised values of liabilities are equivalent to their respective book values as at the Valuation Date in an aggregate amount of approximately RMB2.1 billion.

### *Our view*

Based on the above and having considered that (i) the Valuer is qualified and experienced with sufficient knowledge, skills and understanding necessary to prepare the Valuation Reports competently; (ii) the adoption of assets approach for the Valuations is fair and reasonable; and (iii) methodologies so applied on assessing the assets and liabilities of CEVT, Haohan Energy and Ningbo Viridi are fair and reasonable, we concur with the view of the Directors that the Valuation Reports are appropriate reference in determining the CEVT Consideration, the Haohan Energy Consideration and the Ningbo Viridi Consideration, which made reference to the appraised values of CEVT, Haohan Energy and Ningbo Viridi as at the Valuation Date, is fair and reasonable so far as the Independent Shareholders are concerned.

## **7. Financial effects of the Acquisitions and the Ningbo Viridi Subscription**

### ***7.1. Overall accounting presentation***

Upon completion of the Acquisitions and the Ningbo Viridi Subscription, CEVT, Haohan Energy and Ningbo Viridi will be indirectly owned as to 100%, 30% and 51% by the Company, respectively. CEVT will become an indirect wholly owned subsidiary of ZEEKR and Ningbo Viridi will become an indirect non-wholly owned subsidiary of ZEEKR. The financial results of each of CEVT and Ningbo Viridi will be consolidated into the consolidated financial statements of the Group. The financial results of Haohan Energy will be accounted for using equity method in the consolidated financial statements of the Group.

### ***7.2. Earnings***

Upon completion of the Acquisitions and the Ningbo Viridi Subscription, the financial results of CEVT and Ningbo Viridi will be fully consolidated into the financial statements of the Company and 30% share of the profit or loss and other comprehensive income of Haohan Energy will be recognized in the financial results of the Group. The management of the Company advised that no significant effect on the Group's consolidated statement of profit or loss is expected to be resulted from the Acquisitions and the Ningbo Viridi Subscription immediately upon completion of the Acquisitions and the Ningbo Viridi Subscription.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 7.3. *Net assets*

Based on the annual report of the Group for the year ended 31 December 2020, the audited consolidated net asset value of the Group was approximately RMB64.2 billion as at 31 December 2020. As confirmed by the Directors, as the CEVT Consideration, the Haohan Energy Consideration and the Ningbo Viridi Consideration approximate the fair value of the net assets of CEVT, Haohan Energy and Ningbo Viridi respectively, it is expected that the Acquisitions and the Ningbo Viridi Subscription would not have material impact on the net assets value of the Group upon completion of the Acquisitions and the Ningbo Viridi Subscription.

### 7.4. *Cash flow*

Since the total consideration of the Acquisitions and the Ningbo Viridi Subscription of approximately RMB1.7 billion will be satisfied by cash by the Company, the cash level of the Group will decrease immediately upon completion of the Acquisitions and the Ningbo Viridi Subscription. Given the bank balances and cash of approximately RMB19.0 billion as at 31 December 2020 according to the annual report of the Group for the year ended 31 December 2020, and based on the assumption that there is no material adverse change in such position since 31 December 2020, the management of the Company expected that there would not be material adverse effect on the cash flow of the Group as a result of the Acquisitions and the Ningbo Viridi Subscription.

It should be noted that the analysis above is for illustrative purposes only and does not purport to represent how the financial position of the Group would be upon completion of the Acquisitions and the Ningbo Viridi Subscription.

## 8. **Continuing Connected Transactions**

After the completion of the Acquisitions and the Ningbo Viridi Subscription, the ZEEKR Group will possess the automobile and electric vehicle related technologies developed by CEVT and engage in the manufacture and sale of electric vehicles, electric powertrain and battery systems and other automobile components. It is expected that there will be continuing connected transactions in relation to the manufacture and sale of automobile components, R&D services and technology licensing services and ZEEKR Financing Arrangement among the ZEEKR Group, the Group, the LYNK & CO Group, and the Geely Holding Group. On 2 July 2021, (i) the Company, Geely Holding and LYNK & CO entered into the R&D Services and Technology Licensing Agreement pursuant to which (a) the Group conditionally agreed to provide to the Geely Holding Group and the LYNK & CO Group R&D and related technological support services; and (b) the Group conditionally agreed to procure from the Geely Holding Group R&D and related technological support services for a term from the effective date of the R&D Services and Technology Licensing Agreement to 31 December 2023; (ii) the Company, Geely Holding and LYNK & CO entered into the Automobile Components Sales Agreement, pursuant to which the Group conditionally agreed to sell, and the Geely Holding Group and the LYNK & CO Group conditionally agreed to procure, automobile components for a period from the effective date of the Automobile Components Sales Agreement to 31 December 2023; (iii) the Company and ZEEKR entered into the Automobile Components Procurement Agreement, pursuant to which the Group conditionally agreed to procure, and the ZEEKR Group conditionally agreed to supply, automobile components for a period from the effective date of the Automobile Components Procurement

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Agreement to 31 December 2023; and (iv) Genius AFC and ZEEKR entered into the ZEEKR Finance Cooperation Agreement, pursuant to which Genius AFC will provide vehicle financing services to the ZEEKR Retail Customers to assist them to purchase ZEEKR Brand Vehicles.

### **8.1. Information of the parties of the Continuing Connected Transactions**

#### *Genius AFC*

Genius AFC is principally engaged in the provision of vehicles financing services in the PRC. The exercise of call option by BNPP PF to acquire additional equity interest in Genius AFC with reference to the announcement of the Company dated 12 August 2020 has not yet been completed as at the Latest Practicable Date. As at the Latest Practicable Date, Genius AFC is a limited liability company incorporated in the PRC which is owned as to 80% by the Company and as to 20% by BNPP PF.

#### *LYNK & CO*

LYNK & CO is a Chinese-foreign equity joint venture of the Company established in the PRC and is owned as to 50% by Zhejiang Jirun, as to 20% by Zhejiang Haoqing and as to 30% by VCI as at the Latest Practicable Date. Zhejiang Haoqing and VCI are owned as to 100% and 97.8%, respectively by Geely Holding and Zhejiang Jirun is an indirect 99% owned subsidiary of the Company as at the Latest Practicable Date. LYNK & CO is principally engaged in the manufacture and sale of LYNK & CO Brand Vehicles, and the provision of after sales parts.

Please refer to the paragraph headed “2.1. Background of the Company, ZEEKR and the counterparties of the Acquisitions and the Ningbo Viridi Subscription” for the background information of the Company, Geely Holding and ZEEKR.

### **8.2. The R&D Services and Technology Licensing Agreement**

CEVT has been providing such R&D services to the Geely Holding Group prior to the CEVT Acquisition. After completion of the CEVT Acquisition, the Group will, through CEVT, provide R&D services to the Geely Holding Group in relation to automotive design, software systems development and modular development for use in the Geely Holding Brand Vehicles. The Group will also at the same time procure more R&D services from the Geely Holding Group for use in the ZEEKR Brand Vehicles. In view of the increasing demand for the R&D services to be provided by the Group and the Geely Holding Group to each other, the Directors expect that the annual caps under the 2020 R&D Services and Technology Licensing Agreement for the two years ending 31 December 2022 will not be sufficient.

In order to meet the increasing demand for the R&D services and technology licensing services, on 2 July 2021 (after trading hours), the Company, Geely Holding and LYNK & CO entered into the R&D Services and Technology Licensing Agreement. Major terms of the R&D Services and Technology Licensing Agreement are set out below:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Date*

2 July 2021

*Parties*

The Company, Geely Holding and LYNK & CO

*Term*

From the effective date of the R&D Services and Technology Licensing Agreement to 31 December 2023.

*Subject matter*

Pursuant to the R&D Services and Technology Licensing Agreement, it was conditionally agreed that:

- (i) the Group will provide to the Geely Holding Group and the LYNK & CO Group R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, technical consultation services, technical support services, and technology licensing, etc.; and
- (ii) the Group will procure from the Geely Holding Group R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, and technical consultation services, technical support services and technology licensing, etc.

As such, the 2020 R&D Services and Technology Licensing Agreement entered into among the Company, Geely Holding and LYNK & CO on 4 November 2020, will be terminated and superseded by the R&D Services and Technology Licensing Agreement upon it becoming effective.

*Conditions precedent*

The R&D Services and Technology Licensing Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the R&D Services and Technology Licensing Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Termination*

The R&D Services and Technology Licensing Agreement may be terminated if:

- (i) a three-month prior written notice to terminate the R&D Services and Technology Licensing Agreement is served by any party;
- (ii) any party ceases business, is subject to attachment or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as resulted from material violation of the laws or regulations, declares bankruptcy, is unable to perform its obligations under the R&D Services and Technology Licensing Agreement due to force majeure; or
- (iii) Geely Holding, LYNK & CO or any of their respective associates cease to be a connected person of the Company.

### *Pricing basis*

The services or licenses fees for the R&D services and technology licenses shall be determined based on (i) market rates for comparable R&D services or technology licensing services; or (ii) if there are no comparable market rates, (a) the costs of providing the relevant service plus a margin rate with reference to the median cost-plus-margin rate of the comparable companies providing similar services as stated in the R&D Services Pricing Analysis Report, or (b) a percentage of revenue of each vehicle utilising the relevant vehicles platform technology sold based on a licenses fees percentage with reference to the median licenses fees rate of the comparable companies providing similar services as stated in the Licenses Fees Pricing Analysis Report. According to the aforementioned pricing basis, the R&D service fees and license fee will be determined based on the formula below respectively:

$$\text{R\&D service fees} = \text{Cost of providing the R\&D services} \times (1 + \text{margin rate})$$

$$\text{License fee} = \text{Pre-tax revenue of each vehicle which adopts the platform technology} \times \text{license fee rate} \times \text{platform rate (representing the cost of the platform technology to the total manufacturing cost of the vehicle model).}$$

The Company, Geely Holding and LYNK & CO (where applicable) will determine the margin rate and license fee rate of R&D services and technology licensing services with reference to the respective transfer pricing analysis reports prepared by an independent certified public accountant or institution with the same qualification. The Company and Geely Holding will review the scope of the R&D services and technology licensing services on yearly basis (or more frequently if it is determined necessary) to determine whether updated transfer pricing analysis reports should be obtained for the determination of the margin rate and license fee rate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Internal control measures*

In terms of the R&D and technology licensing services provided by the Group to the Geely Holding Group and the LYNK & CO Group, the finance department of the Group will compare the scope of the services and rates with the existing similar services with Independent Third Parties (if any) to determine the market rates for the R&D services or technology licensing services. If there are no such market rates, the finance department of the Group will review the relevant cost items incurred by the Group for the relevant R&D services and technology licensing services performed on yearly basis (or more frequently if it is determined necessary) and ensure the existence and accuracy of such costs.

In terms of the R&D and technology licensing services provided by the Geely Holding Group to the Group, the finance department of the Group will compare the scope of the services and rates with the existing similar services with Independent Third Parties (if any) to determine the market rates for the R&D services or technology licensing services. If there are no such market rates, the finance department of the Group will review the relevant costs items provided by the Geely Holding Group in relation to the R&D and technology licensing services performed on yearly basis (or more frequently if it is determined necessary) and ensure the existence and accuracy of such costs.

The Company and Geely Holding will review the scope of the R&D services and technology licensing services on a yearly basis (or more frequently if it is determined necessary) to determine whether updated transfer pricing analysis reports should be obtained for the determination of the margin rate and licenses fee rate.

During the review, the Company and Geely Holding will consider whether the R&D services and technology licensing services contemplated under the R&D Services and Technology Licensing Agreement will fall within the scope of R&D services and technology licensing services stated in the respective transfer pricing analysis reports. If such R&D services and technology licensing services are outside the scope of R&D services and technology licensing services stated in the respective transfer pricing analysis reports, the Company and Geely Holding will seek to obtain updated transfer pricing analysis reports for reference.

### *Historical transaction amounts and annual caps under the 2020 R&D Services and Technology Licensing Agreement*

The table below sets out (i) the historical transaction amounts for the year ended 31 December 2020; and (ii) the annual caps for the R&D service fees payable to and receivable from the Geely Holding Group and the LYNK & CO Group pursuant to the 2020 R&D Services and Technology Licensing Agreement for the three years ending 31 December 2022.

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	Historical transaction amounts for the year ended 31 December 2020 <i>RMB'million</i> (Audited)	Announced annual caps for the year ended/ending 31 December		
		2020	2021	2022
		<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Service fees receivable from the Geely Holding Group and the LYNK & CO Group for the R&D services and technology licensing provided by the Group	886.5	1,475.7	3,711.6	4,046.5
<i>Utilisation rate of annual caps</i>	<i>60.1%</i>			
Service fees payable to the Geely Holding Group for the R&D services and technology licensing provided by the Geely Holding Group	320.6	437.5	676.3	528.8
<i>Utilisation rate of annual caps</i>	<i>73.3%</i>			

*Proposed annual caps*

The table below sets out the proposed annual caps for the Technology Provision CCTs (the “**Technology Provision Annual Caps**”) and the Technology Procurement CCTs (the “**Technology Procurement Annual Caps**”).

	Proposed annual caps for the year ending 31 December		
	2021	2022	2023
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Technology Provision Annual Caps	5,157.2	9,568.2	10,053.1
Technology Procurement Annual Caps	2,032.9	4,027.9	4,364.0

As set out in the Letter from the Board, the proposed Technology Provision Annual Caps and the Technology Procurement Annual Caps have been determined by the Directors with reference to (i) projected total staff hours required for each R&D and technology support project; (ii) projected hourly cost for the R&D staff based on historical cost; (iii) other relevant costs incurred for the R&D and technology support projects; (iv) estimated stage of completion of the R&D and technology support projects for the period from the date of the R&D Services

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and Technology Licensing Agreement to 31 December 2021 and each of the two years ending 31 December 2023; (v) the median margin rate of 7.78% as stated in the R&D Services Pricing Analysis Report issued on 26 November 2019 over the estimated cost; (vi) the expected increase in the R&D and technology support services in relation to the development of the ZEEKR Brand Vehicles and LYNK & CO Brand Vehicles; (vii) the projected unit sales of vehicles utilising relevant vehicles platform technologies licensed by the Geely Holding Group and the Group; (viii) the median license fee rate of 3% as stated in the Licenses Fees Pricing Analysis Report issued on 9 October 2020 for relevant vehicles platform technologies licensed by the Geely Holding Group and the Group; and (ix) the estimated average platform rate for relevant vehicles platform technologies licensed by the Geely Holding Group and the Group for the manufacturing of Geely Brand Vehicles. The aforementioned margin rate, license fee rate and the estimated platform rate are only for the purpose of calculating the proposed annual caps above and shall not be deemed as fixed rates for the transactions throughout the term of the R&D Services and Technology Licensing Agreement.

The significant increase in the proposed annual cap for service fees and license fees receivable from the Geely Holding Group and services fees receivable from the LYNK & CO Group for the years ending 31 December 2022 and 2023 is due to (i) the expected increase in R&D and technology support projects relating to the development of LYNK & CO Brand Vehicles in 2022, especially for the several new models that will be introduced to the market by the LYNK & CO Group in 2022 and 2023; (ii) the expected increase in R&D and technology support projects relating to the development of ZEEKR Brand Vehicles in 2022; and (iii) increase in R&D services due to the acquisition of CEVT since CEVT has been providing R&D services to the Geely Holding Group before the CEVT Acquisition, and after the completion of CEVT Acquisition, the Group will provide R&D services to the Geely Holding Group through CEVT.

### ***8.3. Reasons for and benefits of entering into the R&D Services and Technology Licensing Agreement***

The R&D services provided by the Group to the Geely Holding Group and the LYNK & CO Group are mainly used for vehicle engines, transmissions and other automobile-related products to be used by the models under the brands of Proton, LYNK & CO and other brands owned by the Geely Holding Group. In addition, the technology licensing services provided by the Group to the Geely Holding Group will provide the Group with opportunities to export its technology and generate additional income for the Group. On the other hand, the R&D and licensing services provided by the Geely Holding Group to the Group will give the Group access to the global R&D resources and the vehicles platform technology of the Geely Holding Group.

After completion of the CEVT Acquisition, the Group will, through CEVT, provide R&D services to the Geely Holding Group in relation to automotive design, software systems development and modular development for use in the Geely Holding Brand Vehicles. The Group will also at the same time procure more R&D services from the Geely Holding Group for use in the ZEEKR Brand Vehicles. In view of the increasing demand for the R&D services to be provided by the Group and the Geely Holding Group to each other, the Directors expect that the annual caps under the 2020 R&D Services and Technology Licensing Agreement for the two years ending 31 December 2022



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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will not be sufficient. The entering into of the R&D Services and Technology Licensing Agreement will allow the Group to meet the increase in demand for the R&D services and technology licensing services.

### *Our view*

Taking into account the above, we consider the entering into of the R&D Services and Technology Licensing Agreement is within the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

#### **8.4. Fairness and reasonableness of the Technology Provision Annual Caps and the Technology Procurement Annual Caps**

In assessing the fairness and reasonableness of the Technology Provision Annual Caps and the Technology Procurement Annual Caps, we have reviewed and discussed with the Company with regards to the underlying calculations. We have obtained and reviewed (a) the list of technical projects of the Geely Holding Group and the LYNK & CO Group which are expected to require technology support from the Group, and (b) the list of technical projects of the Group which are expected to require technology support from the Geely Holding Group during the term of the R&D Services and Technology Licensing Agreement. We noted that the Technology Provision Annual Caps and the Technology Procurement Annual Caps were substantially attributable to the R&D services fees which were mainly determined with reference to (i) the estimated man-hour required for each of the projects; (ii) the estimated cost in the provision of technology support for each of the projects with reference to weighted average staff costs and projected other costs; (iii) margin rate of 7.78% with reference to the R&D Services Pricing Analysis Report; and (iv) the estimated progress of each of the projects during the term of the R&D Services and Technology Licensing Agreement.

Based on our review on the R&D Services Pricing Analysis Report furnished by a multinational accounting firm (the “**Independent CPA**”), we noted that the Independent CPA has identified ten companies (the “**Technology Relevant Companies**”) that are principally engaged in the research and development and relevant technology support services in relation to vehicle engine and transmission products and evaluated their cost-plus-margins (the “**Technical Services Evaluation**”). As referred to in the R&D Services Pricing Analysis Report, the weighted average cost-plus margins of the Technology Relevant Companies were computed based on their respective public financial information for the three consecutive financial years preceding the effective date of the R&D Transfer Analysis Report, ranging approximately 4.68% to approximately 18.52% with a median in the quartile interval of approximately 7.78%.

Furthermore, we noted that the significant increase in the proposed Technology Provision Annual Caps for the years ending 31 December 2022 and 2023 was mainly relating to the technology services for LYNK & CO Brand Vehicles and ZEEKR Brand Vehicles. We have obtained and reviewed the product development plan of LYNK & CO Brand Vehicles and understand that 7, 3, and 1 new models of LYNK & CO Brand Vehicles are expected to be launched in 2021, 2022 and 2023 respectively. We have also obtained and reviewed the sales plan of the ZEEKR Brand Vehicles in

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which sets out the projected sales of each vehicle model of the ZEEKR Brand Vehicles. From such sales plan, it is expected that there will be 1, 2 and 6 vehicle models of the ZEEKR Brand Vehicles for sales in 2021, 2022 and 2023, respectively.

*Our view*

Based on the above, 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 Technology Provision Annual Caps and the Technology Procurement Annual Caps at the proposed levels. However, as the proposed Technology Provision Annual Caps and the Technology Procurement Annual Caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2023, we express no opinion as to how closely the Technology Provision CCTs and the Technology Procurement CCTs shall correspond to the Technology Provision Annual Caps and the Technology Procurement Annual Caps respectively.

### **8.5. *The Automobile Components Sales Agreement***

Major terms of the Automobile Components Sales Agreement are set out below:

*Date*

2 July 2021

*Parties*

Vendor: The Company

Purchasers: Geely Holding and LYNK & CO

*Term*

The Automobile Components Sales Agreement, has a term from the effective date of the Automobile Components Sales Agreement to 31 December 2023.

*Subject matter*

Pursuant to the Automobile Components Sales Agreement, the Group conditionally agreed to sell automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) to the Geely Holding Group and the LYNK & CO Group. We understand that the Sales Products are mainly manufactured by Ningbo Viridi.

The sales of the Sales Products by the Group to the Geely Holding Group and the LYNK & CO Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms

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available to the Geely Holding Group and the LYNK & CO Group from other Independent Third Party suppliers or terms available to the Group from other Independent Third Party customers.

### *Conditions precedent*

The Automobile Components Sales Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Automobile Components Sales Agreement.

### *Termination*

Either party may terminate the Automobile Components Sales Agreement (i) by giving the other three months prior written notice; or (ii) at any time if (a) either party ceases business, or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as a result of material violation of laws or regulations, declares bankrupt, or is unable to perform its obligations under the Automobile Components Sales Agreement due to force majeure; or (b) Geely Holding, LYNK & CO or any of their respective associates ceases to be a connected person of the Company.

### *Pricing basis*

The selling price of the Sales Products under the Automobile Components Sales Agreement will be determined on an arm's length basis and on normal commercial terms with reference to the prevailing market price for similar products, and will not be less favourable to the Group than terms available to the Geely Holding Group and the LYNK & CO Group from other Independent Third Party suppliers or terms available to the Group from other Independent Third Party customers.

### *Internal control measures*

The Company will determine the selling price with reference to the prevailing market price with the Geely Holding Group and the LYNK & CO Group respectively. In order to ensure that the aforesaid pricing basis for the Automobile Components Sales Agreement is adhered to, the Group will obtain price quotation of similar products from a number of Independent Third Party suppliers for comparison to ensure that the selling price of the Sales Products are determined properly. The Group, the Geely Holding Group and the LYNK & CO Group will negotiate the terms of such transactions to ensure that prices are fair and reasonable, and properly reflect the level of market prices of the Sales Products in such transactions. The Group and the Geely Holding Group will review the scope of the Sales Products to be sold by the Group to the Geely Holding Group and the LYNK & CO Group on yearly basis (or more frequently if it is determined necessary). In addition, the transactions under the Automobile Components Sales Agreement will be supervised and inspected by the Group to ensure that the transactions are carried out on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Proposed annual caps*

There were no historical figures for the transactions contemplated under the Automobile Components Sales Agreement.

The table below sets out the proposed annual caps for the sale of the Sales Products by the Group to the Geely Holding Group and the LYNK & CO Group (the “**Sales Annual Caps**”).

	<b>Proposed Sales Annual Caps for the year ending 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Automobile Components			
Sales CCTs	1,398.2	13,750.9	24,644.7

As set out in the Letter from the Board, the proposed Sales Annual Caps were determined by the Directors with reference to:

- (i) the projected numbers of units of each model of the Sales Products for use in the ZEEKR Brand Vehicles, LYNK & CO Brand Vehicles and Geely Holding Brand Vehicles for the three years ending 31 December 2023;
- (ii) the projected units sales of the ZEEKR Brand Vehicles, LYNK & CO Brand Vehicles and Geely Holding Brand Vehicles which are manufactured with the aforesaid Sales Products for the three years ending 31 December 2023;
- (iii) the projected procurement of components in relation to the charging stations to be built by the Geely Holding Group in 2022 and 2023; and
- (iv) the projected unit selling price for each model of the Sales Products which are determined with reference to the prevailing selling price of similar automobile components obtained from independent suppliers to the Geely Holding Group and the LYNK & CO Group for the three years ending 31 December 2023.

The significant increase in the proposed Sales Annual Cap for each of the two years ending 31 December 2023 is primarily due to (i) the expected introduction of the one new model of ZEEKR Brand Vehicles in 2022 and three new models of ZEEKR Brand Vehicles in 2023; (ii) the expected introduction of three new model of Smart Brand Vehicles and one new model of Volvo Brand Vehicles in 2022; (iii) with the promulgation and implementation of the national new energy policy, the sales of new energy vehicles will gradually increase, and the demand for batteries will also increase significantly in 2022 and 2023; and (iv) procurement of components in relation to charging stations by the Geely Holding Group is expected to increase as the number of charging stations to be built by the Geely Holding Group is expected to increase significantly in 2022 and 2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our view*

Having considered the above and in particular (i) the selling price of the Sales Products under the Automobile Components Sales Agreement will be determined with reference to the prevailing market price for similar products, and will not be less favourable to the Group than terms available to the Geely Holding Group and the LYNK & CO Group from other Independent Third Party suppliers or terms available to the Group from other Independent Third Party customers, and (ii) the Group has put in place internal control measures to monitor the expected selling price of the Sales Products, ensuring that the Automobile Components Sales CCTs will be conducted on an arm's length basis and on normal commercial terms, we are of the view that the Automobile Components Sales CCTs under the Automobile Components Sales Agreement is fair and reasonable, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

For our analysis on the fairness and reasonableness of the Sales Annual Caps, please refer to the section headed "8.8. Fairness and reasonableness of the Sales Annual Caps and the Procurement Annual Caps" below.

### **8.6. The Automobile Components Procurement Agreement**

Major terms of the Automobile Components Procurement Agreement are set out below:

#### *Date*

2 July 2021

#### *Parties*

Vendor: ZEEKR

Purchaser: The Company

#### *Term*

The Automobile Components Procurement Agreement, has a term from the effective date of the Automobile Components Procurement Agreement to 31 December 2023.

#### *Subject matter*

Pursuant to the Automobile Components Procurement Agreement, the Group conditionally agreed to procure, and the ZEEKR Group conditionally agreed to supply, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) to the Group. We understand that the Procurement Products are mainly manufactured by Ningbo Viridi.

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The procurement of the Procurement Products by the Group from the ZEEKR Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available from other Independent Third Party suppliers to the Group or terms available to the ZEEKR Group from other Independent Third Party customers.

### *Conditions precedent*

The Automobile Components Procurement Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the Automobile Components Procurement Agreement.

### *Termination*

Either party may terminate the Automobile Components Procurement Agreement (i) by giving the other three months prior written notice; or (ii) at any time if (a) either party ceases business, or is ordered to close down by the court or the relevant authorities in the relevant jurisdictions as a result of material violation of laws or regulations, declares bankrupt, or is unable to perform its obligations under the Automobile Components Procurement Agreement due to force majeure; or (b) ZEEKR or its respective associates ceases to be a connected person of the Company.

### *Pricing basis*

The selling price of the Procurement Products under the Automobile Components Procurement Agreement will be determined on an arm's length basis and on normal commercial terms with reference to the prevailing market price for similar products, and will not be less favourable to the Group than terms available from other Independent Third Party suppliers to the Group or terms available to the ZEEKR Group from other Independent Third Party customers.

### *Internal control measures*

In order to ensure that the aforesaid pricing basis for the Automobile Components Procurement Agreement is adhered to, the Group will obtain price quotation from a number of Independent Third Party suppliers to ensure the selling price of the relevant the Procurement Products to be supplied by the ZEEKR Group are determined properly. The Group and the ZEEKR Group will negotiate the terms of such transactions to ensure that prices are fair and reasonable. The Group and the ZEEKR Group will determine the selling price with reference to the prevailing market price. The Group and the ZEEKR Group will review the scope of the Procurement Products to be purchased by the Group from the ZEEKR Group on yearly basis (or more frequently if it is determined necessary). In addition, the transactions under the Automobile Components Procurement Agreement will be supervised and inspected by the Group to ensure that the transactions are carried out on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Proposed annual caps*

There were no historical figures for the transactions contemplated under the Automobile Components Procurement Agreement as the Group has not procured automobile components manufactured by the ZEEKR Group previously. However, the historical transaction amounts for the procurement of automobile components by the Group from Ningbo Viridi, which will become a connected subsidiary of the Company upon the completion of the Ningbo Viridi Subscription was approximately RMB708.8 million, RMB169.3 million and RMB230.3 million for the two years ended 31 December 2020 and the five months ended 31 May 2021, respectively.

The table below sets out the proposed annual caps for procurement of the Procurement Products by the Group from the ZEEKR Group (the “**Procurement Annual Caps**”). After the commencement of the Automobile Components Procurement Agreement, the Group will purchase the Procurement Products from the ZEEKR Group for the use in the Geely Brand Vehicles.

	<b>Proposed Procurement Annual Caps for the year</b>		
	<b>ending 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Automobile Components			
Procurement CCTs	628.1	1,223.8	1,410.6

As set out in the Letter from the Board, the proposed Procurement Annual Caps were determined by the Directors with reference to:

- (i) the projected number of units of each model of the Procurement Products for use in the Geely Brand Vehicles for the three years ending 31 December 2023;
- (ii) the projected units sales of the Geely Brand Vehicles which are manufactured with the aforesaid Procurement Products for the three years ending 31 December 2023; and
- (iii) the projected unit selling price for each model of the Procurement Products which are determined with reference to the prevailing selling price of similar automobile components obtained from independent suppliers to the Group for the three years ending 31 December 2023.

The increase in the proposed annual cap for the procurement of automobile components by the Group from the ZEEKR Group for the year ending 31 December 2021 as compared to the historical transaction amount for the procurement of automobile components by the Group from Ningbo Viridi for the year ended 31 December 2020 is mainly due to (i) the decrease in demand of overall vehicle market in the PRC due to the outbreak of COVID-19 in 2020; (ii) the expected increase in marketing and sales of electric models of Geely Brand Vehicles in

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2021 in response to the national policies on the development of the energy-saving and new energy automobile industry; and (iii) the expected increase in demand of Geely Brand Vehicles in the second half of 2021 due to seasonal factor.

The increase in the proposed annual cap for the procurement of the Procurement Products by the Group from the ZEEKR Group for each of the two years ending 31 December 2023 is primarily due to (i) the expected increase in demand of batteries for KX11 model of the Geely Brand Vehicles in the second quarter of 2022; (ii) with the promulgation and implementation of the national new energy policy, the sales of new energy vehicles will gradually increase; and (iii) the demand for batteries will also increase significantly in 2022 and 2023.

### *Our view*

Having considered the above and in particular (i) the price of the Procurement Products under the Automobile Components Procurement Agreement will be determined with reference to the prevailing market price for similar products, and will not be less favourable to the Group than terms available from other Independent Third Party suppliers to the Group or terms available to the ZEEKR Group from other Independent Third Party customers, and (ii) the Group has put in place internal control measures to monitor the expected purchase price of the Procurement Products, ensuring that the Automobile Components Procurement CCTs will be conducted on an arm's length basis and on normal commercial terms, we are of the view that the Automobile Components Procurement CCTs under the Automobile Components Procurement Agreement is fair and reasonable, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

For our analysis on the fairness and reasonableness of the Procurement Annual Caps, please refer to the section headed "8.8. *Fairness and reasonableness of the Sales Annual Caps and the Procurement Annual Caps*" below.

### **8.7. *Reasons for and benefits of entering into the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement***

As stated in the Letter from the Board, the major reason for the Group to enter into the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement is because Ningbo Viridi, as a connected subsidiary after the completion of the Ningbo Viridi Subscription, will continue to supply the automobile components to the Group for the use in the Geely Brand Vehicles and to the Geely Holding Group and the LYNK & CO Group for the use in other vehicle brands as it has been doing prior to the Ningbo Viridi Subscription. Such arrangements are in the ordinary course of business of Ningbo Viridi which is principally engaged in the research, development, production and sale of automobile components including electric powertrain and battery systems and related products and provision of after-sales services. Prior to the Ningbo Viridi Subscription, the Company, LYNK & CO and Geely Holding entered into the continuing connected transactions with Ningbo Viridi in relation to the procurement of automobile components mainly include batteries, motors and electronic control system products from Ningbo Viridi. To ensure the smooth operation and reliable and stable supply of automobile components to the Group, the Group



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will continue the aforesaid continuing connected transactions by entering into the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement with Geely Holding, LYNK & CO and ZEEKR after completion of the Ningbo Viridi Subscription which will constitute continuing connected transactions of the Group.

In addition, under the Automobile Components Sales Agreement, the Group will sell to the Geely Holding Group and the LYNK & CO Group the Sales Products which will be further processed and assembled into CKDs and related components for the use in ZEEKR Brand Vehicles, LYNK & CO Brand Vehicles, Geely Holding Brand Vehicles, etc.. Since ZEEKR adopts an asset-light operation model, such arrangement would reduce the cost of production of ZEEKR Brand Vehicles by sharing the production plant of the Geely Holding Group and benefit the Group as a whole.

Taking into account the above, we consider the entering into of the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement is within the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **8.8. *Fairness and reasonableness of the Sales Annual Caps and the Procurement Annual Caps***

In assessing the fairness and reasonableness of the Sales Annual Caps and the Procurement Annual Caps, we have reviewed and discussed with the Company with regards to the underlying calculations. Set out below is our analysis on the Sales Annual Caps for the Automobile Components Sales Agreement and the Procurement Annual Caps for the Automobile Components Procurement Agreement based on the underlying calculations we reviewed.

#### *8.8.1 Expected demand of the Sales Products and the Procurement Products*

In our assessment of the fairness and reasonableness of the expected demand of the Sales Products and the Procurement Products in determining the Sales Annual Caps and the Procurement Annual Caps, we have obtained and reviewed (i) the projected sales of (a) the Sales Products from the Group to the Geely Holding Group and the LYNK & CO Group and (b) the Procurement Products from the ZEEKR Group to the Group for the three years ending 31 December 2023, and (ii) the projected unit sales of ZEEKR Brand Vehicles, LYNK & CO Brand Vehicles, Geely Brand Vehicles and Geely Holding Brand Vehicles which are manufactured with the Sales Products and the Procurement Products for the three years ending 31 December 2023.

In relation to the Sales Annual Caps

Based on our review and discussion with the management of the Company on the underlying bases and assumptions, the Sales Products expected to be sold to the Geely Holding Group and the LYNK & CO Group were mainly expected to be used for vehicle models to be launched by the Geely Holding Group and the LYNK & CO Group around second half of 2021 to first half of 2022. As such, given (i) the expansion of the product portfolio resulting from the launch of the new vehicle models, and (ii) the

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expected growth in sales after the launch of new models, the proposed Sales Annual Caps for the year ending 31 December 2022 and 2023 were significantly higher than that of the respective prior year.

We noted that the projected potential sales of the Sales Products from the Group to the Geely Holding Group and the LYNK & CO Group were determined based on the sales forecast of the vehicle models of the Geely Holding Group and the LYNK & CO Group which will be equipped with the Sales Products for the three years ending 31 December 2023 prepared by the Geely Holding Group and the LYNK & CO Group. Among all, a significant portion of the proposed Sales Annual Caps was attributable to the demand for the Sales Products for ZEEKR Brand Vehicles. We have obtained and reviewed the sales plan of the ZEEKR Brand Vehicles in which sets out the projected sales of each vehicle models of the ZEEKR Brand Vehicles. We noted that in projecting the sales of the ZEEKR Brand Vehicles, ZEEKR has taken into account the maturity and development trend of the market segment of each vehicle model and select the life cycle curve for such model in determining the projected sales volume during the product life cycle. It is expected that there will be a total of 1, 2 and 6 vehicle models of the ZEEKR Brand Vehicles for sales in 2021, 2022 and 2023, respectively, and an increasing number of units of the ZEEKR Brand Vehicles to be sold during the term of the Automobile Components Sales Agreement.

In relation to the Procurement Annual Caps

Based on our review and discussion with the management of the Company on the underlying bases and assumptions, we noted that projected potential procurement of the Procurement Products from the ZEEKR Group to the Group were determined based on the sales forecast of the vehicle models of the Group which are equipped with the Procurement Products for the three years ending 31 December 2023. In preparing the aforesaid sales forecast, we noted that the Company has principally taken into account (i) the projected sales volume of the vehicles which are manufactured with the Procurement Products for the three years ending 31 December 2023; (ii) the continued positive sales performance of the existing models; (iii) the expected expansion of product portfolio resulting from the launch of the new vehicle models that are expected to be launched during the term of the Automobile Components Sales Agreement; and (vi) the projected sales volume of the respective vehicle models of the Geely Holding Group that will be equipped with the Procurement Products.

From our review, we noted that the Procurement Annual Caps were mainly attributable to the expected demand of the Procurement Products by the Group for its existing vehicle models which were equipped with the Procurement Products. The demand of the Procurement Products is expected to increase by approximately 15.3% for the year ending 31 December 2023 as compared to the previous year, mainly driven by the expected growth of the sales of vehicle models which are equipped with the Procurement Products. As disclosed in the annual report of the Group for the year ended

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31 December 2020, the Directors sets the Group's sales volume target for the year of 2021 at 1,530,000 units, representing an increase of around 16% from the total sales volume achieved in 2020.

### *8.8.2 Projected average selling price of the Sales Products and the Procurement Products*

In determining the Sales Annual Caps and the Procurement Annual Caps, we noted from the underlying calculation and the discussion with the management of the Company that the average selling price of the Sales Products and the Procurement Products was determined with reference to the prevailing selling price of similar automobile components obtained from independent suppliers by the Group or the Geely Holding Group and the LYNK & CO Group or those offered to independent customers by the Group. It is also expected that the projected unit price of each type of the Sales Products and the Procurement Products remains stable for the three years ending 31 December 2023.

We have obtained and reviewed the projected selling price per unit of each type of the Sales Products and the Procurement Products for the three years ending 31 December 2023 and the corresponding selling price of similar automobile components obtained from independent suppliers by the Group or the Geely Holding Group and the LYNK & CO Group or those offered to independent customers by the Group. From our review, we noted that the projected selling price per unit of each type of the Sales Products and the Procurement Products was comparable to that of similar automobile components available from independent suppliers to the Group or the Geely Holding Group and the LYNK & CO Group or those offered to independent customers by the Group.

### *Our view*

Based on the above, 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 Sales Annual Caps and the Procurement Annual Caps at the proposed levels. However, as the proposed the Sales Annual Caps and the Procurement Annual Caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2023, we express no opinion as to how closely the Automobile Components Sales CCTs and the Automobile Components Procurement CCTs pursuant to the Automobile Components Sales Agreement and the Automobile Components Procurement Agreement shall correspond to the Sales Annual Caps and the Procurement Annual Caps respectively.

### **8.9. The ZEEKR Finance Cooperation Agreement**

On 2 July 2021 (after trading hours), Genius AFC and ZEEKR entered into the ZEEKR Finance Cooperation Agreement. Major terms of the ZEEKR Finance Cooperation Agreement are set out below:

### *Date*

2 July 2021

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### *Parties*

Genius AFC and ZEEKR

### *Subject matter*

Genius AFC will provide vehicle financing services to the ZEEKR Retail Customers to assist them to buy ZEEKR Brand Vehicles from the ZEEKR Group or the ZEEKR Cooperation Partners.

### *Term*

The ZEEKR Finance Cooperation Agreement will have an initial term of three years and will then continue unless and until terminated by either party by giving at least six months prior written notice. Such continuation/renewal will be subject to the approval of (i) the regulators of the Company (that is, the Stock Exchange), if required; and (ii) the Independent Shareholders.

### *Conditions precedent*

The ZEEKR Finance Cooperation Agreement shall take effect upon:

- (i) the approval of the Independent Shareholders on the ZEEKR Financing Arrangement; and
- (ii) the approval of the Stock Exchange on the ZEEKR Financing Arrangement, if required.

### *Termination*

ZEEKR may terminate the ZEEKR Finance Cooperation Agreement with immediate effect if (i) Genius AFC becomes insolvent; or (ii) Genius AFC materially breaches, or materially fails to comply with, the ZEEKR Finance Cooperation Agreement and such failure is not capable of remedy or is capable of remedy but is not remedied within 30 days of ZEEKR giving Genius AFC written notice of such breach subject to the remediation clause under the ZEEKR Finance Cooperation Agreement.

Genius AFC may terminate the ZEEKR Finance Cooperation Agreement with immediate effect if (i) ZEEKR becomes insolvent; or (ii) ZEEKR materially breaches, or materially fails to comply with, the ZEEKR Finance Cooperation Agreement or any other agreement entered into or in connection with the ZEEKR Finance Cooperation Agreement and such failure is not capable of remedy or is capable of remedy but is not remedied within 30 days of Genius AFC giving ZEEKR written notice of such breach subject to the remediation clause under the ZEEKR Finance Cooperation Agreement.

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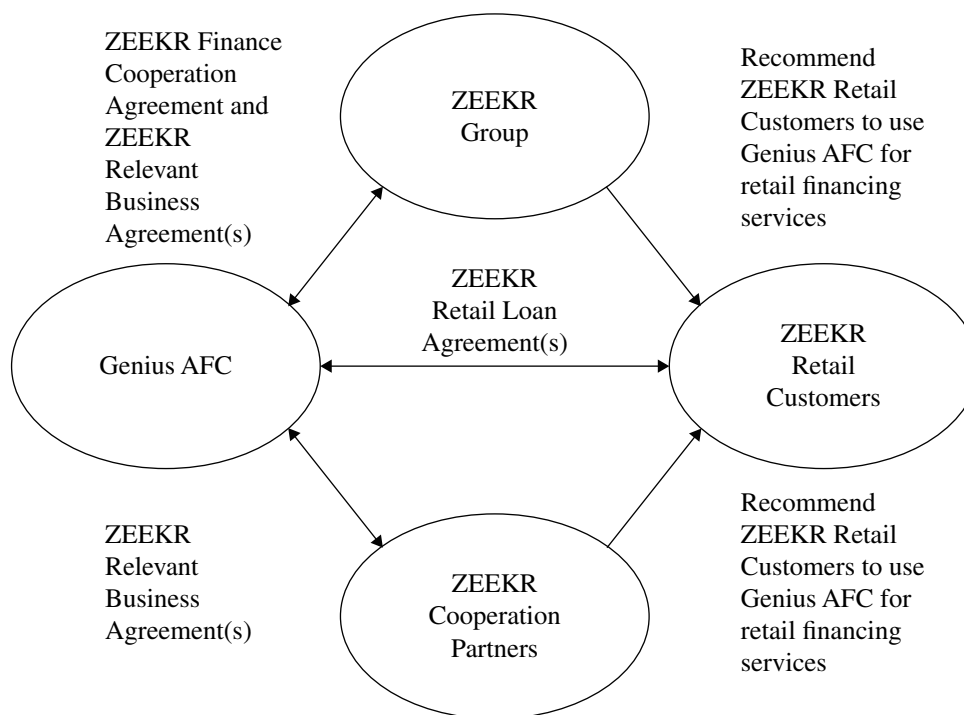
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### *Cooperation*

ZEEKR will (a) use its endeavours to facilitate Genius AFC in providing retail financing services to ZEEKR Retail Customers; (b) use its reasonable endeavours to procure the ZEEKR Cooperation Partners to recommend ZEEKR Retail Customers to use the retail financing services provided by Genius AFC; and (c) on the condition that ZEEKR and Genius AFC have reached an agreement on the policy of granting the subsidies, to use its reasonable endeavours to grant subsidies to those who are covered by the ZEEKR Retail Financing Business for the promotional campaigns in relation to the retail financing services offered by Genius AFC to the ZEEKR Retail Customers.

Genius AFC will not be the exclusive provider of vehicle loans as described in the ZEEKR Finance Cooperation Agreement to the ZEEKR Retail Customers. Notwithstanding the foregoing, should another independent vehicle financing company offer vehicle financing services under the same conditions, Genius AFC will be the preferred partner of ZEEKR for the provision of vehicle financing services (the “**ZEEKR Preferred Partnership Provision**”).

The mode of cooperation between Genius AFC and ZEEKR for the ZEEKR Retail Financing Business are summarized as below:



### *Pricing policy*

Genius AFC will enter into the ZEEKR Retail Loan Agreements with the ZEEKR Retail Customers for the ZEEKR Retail Financing Business. Genius AFC will ensure that the terms of the ZEEKR Retail Loan Agreements are competitive at all times during the term of the

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ZEEKR Finance Cooperation Agreement, and such terms will be in line with general auto finance market practice. Notwithstanding the foregoing, Genius AFC will have the sole discretion in determining the final pricing to be applied to the ZEEKR Retail Customers.

The ZEEKR Finance Cooperation Agreement provides guidance with respect to the interest rates charged by Genius AFC for the ZEEKR Retail Financing Business. The interest rates, at the time of each setting will be higher than the base lending rates published by the PBOC for similar types of loans under similar terms and conditions, provided that all relevant laws and regulations are complied with.

In practice, given that Genius AFC will not be the exclusive provider of financing services to the ZEEKR Retail Customers, which are independent third parties to Genius AFC, the sales and marketing department of Genius AFC will communicate with the ZEEKR Group or the ZEEKR Cooperation Partners on an ongoing basis to keep abreast of the market information. Please refer to the paragraph headed “*Internal control measures in relation to the ZEEKR Financing Arrangement*” set out in the Letter from the Board for details of the internal control procedures for determining the pricing of the services provided by Genius AFC.

As confirmed by the management of Genius AFC, the lending interest rate of the ZEEKR Financing Arrangement was determined principally after taking into account (i) the PBOC base lending rate for similar type of loan under similar terms and conditions, (ii) the cost of funds, (iii) the lending rates offered by the competitors in the PRC automobile financing industry, and (iv) the borrower’s credit profile as assessed by Genius AFC in accordance with the credit risk assessment procedures as set out in the paragraph headed “Lending risk” below. In light of the aforesaid and the fact that Genius AFC will not be the exclusive provider of financing services to the ZEEKR Retail Customers, we consider the pricing policy adopted by Genius AFC in determining the lending interest rates under the ZEEKR Financing Arrangement fair and reasonable.

### *Lending risk*

All lending risk assessments and decisions will be the sole responsibility of Genius AFC, and such decisions will conform to applicable regulatory requirements. The extension of financing in any form to any ZEEKR Retail Customer is subject to satisfactory credit risk assessment in accordance with the Genius AFC’s credit risk management procedures and all other internal risk and management policies as from time to time determined by Genius AFC at its sole discretion.

In relation to the credit risk assessment procedures for the ZEEKR Retail Financing Business, Genius AFC has utilized a computerized internal risk assessment expert system, which enables Genius AFC to perform credit risk assessment procedures using big data analysis. For the purpose of risk assessment, the risk control department of Genius AFC will set specifications for the retail products to determine whether to accept the loan application from the retail applicants, based on the retail applicant’s earnings, credit history and repayment capability. Sound credit history and proof of recurring income of a retail applicant are normally indications of enhanced repayment capability. The risk control committee of Genius

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AFC will then review and approve the specifications rules for the retail products. Based on the evaluation by the computerized internal risk assessment expert system which is configured and modified by the risk control department from time to time, the decisions on whether to grant the loans to the retail applicants would be made by the system and the Underwriting Team. The general responsibilities of the Underwriting Team also include verifying the information and materials provided by the retail applicants and assessing the retail applicants' credibility in order to make final credit decisions on the applications. Upon granting of the vehicle loan to a retail borrower, the collection team of the operation department of Genius AFC would monitor the performance of such loan and would follow up on any delinquency and/or default in payment.

The management of Genius AFC confirmed that (i) the abovementioned credit risk assessment procedures for the ZEEKR Retail Financing Business were devised and established pursuant to the 《汽車貸款管理辦法》 (the Measures for the Management of Auto Loan) that were promulgated by the China Banking Regulatory Commission and PBOC which became effective on 1 January 2018 (the “**Auto Loan Management Measures**”); and (ii) since the incorporation of Genius AFC in August 2015, Genius AFC has been in compliance with the Auto Loan Management Measures and the relevant laws and regulations of the PRC in relation to risk management of auto finance companies.

### *Loan term*

The maximum term of a loan to a ZEEKR Retail Customer shall be 60 months.

We have reviewed that the Auto Loan Management Measures which stipulated that the term of automobile loans may not be longer than five years. In view of the fact that the loan term set out in the ZEEKR Finance Cooperation Agreement comply with the Auto Loan Management Measures, we consider such term to be fair and reasonable.

### *Subsidies*

ZEEKR will provide subsidies for the benefits of the ZEEKR Retail Customers in the ZEEKR Retail Financing Business, subject to the final assessment of the market situation (such as sales performance of the ZEEKR Brand Vehicles) by ZEEKR. The terms and period of such subsidies will be determined by ZEEKR in its sales incentive policies.

### *Security*

Under the ZEEKR Retail Loan Agreement, acceptable securities may include security over the ZEEKR Retail Customers' vehicles and/or different types of guarantees.

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### 8.10. ZEEKR Retail Loan Agreements

Genius AFC will enter into the ZEEKR Relevant Business Agreement with the ZEEKR Group or the ZEEKR Cooperation Partners, pursuant to which the ZEEKR Group or the ZEEKR Cooperation Partners will recommend the ZEEKR Retail Customers to use Genius AFC for obtaining vehicle loans to finance their purchase of ZEEKR Brand Vehicles.

After the commencement of the ZEEKR Retail Financing Business, Genius AFC will further enter into the ZEEKR Retail Loan Agreements with the ZEEKR Retail Customers, pursuant to which Genius AFC will provide vehicle financing to such ZEEKR Retail Customers to facilitate their purchase of ZEEKR Brand Vehicles. The terms of the ZEEKR Retail Loan Agreements (including, among other things, pricing, loan term, credit limits, etc.) are expected to be consistent with the terms of the ZEEKR Finance Cooperation Agreement as disclosed above.

### 8.11. ZEEKR Financing Annual Caps

There were no historical transaction amounts for the ZEEKR Retail Financing Business as such financing business is only expected to commence in the third quarter of 2021. The table below sets out the proposed ZEEKR Financing Annual Caps for each of the three years ending 31 December 2023.

	Proposed annual caps for the year ending 31 December		
	2021	2022	2023
	RMB'million	RMB'million	RMB'million
Financing amounts to be provided by Genius AFC to the ZEEKR Retail Customers under the ZEEKR Retail Financing Business	144.0	4,977.0	12,715.9

As stated in the Letter from the Board, the proposed ZEEKR Financing Annual Caps were determined after taken into account (i) the projected sales volume of ZEEKR Brand Vehicles for the three years ending 31 December 2023 which are determined with reference to the estimated market share; (ii) the projected average retail selling price for each unit of ZEEKR Brand Vehicles for the three years ending 31 December 2023; and (iii) the estimated retail financing penetration rate of the ZEEKR Retail Financing Business of 8%, 35% and 42% for each of the three years ending 31 December 2023, respectively (the “ZEEKR Retail Financing Penetration Rate”). The above retail financing penetration rate represents the estimated percentage of the ZEEKR Retail Customers’ purchases which will be financed by loans provided by Genius AFC. It is expected that the provision of subsidies by ZEEKR which would be converted into purchase price discount of the ZEEKR Brand Vehicles would encourage ZEEKR Retail Customers to choose Genius AFC for the provision of vehicle financing services. The increase in estimated retail financing penetration rate of ZEEKR Brand Vehicles for the two years ending 31 December 2022 and 2023 is mainly due to (i) the



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expected introduction of new premium car model in 2023, which would increase the demand for vehicle financing services due to higher expected selling price; and (ii) the stimulation from the abovementioned subsidies.

### ***8.12. Reasons for and benefits of the ZEEKR Financing Arrangement***

Genius AFC is principally engaged in the provision of auto retail financing solutions to end customers, mainly supporting the key auto brands in the Group. Being a professional auto financing company, Genius AFC has been striving to improve the sales of the different auto brands, increasing the purchasing power and customer loyalty through providing financing services to customers. By vigorously widening the customer base and service scope, Genius AFC has maintained rapid growth in its net profits since 2017.

In terms of provision of financing services, as of 31 December 2020, Genius AFC successfully launched nine asset-backed securities issuances, with cumulative amount of approximately RMB33.5 billion. With the steady increase in funding sources and assets scale, Genius AFC has been striving for continuing business growth and expanding its wholesale and retail financing services by widening the customer base and service scope with priority of fulfilling the financing needs for Geely Brand Vehicles and creating greater profits for Genius AFC through cooperation with other vehicle manufacturers.

Being the first high-end pure electric vehicle brand of the Group, ZEEKR Brand Vehicles are expected to face strong market demands. The entering of the ZEEKR Financing Arrangement will increase the purchasing power and customer loyalty and in turn increasing the sales of ZEEKR Brand Vehicles through the cooperation with the ZEEKR Group on one hand. On the other hand, it will allow Genius AFC to expand into the financing services of new automobile brands which will enable Genius AFC to expand its market reputation and gain further market share in the PRC auto finance industry and benefit from the PRC's fast growing auto finance business.

#### *Our view*

Having considered that (i) the ZEEKR Financing Arrangement will adhere to the Auto Loan Management Measures; (ii) the pricing basis for the lending interest will be determined with reference to the base lending rates published by the PBOC for similar types of loans under similar terms and conditions; (iii) Genius AFC is to be the sole decision maker for the final pricing of the financing services to be applied to the ZEEKR Retail Customers throughout the term of the ZEEKR Finance Cooperation Agreement; (iv) Genius AFC will not be the exclusive provider of financing services to the ZEEKR Retail Customers; and (v) the Group has put in place the relevant internal control measures (as set out in the paragraph headed "*Internal control measures in relation to the ZEEKR Financing Arrangement*" in the Letter from the Board) to (a) regularly monitor the market interest rates and (b) keep abreast of the general automobile financing industry practice aimed at ensuring adherence of the pricing policy as stipulated in the ZEEKR Finance Cooperation Agreement, we consider that the terms of the ZEEKR Financing Arrangement are on normal commercial terms and in the interest of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

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### *8.13. Fairness and reasonableness of the ZEEKR Financing Annual Caps*

In assessing the fairness and reasonableness of the ZEEKR Financing Annual Caps, we have obtained and reviewed the projections of the estimated maximum financing amounts in relation to the ZEEKR Retail Financing Business for the three years ending 31 December 2023. We noted that such ZEEKR Financing Annual Caps were determined based on (i) the projected increase in sales of the ZEEKR Brand Vehicles in each of the three years ending 31 December 2023; (ii) the estimated average selling price of the ZEEKR Brand Vehicles of approximately RMB300,000 per unit; (iii) the expected ZEEKR Retail Financing Penetration Rate of 8%, 35% and 42% for each of the three years ending 31 December 2023 respectively; and (iv) the expected down payment ratio of the ZEEKR Brand Vehicles of 40%. ZEEKR assumed lower sales volume in 2021 as it only expects to commence the sales of ZEEKR Brand Vehicles in the third quarter of 2021.

In relation to the projected sales volume of the ZEEKR Brand Vehicles, we have obtained and reviewed the sales plan of the ZEEKR Brand Vehicles in which sets out the projected sales of each vehicle models of the ZEEKR Brand Vehicles. We noted that in projecting the sales of the ZEEKR Brand Vehicles, ZEEKR has taken into account the maturity and development trend of the market segment of each vehicle model and select the life cycle curve for such model in determining the projected sales volume during the product life cycle. It is expected that there will be a total of 1, 2 and 6 vehicle models of the ZEEKR Brand Vehicles for sales in 2021, 2022 and 2023, respectively, and an increasing number of units of the ZEEKR Brand Vehicles to be sold during the term of the ZEEKR Finance Cooperation Agreement.

In respect of the expected ZEEKR Retail Financing Penetration Rate of 8%, 35% and 42% for each of the three years ending 31 December 2023 respectively, we have obtained the historical financing penetration rate for LYNK & CO Brand Vehicles and Geely Brand Vehicles for the three years ended 31 December 2020 and noted that such financing penetration rates for LYNK & CO Brand Vehicles were approximately 11.7%, 44.0% and 44.0% and that for Geely Brand Vehicles were approximately 20.3%, 30.1% and 34.0%, for each of the year ended 31 December 2018, 2019 and 2020, respectively. Based on our discussion with the Company, other factors such as the subsidies to be given by ZEEKR and the ZEEKR Preferred Partnership Provision in support of the ZEEKR Retail Financing Business have also been taken into account by Genius AFC when determining the ZEEKR Retail Financing Penetration Rate, which is one of the key elements of the projections of the estimated maximum financing amounts in relation to the ZEEKR Retail Financing Business.

In relation to the estimated average selling price of the ZEEKR Brand Vehicles of approximately RMB300,000 per unit and the expected down payment ratio of 40%, we have conducted research on online automobile sales platforms in China and noted that the expected selling prices of ZEEKR Brand Vehicles are expected to range from approximately RMB280,000 to RMB360,000 per unit and vehicle loans generally requires 0% to 50% down payments.

Based on the above, we concur with the Directors' view that the ZEEKR Financing Annual Caps is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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### *Our view*

Based on the above, 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 ZEEKR Financing Annual Caps at the proposed levels. However, as the proposed ZEEKR Financing Annual Caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2023, we express no opinion as to how closely the Financing CCTs shall correspond to the ZEEKR Financing Annual Caps.

### **9. Requirements by the Listing Rules regarding the Continuing Connected Transactions**

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

- (a) Each year the independent non-executive Directors must review each of 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 each of 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 each of the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of reporting on each of the Continuing Connected Transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (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 R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement and the Technology Provision Annual Caps, the Technology Procurement Annual Caps, the Sales Annual Caps, the Procurement Annual Caps and ZEEKR Financing Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of each 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):

- (a) the Acquisitions and the Ningbo Viridi Subscription would allow the ZEEKR Group to possess the manufacturing facility for electric battery systems and equip with the innovative technologies developed by the Geely Holding Group for electric vehicles, in particular, (i) the CEVT Acquisition is expected to increase the speed of update and iteration of the ZEEKR Brand Vehicles, and provide continuous and stable technical support for product research and development; (ii) the Haohan Energy Acquisition is expected to enhance the automobile charging services of the ZEEKR Group; and (iii) the Ningbo Viridi Subscription is expected to bring a continuous and stable supply of the electric powertrain and battery systems to the ZEEKR Group;
- (b) the CEVT Acquisition and the Ningbo Viridi Subscription, which comprises acquisition/subscription of 100% and 51% respective equity interests of CEVT and Ningbo Viridi, would enable the Group to consolidate the financial results of CEVT and Ningbo Viridi in the Group's consolidated financial statements, which is expected to enhance the financial results of the Group based on the fact that CEVT and Ningbo Viridi were both profit making for the year ended 31 December 2020;
- (c) based on our independent work performed on the Valuation Reports (which forms the basis of the CEVT Consideration, the Haohan Energy Consideration, and the Ningbo Viridi Consideration), we are satisfied with the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted in the Valuation Reports, and hence we consider the CEVT Consideration, the Haohan Energy Consideration, and the Ningbo Viridi Consideration are fair and reasonable;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (d) the key terms of each of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, and the Ningbo Viridi Subscription Agreement represent normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole;
- (e) the entering into of the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation 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
- (f) the proposed annual caps in respect of each of the Continuing Connected Transactions contemplated under each of the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement respectively are fair and reasonable and in the interests of the Company and the Shareholders as a whole,

we consider that (i) while the Acquisitions and the Ningbo Viridi Subscription are not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Acquisitions and the Ningbo Viridi Subscription are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and the entering into of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement, and the Ningbo Viridi Subscription Agreement is in the interest of the Company and the Shareholders as a whole, and (iii) the entering into of the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation 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, the terms thereof are normal commercial terms or better and fair and reasonable, and the respective annual caps thereof 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 resolutions to be proposed at the EGM in relation to the Acquisitions and the Ningbo Viridi Subscription (including each of the CEVT Acquisition Agreement, the Haohan Energy Acquisition Agreement and the Ningbo Viridi Subscription Agreement), the Technology Provision CCTs and the Technology Procurement CCTs (including the R&D Services and Technology Licensing Agreement, the Technology Provision Annual Caps and the Technology Procurement Annual Caps), the Automobile Components Sales CCTs (including the Automobile Components Sales Agreement

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and the Sales Annual Caps), the Automobile Components Procurement CCTs (including the Automobile Components Procurement Agreement and the Procurement Annual Caps), and the Financing CCTs (including the ZEEKR Finance Cooperation Agreement and the ZEEKR Financing Annual Caps).

Yours faithfully,

For and on behalf of

**Ballas Capital Limited**

**Alex Lau**

**Colin Lee**

*Managing Director      Assistant Director*

*Note:* Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2003 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.



**Vigers Appraisal & Consulting Limited**  
International Assets Appraisal Consultants  
27/F Standard Chartered Tower, Millennium City 1,  
388 Kwun Tong Road, Kowloon,  
Hong Kong.

Date: 5 August 2021

The Directors  
Geely Automobile Holdings Ltd.  
Room 2301 23/F, Great Eagle Centre,  
23 Harbour Road, Wanchai,  
Hong Kong.

Dear Sirs/Madams,

#### **Valuation of China Euro Vehicle Technology AB (the “CEVT”)**

In accordance with the request from Geely Automobile Holdings Ltd. (“**Geely**”), we have carried out a valuation of China Euro Vehicle Technology AB (the “**CEVT**” or “**Subject**”) as at 30 April 2021. The purpose of this report is to provide our opinion on the fair value of the net assets value of the Subject as at 30 April 2021. We understand this valuation is required for the purpose of transfer.

#### **SCOPE OF VALUATION**

We have been appointed to assess the 100% equity of CEVT. China Euro Vehicle Technology AB (CEVT) is a company focused on the module design and virtual engineering for automotive. We have performed the valuation of the machinery owned by the CEVT and have assessed the fair net assets value of CEVT on the basis of the assets revaluation upward.

#### **BACKGROUND OF THE COMPANY**

China Euro Vehicle Technology AB – A company incorporated in Sweden in February 2013, focused on automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and provision of mobility technology solutions. CEVT provides automotive engineering services, develops and sells technologies to build cars through modular development and serves customers globally. CEVT reported a turnover of SEK 4.2 billion and SEK 3.7 billion in 2019 and 2020 respectively or a 12% decline approximately. Net profit for the years 2019 and 2020 had reached SEK 167.7

million and SEK 183.2 million, slightly increased by 9%. As of 30 April 2021, CEVT reported a total assets value of SEK 4.4 billion, which comprised current assets in SEK 4.2 billion and fixed assets in SEK 0.2 billion. The net assets value was SEK 1.0 billion in the same period.

### **STANDARD OF VALUE**

Fair value standard is adopted in this valuation. The HKFRS defines fair value as 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.

### **VALUATION THEORY**

In arriving at our Opinion of Value, we make reference to three generally accepted approaches to value, namely; the Market Approach, the Cost Approach and the 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.

**Assets/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 as condition or obsolescence present, whether arising from physical, functional or economic causes.

**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.

### **DETERMINATION OF THE VALUATION METHOD**

We have considered the market approach in the assessment CEVT but we observed the following limitation in the application of market approach. We have conducted search of companies in similar operation as CEVT. CEVT is a company focused on virtual engineering and module design. In our search of comparables, we observed that there is no similar company in the Industry solely focus on virtual engineering and module design. In general, key players in this industry adopted an integrated system on the manufacturing of automotive vehicles including parts and modules that involved the production of hardware as the ultimate products. However, these companies did not disclose the financial information of module design operation on standalone basis. Due to the lack of information on comparable companies, the market approach can not be properly preformed. Regarding the income approach, we have discussed with CEVT if financial projection can be provided for the basis of cash flow analysis. However, as a result of pandemic and the rapidly changing business environment, the management of CEVT is not in a position to provide reliable projection, which limited the use of income approach. Finally, we consider the assets approach is feasible in the valuation, and the valuation of the assets owned by the CEVT will be performed and hence to conclude the fair net assets value of CEVT.



The valuation of CEVT will be performed in two phases. In phase one, the fair values of the machinery were assessed by our valuer. In particular, CEVT only owned machinery and thus machinery valuation has been performed. The machinery valuation was set out in the appendix 1 of this report. In phase two, we restated the net asset value of CEVT on the basis of the fair values of property and machinery.

The fair net asset value of CEVT was assessed by the restatement of the book value of machinery into the fair value as at 30 April 2021.

### **INFORMATION AND FACTORS CONSIDERED**

Our valuation requires consideration of all relevant factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- CEVT’s background, business nature, scope of service, products provided, and related legal documents of the Subject provided by Geely;
- Our machinery valuation report on the assets held by the Subject as at 30 April 2021;
- The financial statement of CEVT for the year 2019, the draft financial statement of CEVT for the year 2020, and the management account of CEVT as at 30 April 2021;
- The economic outlook of automotive industry in Sweden;

We have reviewed the information required and made discussions with the management, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

### **Assumptions**

Assumptions considered to have significant sensitivity effects in this valuation were evaluated and validated in order to provide a more accurate and reasonable basis for arriving at our assessed value. Based on our experience in valuing businesses of similar nature, we consider the assumptions made in this valuation report to be reasonable.

Major assumptions are listed as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in Sweden and the regions in which the Subject located;
- The Subject will retain its key management, competent personnel and technical staff to support its ongoing operation;
- Market trends and conditions for the automotive industry in Sweden will not deviate significantly from the economic forecasts in general;

- There is no encumbrance, pledge, guarantee, that has not been reflected on the balance sheet as provided to us;

We have assumed the reasonableness of information provided and relied to a considerable extent on such information in arriving at our Opinion of Value.

## **METHODOLOGY**

### **China Euro Vehicle Technology AB (CEVT)**

The fair value of CEVT was assessed by the restatement of the net asset value into fair value as at 30 April 2021. In phase one, the valuation of machinery was performed by our valuer. In phase two, we restated the net asset value of CEVT on the basis of fair value of machinery. In the restatement of the net asset value, the book value of assets and other balance sheet items will be replaced by the fair value or current value.

**Machinery** – The book value of the machinery has been restated into fair value. Details of the valuation and assumptions adopted have been set out in the appendix 1.

**Intangibles** – This represents the user right on the software, of which the book value is a fair indicator of the value on the right to use in the remaining life.

**Cash, Account receivables, Inventory, Prepayment, Other receivables, Pre-receive, Other payables and Long term payables, Long term loans, Amount due to shareholders and related companies** – As per discussion with management, all receivables are collectible and no adjustment for bad debt is required. Book value of all payables and long term liabilities accurately reflects the current value that liable to the Company which must be settled. Cash, Prepayment and Advance receipts involved no adjustment and the values of all these items will be restated at book value.

The following illustrated the fair net assets value of CEVT after restatement:

**Restatement of Balance Sheet**

CEVT	<b>30-04-21</b> <b>Book Value</b> <i>SEK'000</i>	<b>30-04-21</b> <b>Fair Value</b> <i>SEK'000</i>	<b>30-04-21</b> <b>Difference</b> <i>SEK'000</i>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	115,147	115,147	–
Trade and other receivable	4,015,340	4,015,340	–
Income tax recoverable	48,001	48,001	–
<b>Subtotal</b>	<b>4,178,488</b>	<b>4,178,488</b>	–
<b>Non-current Assets</b>			
Properties, plant and equipment	227,455	241,462	14,007
Explained by:			
– Machines and other technical plants	106,991	111,188	4,197
– Computers and technical equipment	28,177	37,169	8,992
– Leasehold improvement	9,652	10,134	482
– Motor vehicles	77	414	337
– CIP	55,399	55,399	–
– Intangible rights	27,159	27,159	–
Trade and other receivables	10,969	10,969	–
Deferred tax assets	11,067	11,067	–
<b>Subtotal</b>	<b>249,491</b>	<b>263,498</b>	<b>14,007</b>
<b>Total Assets</b>	<b>4,427,979</b>	<b>4,441,986</b>	<b>14,007</b>
<b>Debts</b>			
<b>Current liabilities</b>			
Trade and other payables	2,190,058	2,190,058	–
Short-term other payable	836,643	836,643	–
<b>Subtotal</b>	<b>3,026,701</b>	<b>3,026,701</b>	–
<b>Non-current liabilities</b>			
Trade and other payables	9,880	9,880	–
Deferred tax liabilities	12,753	12,753	–
Long-term borrowings	334,857	334,857	–
<b>Subtotal</b>	<b>357,490</b>	<b>357,490</b>	–
<b>Net Assets Value</b>	<b>1,043,788</b>	<b>1,057,795</b>	<b>14,007</b>

Based on the restated balance sheet, the fair net assets value of CEVT is Swedish Krona 1,057,800,000 approximately.

**OPINION OF VALUE**

With the above considerations, we have restated the balance sheet of the Subject and concluded that fair net asset value on the basis of the fair value of the machinery owned by the Subject. Based on the aforesaid investigation, analysis and appraisal method employed, it is our opinion that, as at Valuation Date, the fair value of the Subject can be reasonably and approximately stated as Swedish Krona One Billion Fifty Seven Million Eight Hundred Thousand only (SEK 1,057,800,000).

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This report is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the client in respect of that purpose, but the client shall not disclose this report to any other person.

In accordance with our standard practice, this report is for the use of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,

For and on behalf of

**VIGERS APPRAISAL & CONSULTING LTD.**

**Favian Kam Man Yin**

*CFA, MBA, MRICS*

*Executive Director*

**APPENDIX 1**

5 August 2021

The Directors  
Geely Automobile Holdings Ltd.  
Room 2301 23/F, Great Eagle Centre,  
23 Harbour Road, Wanchai,  
Hong Kong.

**VALUATION OF TANGIBLE ASSETS****INTRODUCTION**

In accordance with your instructions for us to conduct and prepare a desktop valuation of certain tangible assets (referred to as the “**Assets**”) exhibited to us as being owned by **China Euro Vehicle Technology AB** (herein referred to as the “**Company**”), we confirm that we made relevant enquiries and obtained such further information as is available for the purpose of providing you with our opinion of the market value of the Assets.

Our report consists of this letter which identifies the assets appraised, valuation methodology, scope of our investigation, assumptions and considerations, and limiting conditions.

**PURPOSE OF VALUATION**

It is our understanding that this valuation is required for transfer purposes.

**DATE OF VALUATION**

OUR OPINION OF THE MARKET VALUE (IN-CONTINUED USE) OF THE ASSETS IS STATED AS OF 30 APRIL 2021.

**BASIS OF VALUATION**

We have valued the Assets on the basis of:

Market Value, defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

**ASSETS APPRAISED**

The Assets exhibited to us as being owned by China Euro Vehicle Technology AB (the “**Company**”) founded in 2013, utilized in the technical research and development for automotive industry, consist of the following classifications:

- Machinery
- Models
- Furniture
- Fixtures and Fittings
- Cars and Transport
- Computers
- Monitors

**Location**

The Company is head-quartered in Gothenburg, Sweden, and reportedly the subject appraised Assets are situated at various locations in Sweden.

**Observations and Comments**

In accordance with your instructions and due to the existing world health concern at the time of this valuation, we did not conduct any physical inspection of the subject Assets. In conducting this desktop valuation, we have relied considerably on the information and asset list provided to us. We have agreed and accepted to make the following assumptions:

1. Based on the documents made available to us, we have assumed and accepted that the subject Assets physically exist and conform to the physical characteristics and quantity as reported to us. Moreover, we have accepted the information provided to us that the year indicated in the asset list accurately represents the original years of manufacture of the subject Assets.
2. As reported to us and based on the documents provided to us, we assumed that the subject Assets are capable to be operated to perform within their designed parameters. Furthermore, we have accepted the Company’s advice that the subject Assets are in good working condition and subjected to routine maintenance.

**VALUATION METHODOLOGY**

There are three (3) recognized and accepted approaches to value assets, namely: cost approach (depreciated replacement cost), market data or comparative sales approach and income or earnings approach.

*Cost Approach (depreciated replacement cost)* – this 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 the condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. This approach generally furnishes the most reliable indication of value for assets in the absence of a known market based on comparable sales.

*Market Data or Comparative Sales Approach* – this considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect the condition and utility of the appraised assets relative to the market comparative. Assets for which there is established market comparable may be appraised by this approach.

*Income or Earnings Approach* – a technique in which the estimated stream of future benefits may be enjoyed by reason of ownership, usually the anticipated or projected earnings, is processed to indicate the amount measured through capitalization of net income or application of multiples derived from financial analysis of similar industries.

**Analysis**

The value derived from the income or earnings approach is for a total business enterprise, which includes all classifications of assets such as real estate, plant and machinery, intangibles and working capital. It is extremely difficult to segregate an earning and expenses stream attributable only to a specific piece of asset. Therefore, this approach was not used.

The two approaches deemed appropriate in valuing the subject assets that were considered were the cost approach (depreciated replacement cost) and the market data or comparative sales approach.

In the cost approach (depreciated replacement cost), one consideration was the physical depreciation, which is the loss in value due to physical deterioration resulting from wear and tear in operation and exposure to the elements. Deterioration due to age and deterioration due to usage are the main factors that affect the physical condition. Physical condition due to wear and tear is proportional to use rather than age. Use is the best indicator to estimate physical deterioration. Although the age of an asset is not the controlling factor in determining its physical condition, consideration must be given to age because the passage of time results in a certain amount of depreciation that could not be observed. Other factors considered were functional and economic obsolescence.

Market approach is best applied when duplicate or similar assets exist and have been sold or available for sale in a measurable comparative market. An upward or downward adjustment is made to the indicated market prices to reflect the condition and utility of the appraised assets relative to the market comparative.

**SCOPE OF INVESTIGATION, ASSUMPTIONS AND CONSIDERATIONS**

Consideration has been given to accrued depreciation and present and prospective serviceability in comparison with new units of like kind, maintenance policy, character, level of use and to all other factors that are deemed to have an influence on its value.

In forming our opinion of the market value (in-continued use) of the Assets we have assumed that they will continue to be used in their present existing state in the business of the Company for which they were designed and built, subject to the potential profitability of the business.

The opinion of market value (in-continued use) of the Assets for their utilization is not necessarily intended to represent the amount that might be realized from the piecemeal disposition of the subject Assets in the open market or from alternative use of the Assets.

We have assumed in our market value (in-continued use) estimate that the Assets will be used in their present existing state with the benefit of continuity of the tenure of land and buildings during the foreseeable future.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Assets appraised.

Our investigation was restricted to the valuation of the subject Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the subject Assets are used.

We have not made any deduction in respect of any grant either available or received, neither has any adjustment been made for any outstanding amounts owing under financing agreements.

We have relied to a considerable extent on information such as records, listings, cost information and specifications provided to us by the Company.



## OPINION OF VALUE

Premised on the above, we are of the opinion that the market value of the Assets in-continued use basis, for their intended usage, as part of an on-going business, appraised as of 30 April 2021 is reasonably represented in the amount of **SEK158,904,300 (Swedish Krona One Hundred Fifty-Eight Million Nine Hundred Four Thousand Three Hundred)**, broken-down as follows:

	<b>Market Value (in-continued use)</b> <b>as of 30 April 2021</b> <i>SEK</i>
• Machinery	92,207,900
• Models	44,400
• Tools	1,769,000
• Furniture	17,166,600
• Fixtures and Fittings	10,133,700
• Cars and Transport	413,700
• Computers	23,879,000
• Monitors	13,290,000
Total	158,904,300

We hereby certify that we have neither present nor prospective interest in the Company or the appraised Assets or the values reported.

This valuation report is presented subject to our assumptions and consideration, and limitations as stated in this report.

Our report is provided for the stated purposes and for the sole use of the named client. It will be confidential to the client and his professional advisers. We will not be responsible for any losses suffered arising from a use other than that for which the report was originally prepared. The client may not disclose the content of our report to any other party other than his professional advisers. We do not intend or expect our valuation to be relied upon by any other party, and accordingly if, contrary to this provision, our valuation is disclosed to and relied upon by any other party other than the client himself we cannot accept any responsibility whatsoever to such a person.

Yours faithfully

For and on behalf of

**VIGERS APPRAISAL & CONSULTING LIMITED**

**Favian, Kam M. Y.**

*CFA, MBA, MRICS*

*Executive Director*

**Consultant**

Maximo I. Montes Jr., BSME, PME, is a Professional Mechanical Engineer who specializes in industrial plant valuation covering a broad range of industries and worked with various appraisal and consulting firms, has 51 years of experience in the valuation of plant machinery and equipment in Hong Kong, China, Macau, ASEAN countries, Germany, Turkey, Australia, Canada, Japan, South Korea, Taiwan, Mongolia and Saudi Arabia.

**Vigers Appraisal & Consulting Limited**

International Assets Appraisal Consultants  
27/F Standard Chartered Tower, Millennium City 1,  
388 Kwun Tong Road, Kowloon,  
Hong Kong.

Date: 5 August 2021

The Directors

Geely Automobile Holdings Ltd.  
Room 2301 23/F, Great Eagle Centre,  
23 Harbour Road, Wanchai,  
Hong Kong.

Dear Sirs/Madams,

**Valuation of Zhejiang Haohan Energy Technology Company Limited (the “Haohan Energy”)**

In accordance with the request from Geely Automobile Holdings Ltd. (“Geely”), we have carried out a valuation of Zhejiang Haohan Energy Technology Company Limited (the “Haohan Energy” or “Subject”) as at 30 April 2021. The purpose of this report is to provide our opinion on the fair value of the net assets value of the Subject as at 30 April 2021. We understand this valuation is required for the purpose of transfer.

**SCOPE OF VALUATION**

We have been appointed to assess the 100% equity of Haohan Energy. Haohan Energy is a newly established company without operation.

**BACKGROUND OF THE COMPANY**

Haohan Energy is a company newly incorporated in China in February 2021. The registered business scope of Haohan Energy includes research and development of automobile charging systems and technologies, provision of automobile charging services and operation of automobile charging points and network. The company did not record any income yet. As of 30 April 2021, Haohan Energy reported a total assets value of RMB33.0 million, which mainly comprised current assets. The net assets value was RMB29.9 million in the same period.

**STANDARD OF VALUE**

Fair value standard is adopted in this valuation. The HKFRS defines fair value as 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.

**VALUATION THEORY**

In arriving at our Opinion of Value, we make reference to three generally accepted approaches to value, namely; the Market Approach, the Cost Approach and the 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.

**Assets/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 as condition or obsolescence present, whether arising from physical, functional or economic causes.

**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.

**DETERMINATION OF THE VALUATION METHOD**

Haohan Energy is a newly start-up company without revenue and profit recorded as at the Valuation Date. Therefore the market approach would not be applicable to Haohan Energy. For the same reason, the management of Haohan Energy considered the business model of Haohan Energy is not matured enough to construct a financial projection and hence income approach can not be applied to the Haohan Energy valuation. We will consider the assets approach as the only alternative in the Haohan Energy valuation. The valuation of the assets owned by Haohan Energy will be performed and the interest of Haohan Energy can be reasonably estimated by the fair net assets value of Haohan Energy.

**INFORMATION AND FACTORS CONSIDERED**

Our valuation requires consideration of all relevant factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- The companies background, business nature, scope of service, products provided, and related legal documents of the Subject provided by Geely;
- The management account of Haohan Energy as at 30 April 2021;

- The economic outlook of automotive industry in the PRC;

We have reviewed the information required and made discussions with the management, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

### **Assumptions**

Assumptions considered to have significant sensitivity effects in this valuation were evaluated and validated in order to provide a more accurate and reasonable basis for arriving at our assessed value. Based on our experience in valuing businesses of similar nature, we consider the assumptions made in this valuation report to be reasonable.

Major assumptions are listed as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in the PRC and the regions in which the Subject located;
- The Subject will retain its key management, competent personnel and technical staff to support its ongoing operation;
- Market trends and conditions for the automotive industry in the PRC and Sweden will not deviate significantly from the economic forecasts in general;
- There is no encumbrance, pledge, guarantee, that has not been reflected on the balance sheet as provided to us.

We have assumed the reasonableness of the information provided and relied to a considerable extent on such information in arriving at our Opinion of Value.

### **METHODOLOGY**

Haohan Energy is a newly start-up company without business operation on the Valuation Date. As at 30 April 2021, Haohan Energy held only cash, other receivables, and a minimal amount of payables. As per discussion with management, other receivables are collectible and no adjustment for bad debt is required. Book value of other payables has reflected the current value that liable to the Haohan Energy and must be settled. Cash involved no adjustment and the values of all these items will be restated at book value.

The following illustrated the fair net assets value of Haohan Energy after restatement:

浙江浩瀚能源科技有限公司  
Balance sheet

	At 30-Apr-21 RMB <i>Book Value</i>	At 30-Apr-21 RMB <i>Fair Value</i>	At 30-Apr-21 RMB <i>Difference</i>
Non-current assets			
Intangible assets	199	199	-
Deferred tax assets	-	-	-
	<u>199</u>	<u>199</u>	<u>-</u>
Current assets			
Other receivable	31,961,689	31,961,689	-
Bank balances and cash	990,040	990,040	-
	<u>32,951,729</u>	<u>32,951,729</u>	<u>-</u>
Current liabilities			
Other payables	<u>(3,030,035)</u>	<u>(3,030,035)</u>	<u>-</u>
	<u>(3,030,035)</u>	<u>(3,030,035)</u>	<u>-</u>
Net current assets	29,921,694	29,921,694	-
Net assets	<u><u>29,921,893</u></u>	<u><u>29,921,893</u></u>	<u><u>-</u></u>

Based on the restated balance sheet, the fair net assets value of Haohan Energy is approximately RMB29,920,000.

#### OPINION OF VALUE

With the above considerations, we have restated the balance sheet of the Subject and concluded that fair net asset value. Based on the aforesaid investigation, analysis and appraisal method employed, it is our opinion that, as at Valuation Date, the fair value of the Subject can be reasonably and approximately stated as Renminbi Twenty Nine Million Nine Hundred Twenty Thousand only (RMB29,920,000).

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This report is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the client in respect of that purpose, but the client shall not disclose this report to any other person.

In accordance with our standard practice, this report is for the use of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,  
For and on behalf of  
**VIGERS APPRAISAL & CONSULTING LTD.**

**Favian Kam Man Yin**  
*CFA, MBA, MRICS*  
*Executive Director*

**Vigers Appraisal & Consulting Limited**

International Assets Appraisal Consultants  
27/F Standard Chartered Tower, Millennium City 1,  
388 Kwun Tong Road, Kowloon,  
Hong Kong.

Date: 5 August 2021

The Directors

Geely Automobile Holdings Ltd.  
Room 2301 23/F, Great Eagle Centre,  
23 Harbour Road, Wanchai,  
Hong Kong.

Dear Sirs/Madams,

**Valuation of Viridi E-Mobility Technology (Ningbo) Co., Ltd (the “Ningbo Viridi”)**

In accordance with the request from Geely Automobile Holdings Ltd. (“Geely”), we have carried out a valuation of Viridi E-Mobility Technology (Ningbo) Co., Ltd (the “Ningbo Viridi” or “Subject”) as at 30 April 2021. The purpose of this report is to provide our opinion on the fair value of the net assets value of the Subject as at 30 April 2021. We understand this valuation is required for the purpose of transfer.

**SCOPE OF VALUATION**

We have been appointed to assess the 100% equity of Ningbo Viridi. Viridi E-Mobility Technology (Ningbo) Co., Ltd (Ningbo Viridi) is a company focused on the development of electric vehicle drive systems and power battery systems. We have performed the valuation of the property and machinery owned by the Ningbo Viridi and assess the fair net assets value of Ningbo Viridi on the basis of the assets’ revaluation upward.

**BACKGROUND OF THE COMPANY**

Viridi E-Mobility Technology (Ningbo) Co., Ltd – A company incorporated in China in June 2017. Ningbo Viridi engaged in the research, development, production and sale of automobile components including electric powertrain and battery systems and related products and provision of after-sales services. Ningbo Viridi owned and operated its plant in Ningbo. Ningbo Viridi reported a turnover of RMB1.17 billion and RMB0.36 billion in 2019 and 2020 respectively or a 69% decline approximately. Net profit for the years 2019 and 2020 had reached RMB16.2 million and RMB9.1 million, dropped by 44%. As of 30



April 2021, Ningbo Viridi reported a total assets value of RMB2.88 billion, which comprised current assets in RMB1.59 billion and fixed assets in RMB1.29 billion. The net assets value was RMB0.82 billion in the same period.

### **STANDARD OF VALUE**

Fair value standard is adopted in this valuation. The HKFRS defines fair value as 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.

### **VALUATION THEORY**

In arriving at our Opinion of Value, we make reference to three generally accepted approaches to value, namely; the Market Approach, the Cost Approach and the 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.

**Assets/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 as condition or obsolescence present, whether arising from physical, functional or economic causes.

**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.

### **DETERMINATION OF THE VALUATION METHOD**

We have also considered the market approach in the assessment Ningbo Viridi but we observed the following limitation in the application of market approach. We have conducted search of companies in similar operation as Ningbo Viridi. Ningbo Viridi is a company focused on the manufacturing of automotive batteries. In our search of comparables, we observed that the automotive battery industry demonstrated a downturn in the last financial year. Most of the automotive battery manufacturers reported loss or very minimal earnings in the last financial period. Thus the calculated earnings multiples of these companies did not provide a meaningful ratio for the comparison. Regarding the income approach, we have discussed with Ningbo Viridi if financial projection can be provided for the basis of cash flow analysis. However, as a result of the pandemic and the rapidly changing business environment, the management of Ningbo Viridi is not in a position to provide reliable projection, which limited the use of income approach. Finally, we consider the assets approach is feasible in the valuation, and the valuation of the assets owned by the Ningbo Viridi will be performed and hence to conclude the fair net assets value of Ningbo Viridi.

The valuation of Ningbo Viridi will be performed in two phases. In phase one, the fair values of the properties and machinery were assessed by our valuer. In particular, Ningbo Viridi owned properties and machinery and hence both the property and machinery valuation will be performed. The property and machinery valuations were set out in the appendices 1 and 2 of this report. In phase two, we restated the net asset value of Ningbo Viridi on the basis of the fair values of property and machinery.

The fair net asset value of Ningbo Viridi was assessed by the restatement of the book value of property and machinery into the fair value as at 30 April 2021.

### **INFORMATION AND FACTORS CONSIDERED**

Our valuation requires consideration of all relevant factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- Ningbo Viridi’s background, business nature, scope of service, products provided, and related legal documents of the Subject provided by Geely;
- Our properties and machinery valuation report on the assets held by the Subject as at 30 April 2021;
- The financial statement of Ningbo Viridi for the year 2019 and 2020, and the management account of Ningbo Viridi as at 30 April 2021;
- The economic outlook of automotive industry in the PRC;

We have reviewed the information required and made discussions with the management, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

### **Assumptions**

Assumptions considered to have significant sensitivity effects in this valuation were evaluated and validated in order to provide a more accurate and reasonable basis for arriving at our assessed value. Based on our experience in valuing businesses of similar nature, we consider the assumptions made in this valuation report to be reasonable.

Major assumptions are listed as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in Sweden and the regions in which the Subject located;
- The Subject will retain its key management, competent personnel and technical staff to support its ongoing operation;

- Market trends and conditions for the automotive industry in Sweden will not deviate significantly from the economic forecasts in general;
- There is no encumbrance, pledge, guarantee, that has not been reflected on the balance sheet as provided to us;
- The properties valuation is based on the assumption that the land use right is clear, and is freely transferable. The fair value of properties is based on our property valuation performed on 30 April 2021.

We have assumed the reasonableness of information provided and relied to a considerable extent on such information in arriving at our Opinion of Value.

## METHODOLOGY

### Viridi E-Mobility Technology (Ningbo) Co., Ltd (Ningbo Viridi)

The fair value of Ningbo Viridi was assessed by the restatement of the net asset value into fair value as at 30 April 2021. In phase one, the valuation of property and machinery was performed by our valuer. In phase two, we restated the net asset value of Ningbo Viridi on the basis of fair value of property and machinery. In the restatement of the net asset value, the book value of assets and other balance sheet items will be replaced by the fair value or current value.

**Property** – The book value of the property has been restated into fair value. Details of the valuation and assumptions adopted have been set out in the appendix 1.

**Machinery** – The book value of the machinery has been restated into fair value. Details of the valuation and assumptions adopted have been set out in the appendix 2.

**Technology** – This represented the technology development cost mostly incurred in 2020 on the electric powertrain and battery systems and related products. The aforesaid technology remains in development stage and its book value mostly reflect the value of the current period. On this basis, we consider the value of technology shall be stated as current book value.

**Cash, Account receivables, Inventory, Prepayment, Other receivables, Pre-receive, Other payables and Long term payables, Long term loans, Amount due to shareholders and related companies** – As per discussion with management, all receivables are collectible and no adjustment for bad debt is required. Book value of all payables and long term liabilities accurately reflects the current value that liable to the Company which must be settled. Cash, Prepayment and Advance receipts involved no adjustment and the values of all these items will be restated at book value.

The following illustrated the fair net assets value of Ningbo Viridi after restatement:

**Restatement of Balance Sheet**

**Viridi E-Mobility Technology (Ningbo) Co., Ltd**

	<b>Book value under HKFRS At 30-Apr-21 RMB (Unaudited)</b>	<b>Fair value At 30-Apr-21 RMB (Unaudited)</b>	<b>Difference At 30-Apr-21 RMB (Unaudited)</b>
<b>Non-current assets</b>			
Property, plant and equipment			
Explained by:			
– Land	54,892,133	66,970,000	12,077,867
– Buildings	411,400,906	393,860,000	(17,540,906)
– Properties CIP		17,669,830	17,669,830
– Machines and other technical plants	174,819,706	183,791,600	8,971,894
– Office Equipment	17,028,397	13,312,500	(3,715,897)
– Motor vehicles	8,535,749	8,838,500	302,751
– Software	5,629,246	6,290,300	661,054
– Machinery CIP	349,206,073	334,250,500	(14,955,573)
– Technology	270,735,400	270,735,400	–
<b>Subtotal</b>	<u>1,292,247,611</u>	<u>1,295,718,630</u>	<u>3,471,020</u>
<b>Current assets</b>			
Inventories	323,084,831	323,084,831	–
Trade and other receivables	194,248,612	194,248,612	–
Bills receivables	29,950,000	29,950,000	–
Bank balances and cash	1,038,700,180	1,038,700,180	–
<b>Subtotal</b>	<u>1,585,983,624</u>	<u>1,585,983,624</u>	<u>–</u>
<b>Current liabilities</b>			
Trade and other payables	(1,463,131,499)	(1,463,131,499)	–
<b>Subtotal</b>	<u>(1,463,131,499)</u>	<u>(1,463,131,499)</u>	<u>–</u>
<b>Net current liabilities</b>	<u>122,852,125</u>	<u>122,852,125</u>	<u>–</u>
<b>Non-current liabilities</b>			
Deferred government grant	(591,626,740)	(591,626,740)	–
<b>Net assets</b>	<u>823,472,995</u>	<u>826,944,015</u>	<u>3,471,020</u>

Based on the restated balance sheet, the fair net assets value of Ningbo Viridi is RMB826,940,000 approximately.

**OPINION OF VALUE**

With the above considerations, we have restated the balance sheet of the Subject and concluded that fair net asset value of the basis of the fair value of the properties and machinery owned by the Subject. Based on the aforesaid investigation, analysis and appraisal method employed, it is our opinion that, as at Valuation Date, the fair value of the Subject can be reasonably and approximately stated as Renminbi Eight Hundred Twenty Six Million Nine Hundred Forty Thousand only (RMB826,940,000).

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This report is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the client in respect of that purpose, but the client shall not disclose this report to any other person.

In accordance with our standard practice, this report is for the use of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,

For and on behalf of

**VIGERS APPRAISAL & CONSULTING LTD.**

**Favian Kam Man Yin**

*CFA, MBA, MRICS*

*Executive Director*

**APPENDIX 1: PROPERTY VALUATION REPORT**

**Vigers Appraisal & Consulting Limited**  
**International Assets Appraisal Consultants**

27<sup>th</sup> Floor, Standard Chartered Tower  
Millennium City 1  
388 Kwun Tong Road  
Kowloon  
Hong Kong



5 August 2021

The Directors  
Geely Automobile Holdings Ltd.  
Room 2301 23/F, Great Eagle Centre,  
23 Harbour Road, Wanchai,  
Hong Kong.

Dear Sirs,

In accordance with your instructions for us to value the property interest held by Viridi E-Mobility Technology (Ningbo) Co., Ltd. (the “**Company**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 April 2021 (the “**valuation date**”) for the purpose of transfer.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean “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”.

In valuing the property interest, we have used a hybrid of the market approach and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. The aggregate of the two results represents the market value of the property interest as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidences available to us in the locality. In respect of the building and structures, because of their nature, it would be difficult to value them with direct comparison. We have valued the buildings and structure using the depreciated replacement costs approach which “provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction unless undue time inconvenience, risk or other factors involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence”.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

The property interest concerned is situated in the People's Republic of China ("**PRC**"). We have been provided with certain extracts of title documents relating to the property interest. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which might not appear on the copies handed to us. In undertaking our valuation for the property interest, we have relied on the legal opinion ("**the PRC legal opinion**") provided by the Company's PRC legal adviser, King & Wood Mallesons (Shenzhen) Law Firm.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, site and floor areas, development costs and in the identification of the property and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the property to the extent for the purpose of this valuation. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which were covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property were free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest was free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the "HKIS Valuation Standards 2020" published by The Hong Kong Institute of Surveyors (HKIS) and the relevant provisions of Companies Ordinance and the Rules Governing the Listing of Securities issued on The Stock Exchange of Hong Kong Limited (Main Board).

Unless otherwise stated, all money amounts stated are in Renminbi ("**RMB**").

We enclose herewith the valuation certificate.

Yours faithfully,  
For and on behalf of  
**Vigers Appraisal & Consulting Limited**

**Gilbert K M Yuen**  
*MRICS MHKIS RPS(GP)*  
*CREA*  
*Executive Director*

*Note:* Mr. Gilbert K M Yuen is a Registered Professional Surveyor in General Practice Division with over 20 years' of experience of valuation of properties in the PRC. Mr. Yuen has joined Vigers Appraisal And Consulting Limited since 2002.



## VALUATION REPORT

## Property interest held by the Company for own occupation in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 April 2021
An industrial complex located at 198 Yinwan East Road, Hangzhou Bay New Area, Ningbo City, Zhejiang Province, the PRC (中國浙江省寧波市杭州灣新區銀灣東路198號)	<p>The property comprises an industrial complex on a parcel of land with a site area of approximately 226,577 sq.m and planned with 10 buildings erected thereon.</p> <p>It is situated at the junction to the west of Yinwan East Road and to the north of Xinci Fifth Road in Hangzhou Bay New Area. The locality is an industrial area of the Hangzhou Bay New Area which is built up with good infrastructural network within the Yangtze River Delta economic zone.</p> <p>8 of the buildings having a total gross floor area of approximately 84,835.82 sq.m. was completed in May 2020.</p> <p>The other 2 of the buildings are under construction and would have a total gross floor area of 68,592.49 sq.m. It is expected to be completed in July 2021.</p> <p>The buildings mainly include workshops, a laboratory, an office, a warehouse and ancillary buildings.</p> <p>The land use rights of the property have been granted for a term expiring on 29 November 2067 for industrial uses.</p>	As at the valuation date, the property was occupied by the owner for industrial use.	RMB478,500,000

*Notes:*

1. According to a State-owned Land Use Rights Grant Contract (Document No.: 3302822017A21193) dated 30 November 2017, the land use rights of a parcel of land with a site area of approximately 226,577 sq.m. is granted to Viridi E-Mobility Technology (Ningbo) Co., Ltd. (威睿電動汽車技術(寧波)有限公司) for a term of 50 years for industrial uses. The land premium was RMB57,100,000.
2. According to a Construction Land Planning Permit (Document No.: Di Zi No. 330282201701078) dated 21 December 2017, the property with a site area of approximately 226,577 sq.m. was permitted to be developed.

3. According to the Construction Works Planning Permits (Documents No.: 330282201801030 dated 24 April 2018 and No. 330282201901083 dated 24 April 2019), the construction works of the property with gross floor areas of approximately 86,375.56 sq.m. and 68,592.49 sq.m. respectively are in compliance with the construction works requirement and have been approved.
4. According to the Construction Works Commencement Permits (Documents No.: 330282201805090201 dated 9 May 2018 and No. 330282201907250201 dated 25 July 2019), the construction works of the property with gross floor areas of approximately 86,375.56 sq.m. and 68,592.49 sq.m. respectively are in compliance with the requirement for works commencement and have been approved.
5. According to a Real Estate Title Certificate (Document No.: Zhe (2020) Cixi (Hangzhou Bay) Bu Dong Chan Quan No. 0032796) dated 31 August 2020, the land use rights of the property having a site area of approximately 226,577 sq.m. (exclusively used) and gross floor area 84,835.82 sq.m. is vested in Viridi E-Mobility Technology (Ningbo) Co., Ltd. (威睿電動汽車技術(寧波)有限公司). The land use rights is to expire on 29 November 2067 for industrial and storage uses. The details of the buildings are as follows:

No.	Real Estate Title Certificate	Building Name	Structure	No. of Storey	Total Height (m)	Completion Date	Gross Floor Area (sq.m.)
1	Zhe (2020) Cixi (Hangzhou Bay) Bu Dong Chan Quan No. 0032796	食堂	Reinforced concrete	3	16.515	2020-05-21	6,533.09
2		試驗室	Reinforced concrete	2	13.65	2020-05-21	4,121.77
3		電池車間	Steel	2	9.0-workshop 10.65-Auxiliary building	2020-05-21	35,643.17
4		試製車間	Steel	1	9	2020-05-21	3,922.33
5		綜合站房	Reinforced concrete	1	7.15	2020-05-21	1,070.21
6		成品庫	Steel	1	10	2020-05-21	12,238.36
7		研發樓	Reinforced concrete	5	23.815	2020-05-21	20,631.61
8		固廢站	Reinforced concrete	1	7.15	2020-05-21	675.28
						<b>Total</b>	<b>84,835.82</b>

6. According to the information of the Company, the two remaining buildings has been completed and are expected to obtain the Real Estate Certificate in July 2021 with details as follows:

No.	Real Estate Title Certificate	Building Name	Structure	No. of Storey	Total Height (m)	Scheduled Completion Date	Gross Floor Area (sq.m.)
1	In process	電機電控	Steel	2	18.93	July, 2021	68,062.22
2		危化庫	Reinforced concrete	2	6.05	July, 2021	530.27
						<b>Total</b>	<b>68,592.49</b>

7. The PRC legal opinion states, inter alia, the following:
- Viridi E-Mobility Technology (Ningbo) Co., Ltd. (威睿電動汽車技術(寧波)有限公司) has obtained the Real Estate Title Certificate and has legally obtained the land use rights of the property.
  - Viridi E-Mobility Technology (Ningbo) Co., Ltd. (威睿電動汽車技術(寧波)有限公司) has obtained the Construction Land Planning Permit, Construction Works Planning Permits and Construction Works Commencement Permits of the property and is entitled to develop the property.
  - The property is free from any mortgages, charges and other material encumbrances.
8. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:
- State-owned Land Use Rights Grant Contract Yes
  - Real Estate Title Certificate Yes
  - Construction Land Planning Permit Yes
  - Construction Works Planning Permits Yes
  - Construction Works Commencement Permits Yes
9. The property was inspected by Ms. Lu He Rong, China Real Estate Appraiser, on 8 June 2021.

**APPENDIX 2: MACHINERY VALUATION REPORT**

5 August 2021

The Directors  
Geely Automobile Holdings Ltd.  
Room 2301 23/F, Great Eagle Centre,  
23 Harbour Road, Wanchai,  
Hong Kong.

**VALUATION OF PLANT AND EQUIPMENT****INTRODUCTION**

In accordance with your instructions for us to conduct and prepare a valuation of certain plant and equipment (referred to as the “**Equipment**”) exhibited to us as being owned by **Viridi E-Mobility Technology (Ningbo) Co., Ltd.** (herein referred to as the “**Company**”), we confirm that conducted an inspection, we made relevant enquiries and obtained such further information as is available for the purpose of providing you with our opinion of the market value of the Equipment.

Our report consists of this letter which identifies the assets appraised, valuation methodology, scope of our investigation, assumptions and considerations, and limiting conditions.

**PURPOSE OF VALUATION**

It is our understanding that this valuation is required for transfer purposes.

**DATE OF VALUATION**

OUR OPINION OF THE MARKET VALUE (IN-CONTINUED USE) OF THE EQUIPMENT IS STATED AS OF 30 APRIL 2021.

**BASIS OF VALUATION**

We have valued the Equipment on the basis of:

Market Value, defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

**ASSETS APPRAISED**

The assets exhibited to us as being owned by Viridi E-Mobility Technology (Ningbo) Co., Ltd. (the “**Company**”) founded on 23 June 2017, are those utilized in the production of battery pack, electric drive and charging system for automotive industry. The construction of the production plant started in July 2017

and the battery pack production line was put into operation on 20 November 2018. The battery pack production with reported designed capacity of 500,000 sets per year includes those products classified as 48V, HEV, PHEV, EV and BMS. The designated classifications of the product of electric drive and charging system and electric drive includes IPU, CIDD and EDS.

The subject appraised Equipment consists of the following classification of assets briefly described hereunder:

Machinery – this includes HEV & NX11& PHEV battery pack line, CVS production line, high and low voltage switch gear system, nuclear radiation measuring instrument, laboratory test aid system, packing system, BSG assembly line test system, rubber coating assembly line, transformer, air compressor, marking machine, material rack, testing tool and other auxiliary facilities and equipment.

Motor Vehicles – comprised cars, stackers, turnover rack, lift trucks and others.

Office Equipment and Miscellaneous – consist of computers, air cleaners, servers, air-conditioners, printers, furniture, monitors, switchboards, kitchen wares and others.

Software – this consists of various programs for different applications.

Construction-In-Progress (CIP) – assets that are still either under installation and/or have not been transferred to fixed assets classifications that includes EDS assembly line, PHEV production facilities, battery pack flexible production line, vehicle frame test system, 48V battery production line and other facilities.

### **Location**

The inspected appraised Equipment is situated in between the Yingwan East Road and Xinci 5<sup>th</sup> Road, Hangzhou Bay New Zone, Ningbo City, Zhejiang Province, People's Republic of China.

### **Observations and Comments**

At the time of our inspection on 9 June 2021, the Equipment was in partial operation due to production requirements. The Equipment was observed to be physically in good working condition which undergoes periodic maintenance. It is believed to be capable of operating efficiently the function for which it was designed, built and erected.

### **VALUATION METHODOLOGY**

There are three (3) recognized and accepted approaches to value assets, namely: cost approach (depreciated replacement cost), market data or comparative sales approach and income or earnings approach.

*Cost Approach (depreciated replacement cost)* – this 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

present, taking into consideration past and present maintenance policy and rebuilding history. This approach generally furnishes the most reliable indication of value for assets in the absence of known market based on comparable sales.

*Market Data or Comparative Sales Approach* – this considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is established market comparable maybe appraised by this approach.

*Income or Earnings Approach* – a technique in which the estimated stream of future benefits maybe enjoyed by reason of ownership, usually the anticipated or projected earnings, is processed to indicate the amount measured through capitalization of net income or application of multiples derived from financial analysis of similar industries.

### **Analysis**

The value derived from income or earnings approach is for a total business enterprise, which includes all classifications of assets such as real estate, plant and machinery, intangibles and working capital. It is extremely difficult to segregate an earning and expenses stream attributable only to specific piece of asset. Therefore, this approach was not used.

The two approaches deemed appropriate in valuing the subject assets that were considered were the cost approach (depreciated replacement cost) and the market data or comparative sales approach.

In the cost approach (depreciated replacement cost), one consideration was the physical depreciation, which is the loss in value due to physical deterioration resulting from wear and tear in operation and exposure to the elements. Deterioration due to age and deterioration due to usage are the main factors that affect physical condition. Physical condition due to wear and tear is proportional to use rather than age. Use is the best indicator to estimate physical deterioration. Although age of an asset is not the controlling factor in determining its physical condition, consideration must be given to age because the passage of time results in a certain amount of depreciation that could not be observed. Other factors considered were functional and economic obsolescence.

Market approach is best applied when duplicate or similar assets exist and have been sold or available for sale in a measurable comparative market. An upward or downward adjustment is made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

### **SCOPE OF INVESTIGATION, ASSUMPTIONS AND CONSIDERATIONS**

During our inspection of the Equipment, we have observed for any deferred maintenance, physical wear and tear, lack of utility, or any observable conditions distinguishing the appraised assets from assets of like kind in new conditions, which were made part of our judgement in arriving at the values.

Consideration has been given to accrued depreciation that was based on the observed condition and present and prospective serviceability in comparison with new units of like kind, maintenance policy, character, level of use and to all other factors that are deemed to have an influence in its value.

In forming our opinion of the market value (in-continued use) of the Equipment, we have assumed that it will continue to be used in its present existing state in the business of the Company for which it was designed, built and erected, subject to potential profitability of the business.

The opinion of market value (in-continued use) of the Equipment as installed for intended utilization is not necessarily intended to represent the amount that might be realized from piecemeal disposition of the subject Equipment in the open market or from alternative use of the Equipment.

We have assumed in our market value (in-continued use) estimate that the Equipment will be used in its present existing state with the benefit of continuity of the tenure of land and buildings during the foreseeable future.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Equipment appraised.

Our investigation was restricted to an ocular inspection and valuation of the subject Equipment and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the subject Equipment is used.

We have not made any deduction in respect of any grant either available or received, neither has any adjustment been made for any outstanding amounts owing under financing agreements.

We have relied to a considerable extent on information such as records, listings, cost information and specifications provided to us by the Company.

## OPINION OF VALUE

Premised on the above, we are of the opinion that the market value of the Equipment in-continued use basis, for its intended usage, as part of an on-going business, appraised as of 30 April 2021 is reasonably represented in the amount of **RMB546,483,000 (Renminbi Five Hundred Forty-Six Million Four Hundred Eighty-Three Thousand)**, summarized hereunder:

	<b>Market Value (in-continued use)</b> <b>as of 30 April 2021</b> <i>RMB</i>
• Machinery	183,791,600
• Motor Vehicles	8,838,500
• Office Equipment and Miscellaneous	13,312,500
• Software	6,290,300
• Construction-In-Progress (CIP)	334,250,500
Total	<u>546,483,400</u>
<b>Rounded</b>	<b><u><u>546,483,000</u></u></b>

We hereby certify that we have neither present nor prospective interest in the Company or the appraised Equipment or the values reported.

This valuation report is presented subject to our assumptions and consideration, and limitations as stated in this report.

Our report is provided for the stated purposes and for the sole use of the named client. It will be confidential to the client and his professional advisers. We will not be responsible for any losses suffered arising from a use other than that for which the report was originally prepared. The client may not disclose the content of our report to any other party other than his professional advisers. We do not intend or expect our valuation to be relied upon by any other party, and accordingly if, contrary to this provision, our valuation is disclosed to and relied upon by any other party other than the client himself we cannot accept any responsibility whatsoever to such a person.



Yours faithfully

For and on behalf of

**VIGERS APPRAISAL & CONSULTING LIMITED**

**Favian, Kam M. Y.**

*CFA, MBA, MRICS*

*Executive Director*

**Consultant**

Maximo I. Montes Jr., BSME, PME, is a Professional Mechanical Engineer who specializes in industrial plant valuation covering a broad range of industries and worked with various appraisal and consulting firms, has 51 years of experience in the valuation of plant machinery and equipment in Hong Kong, China, Macau, ASEAN countries, Germany, Turkey, Australia, Canada, Japan, South Korea, Taiwan, Mongolia and Saudi Arabia.

## 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

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding (%)
		Long position	Short position	
<b>Shares</b>				
Mr. Li Shu Fu ( <i>Note 1</i> )	Interest in controlled corporations	4,019,478,000	–	40.93
Mr. Li Shu Fu	Personal	23,140,000	–	0.24
Mr. Yang Jian	Personal	6,000,000	–	0.06
Mr. Li Dong Hui, Daniel	Personal	4,504,000	–	0.05
Mr. Gui Sheng Yue	Personal	17,365,000	–	0.18
Mr. An Cong Hui	Personal	7,526,000	–	0.08
Mr. Ang Siu Lun, Lawrence	Personal	4,000,000	–	0.04
Mr. Lee Cheuk Yin, Dannis	Personal	900,000	–	0.009
Mr. Wang Yang	Personal	1,000,000	–	0.01

*Note:*

- Proper Glory Holding Inc. (“**Proper Glory**”) and its concert parties in aggregate hold interests of 4,019,478,000 shares, representing approximately 40.93% of the total issued share capital of the Company as at the Latest Practicable Date. Proper Glory is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited.

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

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding
		Long position	Short position	(%)
<b>Share Options</b>				
Mr. Yang Jian	Personal	3,000,000 (Note 2)	–	0.03
Mr. Gui Sheng Yue	Personal	13,500,000 (Note 2)	–	0.14
Mr. Li Dong Hui, Daniel	Personal	14,000,000 (Note 2)	–	0.14
Mr. An Cong Hui	Personal	22,000,000 (Note 2)	–	0.22
Mr. Ang Siu Lun, Lawrence	Personal	3,000,000 (Note 2)	–	0.03
Ms. Wei Mei	Personal	1,000,000 (Note 1)	–	0.01
Ms. Wei Mei	Personal	7,000,000 (Note 2)	–	0.07

*Note:*

- The interest relates to share options granted on 23 March 2012 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$4.07 for each Share during the period from 23 March 2012 to 22 March 2022. 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 is the same as that as the Latest Practicable Date.
- 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 is the same as that as the Latest Practicable Date.

(iii) *Director's interest and short positions in the securities of the associated corporations of the Company*

Name of director	Name of the associated corporations	Number of shares in the associated corporations		Approximate percentage of shareholding (%)
		Long position	Short position	
Mr. Li Shu Fu	Proper Glory Holding Inc.	100 (Note 1)	-	100
Mr. Li Shu Fu	Geely Group Limited	30,000	-	60
Mr. Li Shu Fu	Zhejiang Geely Holding Group Company Limited	RMB847,000,000 (Note 2)	-	91.08
Mr. Li Shu Fu	Zhejiang Geely Automobile Company Limited	RMB2,031,307,337 (Note 3)	-	71.05
Mr. Li Shu Fu	Shanghai Maple Automobile Company Limited	RMB240,000,000 (Note 4)	-	100
Mr. Li Shu Fu	Zhejiang Haoqing Automobile Manufacturing Company Limited	RMB3,530,000,000 (Note 5)	-	100
Mr. Li Shu Fu	Zhejiang Jirun Automobile Company Limited	US\$7,900,000 (Note 6)	-	1
Mr. Li Shu Fu	Zhejiang Ruhoo Automobile Company Limited	RMB5,216,770 (Note 7)	-	1
Mr. Li Shu Fu	Hunan Geely Automobile Components Company Limited	US\$885,000 (Note 8)	-	1
Mr. Li Shu Fu	Shanghai Maple Guorun Automobile Company Ltd.	US\$1,213,636 (Note 9)	-	1

*Notes:*

- Proper Glory Holding Inc. is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is owned as to 60% by Mr. Li Shu Fu, as to 35.85% by Mr. Li Xu Bing, the elder brother of Mr. Li Shu Fu, and as to 4.15% by Mr. An Cong Hui, an executive director of the Company.
- Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- Zhejiang Geely Automobile Company Limited (“**Zhejiang Geely**”) is a private company incorporated in the PRC and is owned as to 71.05% by Geely Holding, as to 2.96% by other Mr. Li’s interested entities and as to 25.99% by independent third parties.
- Shanghai Maple Automobile Company Limited (“**Shanghai Maple**”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

5. Zhejiang Haoqing Automobile Manufacturing Company Limited (“**Zhejiang Haoqing**”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
6. Zhejiang Jirun Automobile Company Limited (“**Zhejiang Jirun**”) is a private company incorporated in the PRC and is 1%-owned by Zhejiang Geely.
7. Zhejiang Ruhoo Automobile Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
8. Hunan Geely Automobile Components Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
9. Shanghai Maple Guorun Automobile Company Limited is a private limited company incorporated in the PRC and is 1%-owned by Shanghai Maple.

**(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 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	Nature of interests	Number of shares held		Approximate percentage of shareholding (%)
		Long position	Short position	
Proper Glory Holding Inc. (Note 1)	Beneficial owner	2,636,705,000	–	26.85
Geely Holding (Note 1)	Interest in controlled corporation	4,019,391,000	–	40.93
Geely Group Limited (Note 1)	Beneficial owner	87,000	–	0.001
	Interest in controlled corporation	2,636,705,000	–	26.85
Zhejiang Geely (Note 2)	Beneficial owner	796,562,000	–	8.11

*Notes:*

1. Proper Glory is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is owned as to 60% by Mr. Li Shu Fu, as to 35.85% by Mr. Li Xu Bing, the elder brother of Mr. Li Shu Fu, and as to 4.15% by Mr. An Cong Hui, an executive director of the Company. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
2. Zhejiang Geely is a private company incorporated in the PRC and is owned as to 71.05% by Geely Holding, as to 2.96% by other Mr. Li's interested entities and as to 25.99% by independent third parties.

Mr. Li Shu Fu is a director of each of Proper Glory, Geely Holding, Zhejiang Geely and Geely Group Limited. Mr. Yang Jian is a director of each of Geely Holding and Zhejiang Geely. Mr. Li Dong Hui, Daniel is a director of each of Geely Holding and Zhejiang Geely. Mr. An Cong Hui is a director of each of Geely Holding and Zhejiang Geely.

Save as disclosed above, the Directors and the chief executives of the Company are 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 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 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 sedans 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 sedans. The potential production and distribution of Geely sedans by Geely Holding will constitute competing businesses (the "Competing Businesses") to those currently engaged by the Group. Mr. Li has undertaken 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 Car Corporation, 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 has 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 will 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 held by Geely Holding as to approximately 97.8% and is the parent company of the Volvo Car Group of companies) maintaining their respective existing independent corporate structures. The Board of Directors (including the independent non-executive Directors) of the Company is of the view that, through such business combination and collaboration, the major potential competition between the parties has been mitigated. Also, the Geely Holding’s 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.

In May 2017, Geely Holding has entered into a heads of agreement for the acquisition of 49.9% equity interests in Proton Holdings Bhd (the “**Proton Acquisition**”). Proton is a producer of a range of family sedans which is active in the Southeast Asia market and is a potential competitor of the Group. The Proton Acquisition has been completed in October 2017. Although the Group is not a party to the Proton Acquisition, to protect the interests of the Group, Geely Holding has provided an irrevocable undertaking to the Company on 29 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 Proton 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. Although the vehicles being produced by Proton Holdings Bhd occupy the same market segment as that of the Group, they could be distinguished from the products of the Group in that they are right-hand drive vehicles and are primarily being market to right-hand drive markets in Southeast Asia. The Group is currently not producing any right-hand drive vehicles and does not possess any right-hand drive models. As such, Proton is considered to be operating in a different market that can be distinguished from the business of the Group.

***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 Geometry. 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, and Polestar. 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. Details are as follows:

*(1) Volvo*

The Group owns two major brands, namely, Geely and Geometry. Among which, Geely Brand Vehicles are mainly sold in the PRC, and some are exported to developing countries in Asia, Eastern Europe and Middle East regions. Geely Brand Vehicles are positioned as economy passenger vehicles, while Geometry brand is a pure electric vehicle brand of the Group.

Volvo is a luxurious global manufacture corporation based in Northern Europe, with a high-end brand image worldwide. 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, complete buildup units 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 complete buildup units 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 between the Group, Volvo Cars (China) Investment Co., Ltd\* (沃爾沃汽車(中國)投資有限公司) and Zhejiang Haoqing, adopts a more premium product positioning than the Group’s economy passenger vehicles; 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 Investment. It has appointed 2 of the 4 directors to LYNK & CO Investment and participated in the corporate governance of LYNK & CO Investment. It has joint control over LYNK CO Investment’s material events. Therefore, if LYNK & CO Investment’s material events may have a 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 Investment.

(3) *Other brands that are controlled by Geely Holding*

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 holds 51% equity interests in Lotus Advance Technologies Sdn. Bhd. and controls Lotus Advance Technologies Sdn. Bhd..

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 by Geely Holding, to protect the interests of the Group, Geely Holding has 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.

#### Polestar

Polestar is a manufacture brand under Polestar Automobile (Shanghai) Company Limited, which is controlled by the controlling shareholder of the Company, Geely Holding. Geely Holding and its subordinated enterprise, Volvo (China) Investment Co., Ltd. each holds 50% equity interests in Polestar Automobile (Shanghai) Company Limited respectively.

The positioning of Polestar is high-performance electric vehicle. As at the Latest Practicable Date, Polestar has released the pricing for two vehicle models, which were much higher than the range of pricing set by the Geely brand and Geometry brand of the Group. Significant difference is shown with the products of the Group in terms of the target consumers group.

Businesses controlled by controlling shareholders, such as Lotus and Polestar, 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 2020, 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.

***Joint venture framework agreement between the Company and Geely Holding***

Pursuant to the joint venture framework agreement dated 23 March 2021, the Company and Geely Holding agreed to form a joint venture company pursuant to which the Company and Geely Holding will subscribe for 51% (representing RMB1.02 billion) and 49% (representing RMB980 million), respectively, of the total shares to be issued by the joint venture company;

***Disposal agreement among ZEEKR, Value Century, Zhejiang Fulin and Shanghai Maple***

Pursuant to the disposal agreement dated 28 April 2021, Value Century, Zhejiang Fulin and Shanghai Maple agreed to sell, their respective 91%, 8% and 1% equity interest(s) in Maple Guorun, and ZEEKR agreed to acquire the 100% equity interests in Maple Guorun through its indirect wholly foreign-owned subsidiary, for a cash consideration of approximately RMB980.4 million in total.

***Acquisition agreement between Maple Guorun and Geely Holding Automobile***

Pursuant to the acquisition agreement dated 28 April 2021, Maple Guorun agreed to acquire, and Geely Holding Automobile agreed to sell, the entire registered capital of ZEEKR Technology, for a cash consideration of approximately RMB485.3 million.

***Acquisition agreement between Zhejiang Jirun and 吉利長興新能源汽車有限公司 (Geely Changxing New Energy Automobile Company Limited\* or "Changxing New Energy")***

Pursuant to the acquisition agreement dated 13 May 2021, Zhejiang Jirun agreed to acquire, Changxing New Energy agreed to sell, the entire registered capital of 長興吉利汽車部件有限公司 (Changxing Geely Automobile Components Company Limited\*), for a cash consideration of approximately RMB2,534.7 million.

Save for disclosed in this circular and below, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is material in relation to the business of the Group.

*Automobile parts supply agreement among the Company, Geely Holding and LYNK & CO (the automobile parts supply agreement has an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the automobile parts supply agreement dated 5 October 2018, the Group agreed to supply automobile parts and components to the Geely Holding Group and the LYNK & CO Group with the largest annual cap being RMB247,202,000 for the three years ending 31 December 2021.

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

*Business travel services agreement between the Company and Geely Holding (the business travel services agreement has an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the business travel services agreement dated 5 October 2018, the Geely Holding Group agreed to provide business travel and related services to the Group with the largest annual cap being RMB661,550,000 for the three years ending 31 December 2021.

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

*Electric vehicle CKD supply agreement between the Company and Geely Holding (the electric vehicle CKD supply agreement has an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the electric vehicle CKD supply agreement dated 5 October 2018 (the “**Zhidou EV CKD Supply Agreement**”), the Group agreed to sell to the Geely Holding Group electric vehicle CKDs in accordance with the product specifications set out in the electric vehicle CKD supply agreement with the largest annual cap being RMB3,270,180,000 for the three years ending 31 December 2021.

As the applicable percentage ratios of the continuing connected transactions contemplated under the Zhidou EV CKD Supply Agreement are over 0.1% but less than 5% on an annual basis, the Zhidou EV CKD Supply Agreement is subject to the reporting, annual review, announcement requirements, but is exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

***Warehouse services agreement between the Company and LYNK & CO (the warehouse services agreement has an effective term from 1 January 2019 to 31 December 2021)***

Pursuant to the warehouse services agreement dated 5 October 2018, the Group agreed to provide warehouse services for the after-sales parts and other automobile components to the LYNK & CO Group with the largest annual cap being RMB182,889,000 for the three years ending 31 December 2021.

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

***Services agreement between the Company and Geely Holding (the services agreement has an effective term from 1 January 2019 to 31 December 2021)***

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

Pursuant to the services agreement dated 5 October 2018, the Group agreed to supply to the Geely Holding Group the CKDs manufactured by the Group with the largest annual cap of RMB293,775,381,000 for the three years ending 31 December 2021.

- *Sales of CBUs, automobile parts and component from the Geely Holding Group to the Group*

Pursuant to the services agreement dated 5 October 2018, the Geely Holding Group agreed to sell to the Group the CBUs, automobile parts and components to the Group with an aggregate largest annual cap of RMB362,984,212,000 for the three years ending 31 December 2021.

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

The Shareholders' meeting in respect of the services agreement was held on 7 December 2018 and the services agreement was duly approved by the then Independent Shareholders.

***Electric vehicle agreement among the Company, Geely Holding and Geely Technology Group Limited (formerly known as Geely Group Company Limited ("GTGL" together with its subsidiaries, collectively the "GTGL Group") (the electric vehicle agreement has an effective term from 1 January 2019 to 31 December 2021)***

Pursuant to the electric vehicle agreement dated 5 October 2018, the Group agreed to sell the CBUs of electric vehicles to the Geely Holding Group and the GTGL Group with the largest annual cap being RMB22,060,747,000 for the three years ending 31 December 2021.

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

The Shareholders' meeting in respect of the electric vehicle agreement was held on 7 December 2018 and the electric vehicle 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 2019 to 31 December 2021)***

Pursuant to the automobile components procurement agreement dated 5 October 2018, the Group agreed to procure automobile components manufactured by and from the Geely Holding Group with the largest annual cap being RMB33,591,637,000 for the three years ending 31 December 2021.

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 requirements and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the aforementioned automobile components procurement agreement was held on 7 December 2018 and the automobile components procurement agreement was duly approved by the then Independent Shareholders.

***EV finance cooperation agreement between Genius AFC and Geely Holding (the EV finance cooperation agreement has an effective term from 1 January 2019 to 31 December 2021)***

- *Wholesale facility agreements between Genius AFC and the EV Dealers (as defined in the circular of the Company dated 20 November 2018) (the wholesale facility agreements have an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the EV finance cooperation agreement dated 5 October 2018, Genius AFC agreed to enter into wholesale facility agreements with the EV Dealers to provide vehicle financing to the EV Dealers to facilitate their purchase of Geely EVs (as defined in the circular of the Company dated 20 November 2018) with the largest annual cap being RMB5,406 million for the three years ending 31 December 2021.

- *Retail loan cooperation agreements between Genius AFC and the EV Dealers (as defined in the circular of the Company dated 20 November 2018) (the retail loan cooperation agreements have an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the EV finance cooperation agreement dated 5 October 2018, Genius AFC agreed to enter into retail loan cooperation agreements with the EV Dealers pursuant to which the EV Dealers shall recommend the retail consumers to use Genius AFC for obtaining vehicle loans to finance their purchase of Geely EVs (as defined in the circular of the Company dated 20 November 2018) with the largest annual cap being RMB4,834 million for the three years ending 31 December 2021.

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

The Shareholders' meeting in respect of the aforesaid EV finance cooperation agreement was held on 7 December 2018 and the EV finance cooperation agreement was duly approved by the then Independent Shareholders.

***Volvo finance cooperation agreement among Genius AFC, Volvo Car Distribution (Shanghai) Co., Ltd. and 中嘉汽車製造(上海)有限公司 (Zhongjia Automobile Manufacturing (Shanghai) Company Limited\*) (currently renamed as 沃爾沃汽車(亞太)投資控股有限公司 (Volvo Car (Asia Pacific) Investment Holding Co., Ltd.)) (the Volvo finance cooperation agreement has an effective term from 1 January 2019 to 31 December 2021)***

- *Wholesale facility agreements between Genius AFC and the Volvo Dealers (as defined in the circular of the Company dated 26 February 2019) (the wholesale facility agreements have an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the Volvo finance cooperation agreement dated 11 December 2015 and the Company's announcement dated 24 January 2019, Genius AFC agreed to enter into wholesale facility agreements with the Volvo Dealers to provide vehicle financing to the Volvo Dealers to facilitate their purchase of Volvo Brand Vehicles with the largest annual cap being RMB15,107 million for the three years ending 31 December 2021.

- *Retail loan cooperation agreements between Genius AFC and the Volvo Dealers (as defined in the circular of the Company dated 26 February 2019) (the retail loan cooperation agreements have an effective term from 1 January 2019 to 31 December 2021)*

Pursuant to the Volvo finance cooperation agreement dated 11 December 2015 and the Company's announcement dated 24 January 2019, Genius AFC agreed to enter into retail loan cooperation agreements with the 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 Brand Vehicles with the largest annual cap being RMB12,045 million for the three years ending 31 December 2021.

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

The Shareholders' meeting in respect of the aforesaid Volvo finance cooperation agreement was held on 18 February 2016 and the Volvo finance cooperation agreement was duly approved by the then Independent Shareholders. The renewal of Volvo finance cooperation agreement with a term from 1 January 2019 to 31 December 2021 was duly approved by the then Independent Shareholders at the Shareholders' meeting held on 15 March 2019.

***CBU's sales agreement between the Company and Geely Holding (the CBU's sales agreement has an effective term from 1 January 2020 to 31 December 2021)***

Pursuant to the CBU's sales agreement dated 26 November 2019, the Group agreed to supply to the Geely Holding Group the CBU's and related after-sales parts, components and accessories manufactured by the Group with an aggregate largest annual cap of RMB2,628,596,000 for the two years ending 31 December 2021.

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

***Operation services agreement among the Company, Geely Holding and LYNK & CO (the operation services agreement has an effective term from 26 November 2019 to 31 December 2021)***

Pursuant to the operation services agreement dated 26 November 2019, the Group agreed to provide to the Geely Holding Group and the LYNK & CO Group, operation services that mainly include IT, logistics, finance, human resources and other administrative functions with an aggregate largest annual cap of RMB1,964.5 million and the Group agreed to procure from the Geely Holding Group operation services that mainly include manufacturing engineering services, construction management services and other engineering services with an aggregate largest annual of RMB269.5 million for the three years ending 31 December 2021.

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, announcement requirements, but is exempt from Independent Shareholders' approval requirements 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 ending on 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 of 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 Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the aforementioned 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 between the Company and Geely Holding (the master CKDs and automobile components purchase agreement has an effective term from 1 January 2021 ending on 31 December 2023)***

Pursuant to the master CKDs and automobile components purchase agreement dated 4 November 2020, the Group agreed to purchase CKDs and automobile components under the Geely brand from the Geely Holding Group with the largest annual cap of RMB26,346.8 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 purchase agreement exceed 5% on an annual basis, the proposed annual caps under the master CKDs and automobile components purchase agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the aforementioned master CKDs and automobile components purchase agreement was held on 22 December 2020 and the 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 ending on 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 of 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 Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the aforementioned 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 term 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 and LYNK & CO Retail Customers (as defined in the circular of the Company dated 30 November 2020), including (i) wholesale financing to the LYNK & CO Dealers to assist them to buy LYNK & CO Brand 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 Brand 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 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 30 November 2020) to assist them to purchase Maple-Branded Vehicles. The largest annual caps 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 30 November 2020) to assist them to purchase (a) Geely Holding-Owned Brands Vehicles from the Geely Holding Dealers (as defined in the circular of the Company dated 30 November 2020); or (b) Geely Branded Vehicles from the Connected Geely Dealers (as defined in the circular of the Company dated 30 November 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, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the aforementioned 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 between the Company and the ZEEKR (the ZEEKR operation services agreement has an effective term from the date of the ZEEKR operation services agreement to 31 December 2023)*

Pursuant to the ZEEKR operation services agreement dated 2 July 2021, 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 of RMB248.2 million for the three years ending 31 December 2023.

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

**(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 are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, 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:

<b>Name</b>	<b>Qualification</b>
Ballas Capital Limited	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities
Vigers Appraisal & Consulting Limited	an independent professional valuer

As at the Latest Practicable Date, each of Ballas Capital Limited and Vigers Appraisal & Consulting Limited:

- (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 2020, the date to which the latest audited financial statements of the Group was made up; and
- (c) has given and has 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:

- (i) the disposal agreement dated 26 November 2019 and entered into among Zhejiang Jirun, Shanghai Maple and Geely Industry pursuant to which Zhejiang Jirun and Shanghai Maple agreed to sell and Geely Industry agreed to acquire the entire registered capital of 濟南吉利汽車有限公司 (Jinan Geely Automobile Company Limited\*) for a cash consideration of approximately RMB507.1 million;
- (ii) the subscription agreement dated 27 November 2019 and entered into among the Company, Barclays Bank PLC, BNP Paribas, Merrill Lynch (Asia Pacific) Limited, The Hong Kong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Bank of China Limited, Singapore Branch, CLSA Limited, DBS Bank Limited and Standard Chartered Bank in relation to the issue of US\$500 million senior perpetual capital securities, raising gross proceeds of approximately US\$498.2 million;
- (iii) the placing agreement dated 29 May 2020 and entered into between the Company and the placing agents pursuant to which the Company agreed to appoint the placing agents, and the placing agents agreed to act (on a several but not joint nor joint and several basis) as placing agents for procuring, on a best effort basis, as agents of the Company, places for 600,000,000 placing shares at the placing price of HK\$10.8 per placing share, raising net proceeds of approximately HK\$6,447 million;
- (iv) the disposal agreement dated 9 July 2020 and entered into between the Company and Geely Holding pursuant to which the Group agreed to sell and the Geely Holding Group agreed to acquire the entire registered capital of 成都高原汽車工業有限公司 (Chengdu Gaoyuan Automobile Industries Company Limited) for a net cash consideration of approximately RMB76.3 million;
- (v) the disposal agreement dated 9 July 2020 and entered into between Zhejiang Jirun and Geely Holding Automobile pursuant to which Zhejiang Jirun agreed to sell and Geely Holding Automobile agreed to acquire the entire registered capital of 寧波北侖吉利汽車製造有限公司 (Ningbo Beilun Geely Automotive Manufacturing Co. Ltd.\*) for a cash consideration of approximately RMB729.4 million;
- (vi) the disposal agreement dated 9 July 2020 and entered into between Zhejiang Jirun and Zhejiang Jichuang pursuant to which Zhejiang Jirun agreed to sell and Zhejiang Jichuang agreed to acquire the entire registered capital of 寧波吉寧汽車零部件有限公司 (Ningbo Jining Automobile Components Co. Ltd.\*) for a cash consideration of approximately RMB30.5 million;

- (vii) the assets acquisition agreement dated 20 November 2020 and entered into between the Company and Geely Holding pursuant to which the Group agreed to purchase, and the Geely Holding Group agreed to sell, the target assets for a maximum cash consideration of approximately RMB744.0 million;
- (viii) the framework agreement dated 23 March 2021 and entered into between the Company and Geely Holding in relation to the formation of a joint venture company pursuant to which the Company and Geely Holding will subscribe for 51% (representing RMB1.02 billion) and 49% (representing RMB980 million), respectively, of the total shares to be issued by the joint venture company;
- (ix) the disposal agreement dated 28 April 2021 and entered into among ZEEKR, Value Century, Zhejiang Fulin and Shanghai Maple in relation to the Maple Guorun Disposal pursuant to which, Value Century, Zhejiang Fulin and Shanghai Maple agreed to sell, their respective 91%, 8% and 1% equity interest(s) in Maple Guorun, and ZEEKR agreed to acquire the 100% equity interests in Maple Guorun through its indirect wholly foreign-owned subsidiary, for a cash consideration of approximately RMB980.4 million in total;
- (x) the acquisition agreement dated 28 April 2021 and entered into between Maple Guorun and Geely Holding Automobile in relation to the acquisition of the entire registered capital of ZEEKR Technology, pursuant to which Maple Guorun agreed to acquire, and Geely Holding Automobile agreed to sell, the entire registered capital of ZEEKR Technology for a consideration of approximately RMB485.3 million; and
- (xi) the acquisition agreement dated 13 May 2021 and entered into between Zhejiang Jirun and Changxing New Energy in relation to the acquisition of the entire registered capital of Changxing Components for a cash consideration of approximately RMB2,534.7 million.

## **8. GENERAL**

- (a) The registered office of the Company is situated at P.O. Box 309, Uglund 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 AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM on Tuesday, 24 August 2021:

- (a) The copies of the Acquisition Agreements, the Ningbo Viridi Subscription Agreement, the R&D Services and Technology Licensing Agreement, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Finance Cooperation Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) the audited consolidated financial statements of the Group for the financial years ended 31 December 2019 and 31 December 2020;
- (d) the contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (e) the letter from the Independent Board Committee;
- (f) the letter from Independent Financial Adviser;
- (g) the CEVT Valuation Report, the Haohan Energy Valuation Report and the Ningbo Viridi Valuation Report issued by Vigers Appraisal & Consulting Limited as set out in Appendix IA, Appendix IB and Appendix IC of this circular respectively;
- (h) the written consents from Ballas Capital Limited and Vigers Appraisal & Consulting Limited referred to in the paragraph headed "Qualification of experts" in this appendix; and
- (i) this circular.

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## NOTICE OF EGM

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# GEELY

吉利汽車控股有限公司

## GEELY AUTOMOBILE HOLDINGS LIMITED

*(Incorporated in Cayman Islands with limited liability)*

(Stock code: 175)

**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 Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 24 August 2021 at 4:00 p.m. or at any adjustment 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 amendment, the following resolutions as ordinary resolutions of the Company:

1. “**THAT:**

the conditional sale and purchase agreement dated 2 July 2021 (the “**CEVT Acquisition Agreement**”) entered into between, ZEEKR (as defined in the circular of the Company dated 5 August 2021 (the “**Circular**”)) and 浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited), in relation to the acquisition of 100% of the equity interests in CEVT (as defined in the Circular), 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 are hereby approved, ratified and confirmed and any one, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

2. “**THAT:**

the conditional sale and purchase agreement dated 2 July 2021 (the “**Haohan Energy Acquisition Agreement**”) entered into between ZEEKR and 吉利汽車集團有限公司 (Geely Automobile Group Company Limited) in relation to the acquisition of 30% of the equity interests in Haohan Energy (as defined in the Circular), 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 are hereby approved, ratified and confirmed and any one, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the



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transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

3. **“THAT:**

the conditional subscription agreement dated 2 July 2021 (the **“Ningbo Viridi Subscription Agreement”**) entered into among, ZEEKR as subscriber, Zhejiang Jichuang (as defined in the Circular) and Ningbo Viridi (as defined in the Circular) in relation to the subscription of additional capital in Ningbo Viridi, 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 be and are hereby approved, ratified and confirmed and any one, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

4. **“THAT:**

- a) the conditional agreement dated 2 July 2021 (the **“R&D Services and Technology Licensing Agreement”**) entered into among the Company, 浙江吉利控股集团有限公司 (Zhejiang Geely Holding Group Company Limited or **“Geely Holding”**), together with its subsidiaries, the **“Geely Holding Group”**) and LYNK & CO (as defined in the Circular), a copy of which is tabled at the meeting and marked **“D”** and initialed by the chairman of the meeting for identification purpose, pursuant to which, the Group agreed to (i) provide R&D and related technological support services to the Geely Holding Group and the LYNK & CO Group (as defined in the Circular); and (ii) procure R&D and related technological support services from the Geely Holding Group, be and are hereby approved, ratified and confirmed;
- b) the annual cap amounts in respect of the R&D service fees and technology license fees receivable from the Geely Holding Group and the LYNK & CO Group and the R&D service fees and technology license fees payable by the Group for each of the three financial years ending 31 December 2023 be and are hereby approved; and
- c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters and transactions contemplated in the R&D Services and Technology Licensing Agreement.”

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## NOTICE OF EGM

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5. **“THAT:**

- a) the conditional agreement dated 2 July 2021 (the “**Automobile Components Sales Agreement**”) entered into among the Company, Geely Holding and LYNK & CO (as defined in the Circular), a copy of which is tabled at the meeting and marked “**E**” and initialed by the chairman of the meeting for identification purpose, pursuant to which, the Group agreed to sell automobile components to the Geely Holding Group and the LYNK & CO Group (as defined in the Circular), be and are hereby approved, ratified and confirmed;
- b) the annual cap amounts in respect of the sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group for each of the three financial years ending 31 December 2023 be and are hereby approved; and
- c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters and transactions contemplated in the Automobile Components Sales Agreement.”

6. **“THAT:**

- a) the conditional agreement dated 2 July 2021 (the “**Automobile Components Procurement Agreement**”) entered into between ZEEKR and the Company, a copy of which is tabled at the meeting and marked “**F**” and initialed by the chairman of the meeting for identification purpose, pursuant to which the ZEEKR Group (as defined in the Circular) agreed to supply automobile components to the Group, be and are hereby approved, ratified and confirmed;
- b) the annual cap amounts in respect of the procurement of automobile components by the Group from the ZEEKR Group for each of the three financial years ending 31 December 2023 be and are hereby approved; and
- c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters and transactions contemplated in the Automobile Components Procurement Agreement.”

7. **“THAT:**

- a) the conditional agreement dated 2 July 2021 (the “**ZEEKR Finance Cooperation Agreement**”) entered into between Genius AFC (as defined in the Circular) and ZEEKR, a copy of which is tabled at the meeting and marked “**G**” and initialed by the

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chairman of the meeting for identification purpose, pursuant to which, Genius AFC agreed to provide vehicle financing to the ZEEKR Retail Customers (as defined in the Circular), be and are hereby approved, ratified and confirmed;

- b) the ZEEKR Financing Annual Caps (as defined in the Circular) in respect of the Genius AFC's provision of maximum new financing amounts to ZEEKR Retail Customers for each of the three financial years ending 31 December 2023 be and are hereby approved; and
- c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters and transactions contemplated in the ZEEKR Finance Cooperation Agreement and the ZEEKR Financing Arrangement (as defined in the Circular)."

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

Hong Kong, 5 August 2021

*Notes:*

- (1) In order to establish entitlements of attending and voting at the forthcoming extraordinary general meeting of the Company to be held on 24 August 2021, the register of members of the Company will be closed from 19 August 2021 to 24 August 2021 (both days inclusive), during such period no transfer of shares of the Company will be registered. 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 18 August 2021.
- (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.

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## NOTICE OF EGM

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- (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. Yang Jian (Vice Chairman), Mr. Li Dong Hui, Daniel (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence and Ms. Wei Mei and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. An Qing Heng and Mr. Wang Yang.*