
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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)

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

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

A letter from the Independent Board Committee is set out on pages 20 to 21 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 22 to 52 of this circular. A notice convening the EGM to be held at Boardroom 6, M/F, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 17 December 2021 at 4:00 p.m. is set out on pages EGM-1 to EGM-3 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 circular 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 resolution at the EGM as an alternative to attending the EGM in person.

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EGM	ii
DEFINITIONS	1
LETTER FROM THE BOARD	8
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	20
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	22
APPENDIX I – VALUATION REPORT	53
APPENDIX II – GENERAL INFORMATION	65
NOTICE OF EGM	EGM-1

PRECAUTIONARY MEASURES FOR THE EGM

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
Tel. No.: (852) 2849 3399
Fax No.: (852) 2849 3319

DEFINITIONS

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

“Acquisition”	the acquisition of 220,000,000 ordinary shares of ZEEKR for the Consideration to be settled by a combination of cash and Consideration Shares pursuant to the Share Purchase Agreement dated 29 October 2021 entered into between the Purchaser and the Seller
“As-Converted Basis” or “As-Converted”	assuming all Pre-A Preferred Shares are converted into ordinary shares of ZEEKR
“associate(s)”	has the meaning ascribed to it under the Listing Rule(s)
“BNPP PF”	BNP Paribas Personal Finance, a subsidiary of the BNP Paribas Group as at the Latest Practicable Date, which engages in consumer credit and mortgage lending activities, as at the LPD
“Board”	the board of Directors
“Business Day(s)”	day (excluding Saturdays, Sundays and public holidays) on which banks are opened for business in the PRC, Hong Kong, the Cayman Islands and the British Virgin Islands
“CBU(s)”	complete buildup unit(s) (整車), a complete vehicle after the final assembly
“CEVT”	a limited liability company incorporated in Sweden and is an indirect subsidiary of ZEEKR upon the completion of the CEVT Acquisition
“CEVT Acquisition”	the acquisition of the entire registered capital in CEVT by ZEEKR from Zhejiang Geely pursuant to the acquisition agreement dated 2 July 2021 entered into between ZEEKR and Zhejiang Geely
“CKD(s)”	complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle
“Closing” or “Completion”	completion of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement
“Closing Date”	on the tenth (10 th) Business Day following the fulfilment (or waiver if applicable) of the conditions precedent or such other date as the parties to the Share Purchase Agreement shall agree in writing

DEFINITIONS

“Company” or “Purchaser”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 175)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of approximately RMB5,602.2 million in relation to the Acquisition payable by the Purchaser
“Consideration Shares”	the new Shares to be allotted and issued by the Company at the Issue Price to partially satisfy the Consideration
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	a type of virus which has caused a worldwide pandemic respiratory illness
“Director(s)”	the director(s) of the Company
“ECARX”	ECARX Holdings Inc., a limited liability company incorporated in the Cayman Islands and is ultimately and beneficially owned as to approximately 49.51%, 0.77% and 1.12% of the total outstanding shares of ECARX on an as-converted basis by Mr. Li, Mr. Li Dong Hui, Daniel, and Mr. An Cong Hui, respectively, as at the LPD
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder
“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 wholly owned by Geely Holding Automobile as at the LPD
“Framework Agreement”	the framework agreement dated 18 October 2021 entered into between the Company and Geely Group Limited in relation to the Acquisition
“Fully Diluted Basis” or “Fully Diluted”	assuming all Pre-A Preferred Shares are converted into ordinary shares of ZEEKR and 150,000,000 ordinary shares of ZEEKR reserved under ZEEKR Share Award Scheme have been fully issued

DEFINITIONS

“Geely Group Limited” or “Seller”	Geely Group Limited, a limited liability company incorporated in the British Virgin Islands, which is wholly owned by Mr. Li as at the LPD
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a limited liability company incorporated in Zhejiang Province, the PRC, and is beneficially wholly owned by Mr. Li and his associate as at the LPD
“Geely Holding Automobile”	吉利汽車集團有限公司 (Geely Automobile Group Company Limited*), previously known as 浙江吉利汽車實業有限公司 (Zhejiang Geely Automobile Industry Company Limited*), a limited liability company incorporated in the PRC, and is wholly owned by Geely Holding as at the LPD
“Geely Holding Group”	Geely Holding and its subsidiaries
“Geely-branded”	an automobile brand of the Group
“Geely Technology”	吉利科技集團有限公司 (Geely Technology Group Company Limited*), a limited liability company incorporated in the PRC and is ultimately wholly owned by Mr. Li and his associate as at the LPD
“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 LPD. 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
“Haohan Energy”	浙江浩瀚能源科技有限公司 (Zhejiang Haohan Energy Technology Company Limited*), a limited liability company incorporated in the PRC and is owned as to 30% by ZEEKR and as to 70% by Geely Holding Automobile upon the completion of the Haohan Energy Acquisition
“Haohan Energy Acquisition”	the acquisition of the 30% equity interests in Haohan Energy by ZEEKR from Geely Holding Automobile pursuant to the acquisition agreement dated 2 July 2021 entered into between ZEEKR and Geely Holding Automobile

DEFINITIONS

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder
“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 Share Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholder(s) other than Mr. Li and his associates
“independent third party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed to it under the Listing Rules
“Issue Price”	the issue price of the Consideration Shares of HK\$23.34 per Consideration Share
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date” or “LPD”	24 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Long Stop Date”	29 April 2022, or such other date as may be agreed between the Seller and the Purchaser
“LYNK & CO Group”	LYNK & CO and its subsidiaries
“LYNK & CO”	領克投資有限公司 (LYNK & CO Investment Co., Ltd.*), a Chinese-foreign equity joint venture of the Company incorporated in the PRC and owned as to 50%, 20% and 30% by Zhejiang Jirun, Geely Holding and VCI, respectively, as at the LPD

DEFINITIONS

“LYNK & CO-branded”	an automobile brand of the LYNK & CO Group
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial shareholder holding approximately 41% of the total issued share capital of the Company as at the LPD
“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 incorporated in the PRC and is an indirect subsidiary of ZEEKR as at the LPD
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Pre-A Round Financing”	the investment in Pre-A Preferred Shares by five independent third party investors, details of which are set out in the Company’s announcement dated 27 August 2021
“Pre-A Preferred Shares”	Pre-A preferred shares of ZEEKR
“Pre-A Share Purchase Agreement”	the share purchase agreement dated 27 August 2021 entered into among ZEEKR and five independent third party investors
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	220,000,000 ordinary shares of ZEEKR representing approximately 10.34% of the issued share capital of ZEEKR as at the LPD (on an As-Converted Basis) and approximately 9.66% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis)
“SEK”	Swedish Krona, the lawful currency of Sweden
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Shanghai Maple”	上海華普汽車有限公司 (Shanghai Maple Automobile Company Limited*), a limited liability company incorporated in the PRC and is 90% owned by Geely Holding as at the LPD
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholders”	the holder(s) of the Share(s)

DEFINITIONS

“Share Purchase Agreement”	the share purchase agreement dated 29 October 2021 entered into between the Purchaser and the Seller
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the allotment and issuance of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollar, the lawful currency of the United States of the America
“Value Century”	Value Century Group Limited, a limited liability company incorporated in the British Virgin Islands and is wholly owned by the Company as an investment holding company as at the LPD
“VCI”	沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Co., Ltd.*), a limited liability company incorporated in the PRC and is a wholly owned subsidiary of Volvo as at the LPD
“Volvo”	Volvo Car Corporation, a limited liability company incorporated under the laws of Sweden and is an indirect subsidiary of Geely Holding as at the LPD
“Valuation Report”	the valuation report issued by the Valuer in respect of the Acquisition as set out in Appendix I to this circular
“Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer engaged by the Company
“ZEEKR”	ZEEKR Intelligent Technology Holding Limited, a limited liability company incorporated in the Cayman Islands and is an indirect subsidiary of the Company as at the LPD
“ZEEKR Automobile”	極氪汽車(寧波杭州灣新區)有限公司 (ZEEKR Automobile (Ningbo Hangzhou Bay New Zone) Co., Ltd.*), previously known as 寧波極氪智能科技有限公司 (Ningbo ZEEKR Intelligent Technology Company Limited*), a limited liability company incorporated in the PRC and is an indirect wholly owned subsidiary of ZEEKR as at the LPD
“ZEEKR Brand”	an automobile brand of the ZEEKR Group

DEFINITIONS

“ZEEKR Group”	ZEEKR together with its subsidiaries
“ZEEKR Shanghai”	極氪汽車(上海)有限公司 (ZEEKR Automobile (Shanghai) Company Limited*), previously known as 上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited*), a limited liability company incorporated in the PRC and is a wholly owned subsidiary of ZEEKR as at the LPD
“ZEEKR Share Award Scheme”	the restricted share award scheme adopted on 20 August 2021 by ZEEKR and the Company, details of which are set out in the Company’s announcement dated 20 August 2021
“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 liability company incorporated in the PRC and is indirectly wholly owned by the Company as at the LPD
“Zhejiang Geely”	浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited*), a limited liability company incorporated in the PRC and is a direct approximately 71% owned subsidiary of Geely Holding as at the LPD
“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 incorporated in the PRC and is wholly owned by Geely Holding as at the LPD
“Zhejiang Jirun”	浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited*), a limited liability company incorporated in the PRC and is an indirect 99% owned subsidiary of the Company as at the LPD
“%”	per cent

In this circular, translation of US\$ into RMB is based on the exchange rate of US\$1: RMB6.44102 and translation of HK\$ into RMB is based on the exchange rate of HK\$1: RMB0.82780. No representation is made that any amounts in US\$, RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

* *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.*

LETTER FROM THE BOARD

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

Registered Office:

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

Independent Non-executive Directors:

Mr. Lee Cheuk Yin, Dannis
Mr. Yeung Sau Hung, Alex
Mr. An Qing Heng
Mr. Wang Yang
Ms. Lam Yin Shan, Jocelyn
Ms. Gao Jie

Principal Place of Business in Hong Kong:

Room 2301, 23rd Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

30 November 2021

To the Shareholders,

Dear Sir or Madam,

**SHARE TRANSACTION AND CONNECTED TRANSACTION IN
RELATION TO THE ACQUISITION INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

INTRODUCTION

Reference is made to the announcement of the Company (the “**Announcement**”) dated 29 October 2021 in relation to the Share Purchase Agreement entered into between the Company as the Purchaser and Geely Group Limited as the Seller, pursuant to which Geely Group Limited conditionally agreed to sell, and the Company conditionally agreed to purchase or cause its nominee to purchase, the Sale Shares, representing approximately 10.34% of the issued share capital of ZEEKR as at the LPD (on an As-Converted Basis) and approximately 9.66% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information, among other things, (i) further information about the Acquisition; (ii) the recommendation of the Independent Board Committee on the Acquisition; (iii) the advice of the Independent Financial Adviser in respect of the Acquisition; (iv) Valuation Report of the Acquisition; and (v) other information as required under the Listing Rules together with the notice of the EGM.

THE SHARE PURCHASE AGREEMENT

Date

29 October 2021

Parties

- (1) Geely Group Limited as the Seller
- (2) The Company as the Purchaser

Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is wholly owned by Mr. Li. Geely Group Limited is principally engaged in investment holding.

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

Subject matter

Pursuant to the Share Purchase Agreement, the Purchaser or its nominee (which will be a subsidiary of the Company), has agreed to purchase, and the Seller has agreed to sell, the Sale Shares subject to the fulfillment of the conditions precedent and the relevant terms and conditions set out in the Share Purchase Agreement.

Consideration

Pursuant to the Share Purchase Agreement, the Consideration is approximately RMB5,602.2 million and will be satisfied by the Company in the following manner:

- (i) as to approximately RMB1,807.4 million, which is approximately 32.3% of the Consideration, to be satisfied in cash; and
- (ii) as to the shares component of the Consideration (equivalent to approximately RMB3,794.8 million or HK\$4,584.2 million), which is approximately 67.7% of the Consideration, to be satisfied by the Company allotting and issuing 196,410,000 Consideration Shares at the Issue Price of HK\$23.34 per Consideration Share to the Seller (or the Seller's nominee). The Issue

LETTER FROM THE BOARD

Price is based on the average closing price of approximately HK\$23.34 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 October 2021, being the date of the Framework Agreement.

The cash component of the Consideration will be funded by internal resources of the Group and, to the extent permitted under applicable laws and regulations, will be fully paid to the Seller (or the Seller's nominee) no later than 90 days after the Closing Date.

The nominal value of 196,410,000 Consideration Shares is HK\$3,928,200. The original acquisition cost of the Sale Shares to the Seller was RMB220 million.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the parties based on (i) the number of Sale Shares of ZEEKR; and (ii) the value of ZEEKR of US\$9.0 billion (equivalent to approximately RMB57.97 billion), representing US\$3.95348 (equivalent to approximately RMB25.46) per Sale Share on a Fully Diluted and As-Converted Basis, with reference to the following information:

- (i) the post-money valuation of approximately US\$9.0 billion of ZEEKR, based on the consideration agreed among ZEEKR and five independent investors in the Pre-A Share Purchase Agreement and the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis); and
- (ii) the appraised value of ZEEKR of approximately US\$9.05 billion (equivalent to approximately RMB58.28 billion) as at 31 August 2021 based on the valuation conducted by the Valuer. As at 31 August 2021, ZEEKR has not recognised any revenue or delivered any ZEEKR Brand vehicles to its customers.

Pre-A Preferred Shares have additional rights compared to ordinary shares of ZEEKR, which are customary for preferred shares in similar innovative and new technology companies, including priority over ordinary shares on the distribution of assets in case of liquidation, tag-along right in the event of a share transfer by an initial shareholder of ZEEKR resulting in a change of control, as well as information rights to receive periodic financial statements.

In addition, certain fundamental changes at ZEEKR require the prior approval of at least 60% of holders of the Pre-A Preferred Shares, including (i) dissolution or wind-up, (ii) share repurchases, (iii) transactions resulting in a change of control, (iv) disposals of substantially all assets, (v) amendments to the rights of Pre-A Preferred Shares, and (vi) the issuance of securities or initial public offering at a lower price than the issue price of the Pre-A Preferred Shares.

Pre-A Preferred Shares are convertible into ordinary shares of ZEEKR on a 1:1 basis, subject to customary broad-based weighted average anti-dilution adjustments. Holders of Pre-A Preferred Shares may exercise their conversion rights at any time after the issuance and prior to ZEEKR's initial public offering.

ZEEKR has made reference to its peer companies in dividing its share capital structure into preferred shares and ordinary shares, which is considered to be a common industry practice.

LETTER FROM THE BOARD

Issue of the Consideration Shares under the Specific Mandate

The Company will issue an aggregate of 196,410,000 Consideration Shares, which represents approximately 2% of the issued share capital of the Company as at the LPD and approximately 1.96% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming there will be no change in the total number of the issued Shares after the LPD other than the allotment and issuance of the Consideration Shares), to partially satisfy the Consideration of the Acquisition.

The Consideration Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM. The Consideration Shares, when being allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue on the date of allotment and issuance of the Consideration Shares. An application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK\$23.34 per Consideration Share, which is based on the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 October 2021, being the date of the Framework Agreement, so as to minimize the uncertainties caused by the potential share price fluctuation after the Company's announcement dated 18 October 2021, and it represents:

- (i) a discount of approximately 11.42% to the closing price of HK\$26.35 per Share as quoted on the Stock Exchange on 28 October 2021, being the last trading date before the date of the Share Purchase Agreement;
- (ii) a discount of approximately 12.65% to the average closing price of approximately HK\$26.72 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 October 2021, the last trading date before the date of the Share Purchase Agreement;
- (iii) a discount of approximately 10.52% to the average closing price of approximately HK\$26.09 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 28 October 2021, the last trading date before the date of the Share Purchase Agreement;
- (iv) a discount of approximately 13.72% to the closing price of HK\$27.05 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
- (v) a discount of approximately 7.93% to the closing price of HK\$25.35 per Share as quoted on the Stock Exchange as at the LPD; and
- (vi) a premium of approximately 189.38% over the unaudited net asset value per Share of approximately HK\$8.07 as at 30 June 2021, based on the 9,820,736,540 Shares in issue as at the LPD.

LETTER FROM THE BOARD

Having considered that (a) the Company has endeavoured to minimize the uncertainties caused by the potential share price fluctuation after the Company's announcement dated 18 October 2021; and (b) the Consideration was determined with reference to (i) the post-money valuation of ZEEKR agreed upon the Pre-A Round Financing with the five independent investors; and (ii) the appraised value of ZEEKR as at 31 August 2021 based on the valuation conducted by the independent valuer, the Directors are of the view that the Issue Price of the Consideration Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Closing is conditional upon the satisfaction or, if applicable, waiver of the following conditions:

- (i) there shall not be in effect any law or order by a government authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;
- (ii) the board of directors of ZEEKR shall have approved the transaction documents and the transactions contemplated hereunder;
- (iii) the Company obtaining the Independent Shareholders' approval with regard to the transactions under the Share Purchase Agreement and the allotment and issuance of the Consideration Shares by the Company under the Specific Mandate in accordance with the requirements of the Listing Rules;
- (iv) the Listing Committee granting the approval for the listing of, and permission to deal in, the Consideration Shares;
- (v) no legal proceeding shall have been commenced against any party seeking to restrain or materially and adversely alter the transactions contemplated by the Share Purchase Agreement;
- (vi) a certified true copy of the register of members of ZEEKR updated to reflect the sale and purchase of the Sale Shares hereunder and a new share certificate representing the Sale Shares are delivered to the Purchaser by ZEEKR at the Closing;
- (vii) the representations and warranties of the Purchaser and the Seller shall be true and correct as of the Closing with the same force and effect as if made as of the Closing; and
- (viii) the Purchaser and the Seller shall have performed and complied with, in all material respects, each of the obligations and agreements required by the Share Purchase Agreement or any other transaction documents to be performed or complied with by the Seller on or prior to the Closing Date.

The parties to the Share Purchase Agreement shall use their best endeavours to fulfil all conditions precedent. The conditions set out in paragraphs (iii) and (iv) above cannot be waived. The remaining conditions may be waived by way of writing from both parties. If any of the above conditions have not been fulfilled or waived without the consent of both parties on or before the Long Stop Date, the Purchaser or the

LETTER FROM THE BOARD

Seller may terminate the Acquisition, provided that the right to terminate the Share Purchase Agreement shall not be available to any party whose failure to perform any of its obligations under the Share Purchase Agreement shall have resulted in the failure of the Closing to be consummated by the close of business on the Long Stop Date.

As at the Latest Practicable Date, none of the conditions above has been fulfilled or waived.

Closing

Closing shall take place on the tenth (10th) Business Day following the fulfilment (or waiver if applicable) of the conditions precedent or such other date as the parties to the Share Purchase Agreement shall agree in writing.

Immediately after Closing, the Company will hold approximately 58.31% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 54.47% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis), while Mr. Li and his associates (other than the Company) will hold approximately 17.87% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 16.69% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis). ZEEKR will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the consolidated financial statements of the Group.

The key terms of the Acquisition that were contained in the Framework Agreement have not materially changed in the Share Purchase Agreement. The principal terms of the Framework Agreement are set out as follows:

THE FRAMEWORK AGREEMENT

Date

18 October 2021

Parties

- (1) Geely Group Limited as the Seller
- (2) The Company as the Purchaser

Subject Matter

Pursuant to the Framework Agreement, the Purchaser or its nominee has agreed to purchase, and the Seller has agreed to sell, the Sale Shares subject to the execution of the Share Purchase Agreement.

LETTER FROM THE BOARD

Consideration under the Framework Agreement

Pursuant to the Framework Agreement, the Consideration, which is to be agreed between the Seller and the Purchaser, will be satisfied by the Company by a combination of cash and Consideration Shares. The Company will issue 196,410,000 Consideration Shares based on an Issue Price of HK\$23.34 per Consideration Share.

The Consideration shall be determined with reference to the following information:

- (i) the post-money valuation of ZEEKR in the Pre-A Round Financing, which has been evaluated in accordance with international standards acceptable to the Seller and the Purchaser; and
- (ii) the valuation of ZEEKR, conducted by a third party independent valuer, who is a reputable appraisal firm with international experience.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure of the Company (i) as at the LPD; and (ii) immediately following Completion and the allotment and issuance of the Consideration Shares, assuming that no other further Shares will be allotted and issued after the LPD and prior to the Closing:

Shareholders of the Company	As at the Latest Practicable Date		Immediately following Completion and the allotment and issuance of the Consideration Shares	
	Shares	%	Shares	%
Mr. Li and his associates ¹	4,042,618,000	41.16	4,239,028,000	42.32
Other Directors ²	41,307,000	0.42	41,307,000	0.41
Public Shareholders	<u>5,737,111,540</u>	<u>58.42</u>	<u>5,737,111,540</u>	<u>57.27</u>
Total	<u>9,821,036,540</u>	<u>100</u>	<u>10,017,446,540</u>	<u>100</u>

Notes:

1. Proper Glory Holding Inc., Zhejiang Geely Automobile Company Limited, Shanghai Maple Automobile Company Limited, Geely Holding, Geely International (Hong Kong) Limited, Mr. Li and Geely Group Limited, which held approximately 26.85%, 8.11%, 2.99%, 2.41%, 0.56%, 0.24% and 0.001% Shares, respectively, as at the LPD.
2. Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Mr. Gui Sheng Yue, Mr. Lee Cheuk Yin, Dannis, Mr. Li Dong Hui, Daniel, Mr. Wang Yang and Mr. Yang Jian, who held approximately 0.08%, 0.04%, 0.18%, 0.01%, 0.05%, 0.01% and 0.06% Shares, respectively, as at the LPD.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The showcase of the Company's determination in pioneering electrified and intelligentized vehicles

As a determined industrial pioneer in the field of electrified and intelligentized vehicles, the Company has been actively promoting electric vehicles. In March 2021, the Company announced the joint establishment of ZEEKR with Geely Holding to engage in the research and development, purchase and sale of the electric mobility related products such as intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto.

ZEEKR Brand is the first premium electric vehicle brand of the Group. Unlike other traditional automobile corporations, ZEEKR operates with high autonomy and thoroughly consolidates the initial layout and incubated intelligent and electrified technologies of Geely Holding. ZEEKR strategically lays out the intelligent electric vehicles and its upstream and downstream industrial chain to further improve the users' experience and customer satisfaction with digitalized and intelligentized services. ZEEKR proposes to focus on the research and development of such advanced technologies like technologies used for electric vehicles, technologies used for "power batteries, electric engines and electronic control systems" and other relevant upstream and downstream technologies for intelligent electric vehicles. The formation of ZEEKR in March 2021 with the Company owning 51% equity interests has demonstrated the determination of the Company in fostering vehicle electrification.

The Company as a holder of brand and products with strong potentials

The first vehicle model of ZEEKR, which is developed under the state-of-the-art open-source electric vehicle architecture owned by Geely Holding, has been introduced to the market in April 2021. With the possession of advantages in car performance and energy supplemental systems, the market demand of the first vehicle model of ZEEKR has exceeded expectations, representing the strength of ZEEKR's brand and products. Based on its current business plan, ZEEKR is progressively introducing new models to the market and aiming at capturing significant market share of the global high-end electric vehicle industry, which is expected to provide growth momentum to the Group in the future.

Success in capturing strategic capital market interest to realize future business development

As an independently operating intelligentized automobile company, ZEEKR has been actively exploring external financing sources, for the sustainable development of its future business operations. As stated in the Company's announcement dated 27 August 2021, ZEEKR has carried out its Pre-A Round Financing, with five independent investors from backgrounds including autopilot chips, battery and new consumers industries. For detailed information of the five independent investors, please refer to the Company's announcement dated 27 August 2021. On the one hand, the five independent investors of the Pre-A Round Financing are all strategic partners of ZEEKR, and their introduction to ZEEKR enhance the business ideas on full-scale coverage of ZEEKR. On the other hand, the success of the Pre-A Round Financing is also a showcase of recognition from the industry in ZEEKR's long term development.

LETTER FROM THE BOARD

Benefits to the overall development of the Company

In the course of seeking external financing for ZEEKR, the Company has been maintaining its position as the largest controlling shareholder of ZEEKR so as to maximize the interests of the Shareholders. The Acquisition will be able to offset the dilutive effect of the Pre-A Round Financing and other potential equity financings of ZEEKR in the future, which will be conducive to the overall development of the Company through increasing its shareholding in ZEEKR. Also, the issuance of the Consideration Shares as part of the Consideration represents the confidence of the Controlling Shareholder in the prospect of the Company's development, while reserving cash for business operations.

In light of the above, the Directors are of the view that although the Acquisition is not entered into in the ordinary and usual course of business of the Group, the Acquisition is on normal commercial terms or better and the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF ZEEKR

ZEEKR is a limited liability company incorporated in the Cayman Islands and is indirectly owned as to approximately 47.97% by the Company as at the LPD. ZEEKR was set up by the Company and Geely Holding with capital contribution of RMB2 billion in total. ZEEKR is principally engaged in the research and development, purchase and sale of electric mobility related products such as intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto.

Set out below is the unaudited financial information of ZEEKR prepared under HKFRS for the period from the date of incorporation to 31 August 2021:

	For the period from the date of incorporation to 31 August 2021
	<i>RMB million</i>
	(Unaudited)
Loss before taxation	142.8
Loss after taxation	107.0

As at 31 August 2021, the unaudited total assets and net assets of ZEEKR were approximately RMB5,256.0 million and RMB1,893.4 million, respectively.

SHAREHOLDING STRUCTURE OF ZEEKR UPON COMPLETION

The following table summarizes the shareholding structure of ZEEKR as at the Latest Practicable Date and immediately following Completion, under both conditions of before and after the allotment and issuance of ordinary shares reserved under ZEEKR Share Award Scheme has been completed:

LETTER FROM THE BOARD

Shareholders of ZEEKR	As at the Latest Practicable Date		Assuming the allotment and issuance of ordinary shares reserved under ZEEKR Share Award Scheme has been completed		Immediately following Completion but before the allotment and issuance of ordinary shares reserved under ZEEKR Share Award Scheme has been completed		Immediately following Completion and after the allotment and issuance of ordinary shares reserved under ZEEKR Share Award Scheme has been completed	
	Shares	%	Shares	%	Shares	%	Shares	%
The Company ¹	1,020,000,000	47.97	1,020,000,000	44.81	1,240,000,000	58.31	1,240,000,000	54.47
Mr. Li and his associates ²	600,000,000	28.22	600,000,000	26.36	380,000,000	17.87	380,000,000	16.69
ZEEKR Share Award Scheme ³	-	-	150,000,000	6.59	-	-	150,000,000	6.59
Five investors for Pre-A Round Financing	126,470,585	5.95	126,470,585	5.56	126,470,585	5.95	126,470,585	5.56
Others ⁴	380,000,000	17.87	380,000,000	16.69	380,000,000	17.87	380,000,000	16.69
Total	2,126,470,585	100	2,276,470,585	100	2,126,470,585	100	2,276,470,585	100

Notes:

1. The Company indirectly held ordinary shares of ZEEKR through its designated subsidiary as at the LPD.
2. Geely Group Limited and other companies held by Mr. Li and his associates, which held approximately 10.34%, and 17.87% ordinary shares of ZEEKR in aggregate, respectively, as at the LPD.
3. With reference to the announcement published by the Company on 20 August 2021, the Board resolved to adopt the ZEEKR Share Award Scheme in which selected participants will be entitled to participate. The maximum number of ordinary shares that may be granted under the ZEEKR Share Award Scheme is 150,000,000 ordinary shares of ZEEKR, representing approximately 6.59% of the total number of ordinary shares of ZEEKR on a Fully-Diluted and As-Converted basis.
4. Such ordinary shares of ZEEKR held by other Directors and employee investment vehicles of Geely Holding, the Company and ZEEKR.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Geely Group Limited is wholly owned by Mr. Li, who is an executive Director and a substantial shareholder of the Company. Geely Group Limited is therefore a connected person of the Company under the Listing Rules. Accordingly, the Share Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but all of the applicable percentage ratios are below 5%, and the Consideration will be partially satisfied by the allotment and issuance of the Consideration Shares for which the listing will be sought, the Acquisition also constitutes a share transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

LETTER FROM THE BOARD

Mr. Li is considered to be interested in the Acquisition by virtue of his interests and directorship in Geely Group Limited. As a result, Mr. Li has abstained from voting on the Board resolutions for approving the Share Purchase Agreement and the transactions contemplated thereunder. In addition, Mr. Li and his associates, together holding 4,042,618,000 Shares (representing approximately 41% of the total issued share capital of the Company) as at the LPD, will abstain from voting on the resolution to be proposed at the EGM to approve the Share Purchase Agreement and the transactions contemplated thereunder.

EGM

The EGM will be convened to consider and approve the Acquisition. A notice to convene the EGM is set out on pages EGM-1 to EGM-3 of this circular.

The EGM will be held at Boardroom 6, M/F, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 17 December 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 Acquisition 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 22 to 52 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 20 to 21 of this circular.

The Board (including the independent non-executive Directors) considers that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, but not entered into in the ordinary and usual course of business of the Group. The Board recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM.

LETTER FROM THE BOARD

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 20 to 21 and pages 22 to 52 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition 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)

30 November 2021

To the Independent Shareholders,

Dear Sir or Madam,

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

We refer to the circular dated 30 November 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 Acquisition is 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 Shareholders as a whole.

We wish to draw your attention to the letter from the Board as set out on pages 8 to 19 of the Circular and the letter from the Independent Financial Adviser as set out on pages 22 to 52 of the Circular which contains, *inter alia*, their advice and recommendation to us regarding the terms of the Acquisition with the principal factors and reasons for those advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, we are of the view that, the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, but not entered into in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Purchase Agreement and the transactions contemplated thereunder.

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

Ms. Lam Yin Shan, Jocelyn

Ms. Gao Jie

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BALLAS
C A P I T A L

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

30 November 2021

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

**SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION
TO THE ACQUISITION INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, 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 30 November 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 18 October 2021, as part of the business strategic planning of the Group, the Company entered into a Framework Agreement with Geely Group Limited pursuant to which the Company proposed to acquire 220,000,000 ordinary shares of ZEEKR from Geely Group Limited for a consideration to be agreed between the parties. Following the Framework Agreement, on 29 October 2021, the Company, as the Purchaser, and Geely Group Limited, as the Seller, entered into the Share Purchase Agreement, pursuant to which Geely Group Limited conditionally agreed to sell, and the Company conditionally agreed to purchase or cause its nominee to purchase, the Sale Shares, representing approximately 10.34% of the issued share capital of ZEEKR as at the Latest Practicable Date (on an As-Converted Basis) and approximately 9.66% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis). The Consideration payable by the Purchaser for the Acquisition is approximately RMB5,602.2 million. The Purchaser will settle the Consideration as to approximately RMB1,807.4 million by cash and as the remaining amount (equivalent to approximately RMB3,794.8 million or HK\$4,584.2 million) by the allotment and issuance of the 196,410,000 Consideration Shares at the Issue Price of HK\$23.34 per Consideration Share. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

Immediately after Closing, the Company will hold approximately 58.31% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 54.47% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis), while Mr. Li and his associates (other than the Company) will hold approximately 17.87% of the issued share capital of ZEEKR (on an As-Converted

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis) and approximately 16.69% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis). ZEEKR will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the consolidated financial statements of the Group.

As at the Latest Practicable Date, Geely Group Limited is wholly owned by Mr. Li, who is an executive Director and a substantial shareholder of the Company. Geely Group Limited is therefore a connected person of the Company under the Listing Rules. Accordingly, the Share Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but all of the applicable percentage ratios are below 5%, and the Consideration will be partially satisfied by the allotment and issuance of the Consideration Shares for which the listing will be sought, the Acquisition also constitutes a share transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapters 14 and 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 Acquisition.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparty of the Acquisition or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for (i) the appointment as the independent financial adviser in relation to the Acquisitions, the Ningbo Viridi Subscription and the Continuing Connected Transactions as disclosed and defined in the circular of the Company dated 5 August 2021; (ii) the appointment as the independent financial adviser in relation to certain continuing connected transactions of the Group as disclosed in the circular of the Company dated 16 November 2021; and (iii) this appointment as the independent financial adviser in relation to the Acquisition, we did not have any other relationship with or interests in the Company, the counterparty of the Acquisition or their respective core connected persons or associates nor had we acted as an independent financial adviser to other transactions of the Company that could reasonably be regarded as hindrance to our independence as defined under the Listing Rules. Accordingly, we consider we are eligible to give independent advice on the terms of the Acquisition.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 counterparty of the Acquisition 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 and principal terms of the Acquisition

1.1. Background of the Acquisition

As set out in the Announcement, as one of the industrial pioneers in the field of electrified and intelligent vehicles, the Company has begun, through forming ZEEKR with Geely Holding, to engage in the research and development, purchase and sale of electric mobility related products such as intelligent electric vehicles under the ZEEKR Brand. In addition, in August 2021, the Pre-A Share Purchase Agreement was entered into among ZEEKR and five independent investors, in relation to the agreement on allotting and issuing the Pre-A Preferred Shares.

On 18 October 2021, as part of the business strategic planning of the Group, the Company entered into a Framework Agreement with Geely Group Limited pursuant to which the Company proposed to acquire 220,000,000 ordinary shares of ZEEKR from Geely Group Limited for a consideration to be agreed between the parties.

Following the Framework Agreement, on 29 October 2021, the Company, as the Purchaser, and Geely Group Limited, as the Seller, entered into the Share Purchase Agreement, pursuant to which Geely Group Limited conditionally agreed to sell, and the Company conditionally agreed to purchase or cause its nominee to purchase, the Sale Shares, representing approximately 10.34% of the issued share capital of ZEEKR as at the Latest Practicable Date (on an As-Converted Basis) and approximately 9.66% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis).

The Consideration payable by the Purchaser for the Acquisition is approximately RMB5,602.2 million. The Purchaser will settle the Consideration as to approximately RMB1,807.4 million by cash and as to the remaining amount (equivalent to approximately RMB3,794.8 million or HK\$4,584.2 million) by the allotment and issuance of the 196,410,000 Consideration Shares at the Issue Price of HK\$23.34 per Consideration Share. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM. An application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

Immediately after Closing, the Company will be interested in approximately 58.31% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 54.47% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis),

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

while Mr. Li and his associates (other than the Company) will hold approximately 17.87% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 16.69% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis). ZEEKR will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the consolidated financial statements of the Group.

1.2. Principal terms of the Share Purchase Agreement

Date

29 October 2021

Parties

- (1) Geely Group Limited as the Seller
- (2) The Company as the Purchaser

Subject matter

Pursuant to the Share Purchase Agreement, the Purchaser or its nominee (which will be a subsidiary of the Company), has agreed to purchase, and the Seller has agreed to sell, the Sale Shares subject to the fulfillment of the conditions precedent and the relevant terms and conditions set out in the Share Purchase Agreement.

Consideration

Pursuant to the Share Purchase Agreement, the Consideration is approximately RMB5,602.2 million and will be satisfied by the Company in the following manner:

- (i) as to approximately RMB1,807.4 million, which is approximately 32.3% of the Consideration, to be satisfied in cash; and
- (ii) as to the shares component of the Consideration (equivalent to approximately RMB3,794.8 million or HK\$4,584.2 million), which is approximately 67.7% of the Consideration, to be satisfied by the Company allotting and issuing 196,410,000 Consideration Shares at the Issue Price of HK\$23.34 per Consideration Share to the Seller (or the Seller's nominee). The Issue Price is based on the average closing price of approximately HK\$23.34 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 October 2021, being the date of the Framework Agreement.

The cash component of the Consideration will be funded by internal resources of the Group and, to the extent permitted under applicable laws and regulations, will be fully paid to the Seller (or the Seller's nominee) no later than 90 days after the Closing Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The original acquisition cost of the Sale Shares to the Seller was RMB220 million.

Conditions precedent

Closing is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed “Conditions Precedent” in the Letter from the Board.

Closing

Closing shall take place on the tenth (10th) Business Day following the fulfilment (or waiver if applicable) of the conditions precedent or such other date as the parties to the Share Purchase Agreement shall agree in writing.

Immediately after Closing, the Company will hold approximately 58.31% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 54.47% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis), while Mr. Li and his associates (other than the Company) will hold approximately 17.87% of the issued share capital of ZEEKR (on an As-Converted Basis) and approximately 16.69% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis). ZEEKR will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the consolidated financial statements of the Group.

1.3. Shareholding structure of the Company upon Completion

The following table shows the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following Completion and the allotment and issuance of the Consideration Shares, assuming that no other further Shares will be allotted and issued after the Latest Practicable Date and prior to the Closing:

Shareholders of the Company	As at the Latest Practicable Date		Immediately following Completion and the allotment and issuance of the Consideration Shares	
	Shares	%	Shares	%
Mr. Li and his associates ¹	4,042,618,000	41.16	4,239,028,000	42.32
Other Directors ²	41,307,000	0.42	41,307,000	0.41
Public Shareholders	<u>5,737,111,540</u>	<u>58.42</u>	<u>5,737,111,540</u>	<u>57.27</u>
Total	<u>9,821,036,540</u>	<u>100</u>	<u>10,017,446,540</u>	<u>100</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Proper Glory Holding Inc., Zhejiang Geely Automobile Company Limited, Shanghai Maple Automobile Company Limited, Geely Holding, Geely International (Hong Kong) Limited, Mr. Li and Geely Group Limited, which held approximately 26.85%, 8.11%, 2.99%, 2.41%, 0.56%, 0.24% and 0.001% Shares, respectively, as at the Latest Practicable Date.
2. Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Mr. Gui Sheng Yue, Mr. Lee Cheuk Yin, Dannis, Mr. Li Dong Hui, Daniel, Mr. Wang Yang and Mr. Yang Jian, who held approximately 0.08%, 0.04%, 0.18%, 0.01%, 0.05%, 0.01% and 0.06% Shares, respectively, as at the Latest Practicable Date.

2. Information of the Company and the Seller

2.1. Background of the Company and the Seller

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 Group Limited

Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is wholly owned by Mr. Li. Geely Group Limited is principally engaged in investment holding.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 2019 and 2020 (“FY2019” and “FY2020”) and the six months ended 30 June 2020 and 2021 (“1H2020” and “1H2021”) as extracted from the respective financial reports.

	FY2019	FY2020	1H2020	1H2021
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue				
- Sales of automobiles and related services	91,843	83,814	33,721	39,312
- Sales of automobile parts and components	5,130	6,989	2,675	4,636
- Research and development and related technological support services	-	745	-	447
- Licensing of intellectual properties	428	566	424	637
Total revenue	97,401	92,114	36,820	45,032
Gross profit	16,917	14,737	6,302	7,759
Profit attributable to equity holders	8,190	5,534	2,297	2,381

1H2021 vs 1H2020

As disclosed in the interim report of the Group for 1H2021, the Group sold a total of 630,237 units of vehicles in 1H2021, representing an increase of approximately 19% from 1H2020, and the export sales volume of the Group surged by approximately 173% to 53,422 units in 1H2021. Total revenue of the Group increased by approximately 22% to approximately RMB45.0 billion in 1H2021 as compared to 1H2020. Gross margin ratio in 1H2021 was relatively stable as the impact from higher raw materials costs was largely offset by improving product mix. The approximately 22% increase in administrative expenses (excluding share-based payments) during the period was primarily attributable to the increase in amortisation expenses as a result of substantial investment in research and development over the past years. Despite the inclusion of share-based payments amounted to approximately RMB641 million under staff costs during the period, profit attributable to the equity holders of the Company in 1H2021 was still up approximately 4% to approximately RMB2.38 billion as compared

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to 1H2020. Excluding share-based payments, the profit attributable to the equity holders of the Company was up approximately 31% to approximately RMB3.02 billion during the period.

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.

2.3. Financial position of the Group

Set out below is a summary of the financial position of the Group as at 30 June 2021 as extracted from its interim report for 1H2021.

	As at 30 June 2021
	<i>RMB million</i>
	(Unaudited)
Non-current assets	59,055
Current assets	49,744
Non-current liabilities	4,828
Current liabilities	38,402
Net assets	65,569

As at 30 June 2021, total assets of the Group amounted to approximately RMB108.8 billion, which mainly comprised (i) trade and other receivables of approximately RMB26.5 billion, (ii) property, plant and equipment of approximately RMB26.3 billion, (iii) bank balances and cash of approximately RMB19.8 billion, and (iv) intangible assets of approximately RMB18.3 billion.

As at 30 June 2021, total liabilities of the Group amounted to approximately RMB43.2 billion, which mainly comprised (i) trade and other payables of approximately RMB38.5 billion, (ii) bank borrowings of approximately RMB1.9 billion, and (iii) bonds payable of approximately RMB1.9 billion.

As at 30 June 2021, the Group recorded net assets of approximately RMB65.6 billion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Information of ZEEKR

3.1. Background information of ZEEKR

ZEEKR is a limited liability company established in the Cayman Islands and is indirectly owned as to approximately 47.97% by the Company as at the Latest Practicable Date. ZEEKR was set up by the Company and Geely Holding with capital contribution of RMB2 billion in total. ZEEKR is principally engaged in the research and development, purchase and sale of electric mobility related products such as intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto.

3.2. Historical financial performance and financial position of ZEEKR

Set out below is the unaudited financial information of ZEEKR prepared under HKFRS for the period from the date of incorporation to 31 August 2021:

	For the period from the date of incorporation to 31 August 2021
	<i>RMB thousand</i> (Unaudited)
Revenue	-
Selling expenses	(128,924)
Administrative expenses	(13,847)
Research expenses	(596)
Other operating expenses	(215)
Investment income in associates and joint ventures	1,152
Finance income, net	<u>(363)</u>
Loss before tax	(142,793)
Tax credit	<u>35,800</u>
Net loss	(106,993)

Since its incorporation and up to 31 August 2021, ZEEKR recorded a net loss of approximately RMB107.0 million as the delivery of its vehicles will only commence in October 2021.

As at 31 August 2021, the unaudited total assets and net assets of ZEEKR were approximately RMB5,256.0 million and RMB1,893.4 million, respectively.

3.3. Outlook of the electric vehicle market in China

Electric vehicles in China have seen rapid development due to government initiatives, increasing charging infrastructure, and increasing manufacturing companies. With rapid urbanisation and an increase in vehicle sales, China is determined to reduce exhaust emissions from vehicles. According to 《新能源汽车产业发展规划(2021—2035年)》 published by the Chinese government in October 2020, the country targets to increase the proportion of new electric vehicle sales to approximately 20% of the total new vehicle sales in 2025. Additionally, some cities and provinces are imposing more stringent restrictions on combustion engine vehicles. Also, the Chinese government has provided tax incentives on the purchase of electric vehicles. Such measures are expected to drive the demand for electric vehicles in the country. According to the vice general secretary of China Association of Automobile Manufactures, the electric vehicle sales growth in China is expected to be above 40% annually in the next five years.

Taking into account the above, the electric vehicle market in China is expected to continue to grow and support the overall development of the Group through increasing its shareholding in ZEEKR.

4. Reasons for and benefits of the Acquisition

4.1. The showcase of the Company's determination in pioneering electrified and intelligentized vehicles

As a determined industrial pioneer in the field of electrified and intelligentized vehicles, the Company has been actively promoting electric vehicles. In March 2021, the Company announced the joint establishment of ZEEKR with Geely Holding to engage in the research and development, purchase and sale of the electric mobility related products such as intelligent electric vehicles under the ZEEKR Brand and the provision of service relating thereto.

ZEEKR Brand is the first premium electric vehicle brand of the Group. Unlike other traditional automobile corporations, ZEEKR operates with high autonomy and thoroughly consolidates the initial layout and incubated intelligent and electrified technologies of the Geely Holding. ZEEKR strategically lays out the intelligent electric vehicles and its upstream and downstream industrial chain to further improve the users' experience and customer satisfaction with digitalized and intelligentized services. ZEEKR proposes to focus on the research and development of such advanced technologies like technologies used for electric vehicles, technologies used for "power batteries, electric engines and electronic control systems" and other relevant upstream and downstream technologies for intelligent electric vehicles. The formation of ZEEKR in March 2021 with the Company owning 51% equity interests has demonstrated the determination of the Company in fostering vehicle electrification.

4.2. The Company as a holder of brand and products with strong potentials

The first vehicle model of ZEEKR, which is developed under the state-of-the-art open-source electric vehicle architecture owned by Geely Holding, has been introduced to the market in April 2021. With the possession of advantages in car performance and energy

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

supplemental systems, the market demand of the first vehicle model of ZEEKR has exceeded expectations, representing the strength of ZEEKR's brand and products. Based on its current business plan, ZEEKR is progressively introducing new models to the market and aiming at capturing significant market share of the global high-end electric vehicle industry, which is expected to provide growth momentum to the Group in the future.

4.3. Success in capturing strategic capital market interest to realize future business development

As an independently operating intelligentized automobile company, ZEEKR has been actively exploring external financing sources, for the sustainable development of its future business operations. As stated in the Company's announcement dated 27 August 2021, ZEEKR has carried out its Pre-A Round Financing, with five independent investors from backgrounds including autopilot chips, battery and new consumers industries. On the one hand, the five independent investors of the Pre-A Round Financing are all strategic partners of ZEEKR, and their introduction to ZEEKR enhance the business ideas on full-scale coverage of ZEEKR. On the other hand, the success of the Pre-A Round Financing is also a showcase of recognition from the industry in ZEEKR's long term development.

4.4. Benefits to the overall development of the Company

In the course of seeking external financing for ZEEKR, the Company has been maintaining its position as the largest controlling shareholder of ZEEKR so as to maximize the interests of the Shareholders. The Acquisition will be able to offset the dilutive effect of the Pre-A Round Financing and other potential equity financings of ZEEKR in the future, which will be conducive to the overall development of the Company through increasing its shareholding in ZEEKR. Also, the issuance of the Consideration Shares as part of the Consideration represents the confidence of the Controlling Shareholder in the prospect of the Company's development, while reserving cash for business operations.

Our view

In view of the above, in particular (i) the Company's determination in pioneering electrified and intelligentized vehicles; (ii) the potential of ZEEKR to capture significant market share of the global high-end electric vehicle industry, which is expected to provide growth momentum to the Group in the future; (iii) the success of the Pre-A Round Financing being a showcase of recognition from the industry in ZEEKR's long term development; and (iv) the Acquisition will be able to offset the dilutive effect of the Pre-A Round Financing and other potential equity financings of ZEEKR in the future, we concur with the view of the Directors that the Acquisition is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. The Consideration

As set out in the Letter from the Board, the Consideration was determined after arm's length negotiations between the parties based on (i) the number of Sale Shares of ZEEKR; and (ii) the value of ZEEKR of US\$9.0 billion (equivalent to approximately RMB57.97 billion), representing US\$3.95348 (equivalent to approximately RMB25.46) per Sale Share on a Fully Diluted and As-Converted Basis, with reference to the following information:

- (i) the post-money valuation of approximately US\$9.0 billion of ZEEKR based on the consideration agreed among ZEEKR and five independent investors in the Pre-A Share Purchase Agreement and the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis); and
- (ii) the appraised value of ZEEKR of approximately US\$9.05 billion (equivalent to approximately RMB58.28 billion) as at 31 August 2021 based on the valuation conducted by the Valuer. As at 31 August 2021, ZEEKR has not recognised any revenue or delivered any ZEEKR Brand vehicles to its customers.

The valuation of ZEEKR implied by the Consideration for the Sale Shares representing approximately 9.66% of the enlarged issued share capital of ZEEKR (on a Fully Diluted and As-Converted Basis) is approximately RMB58.0 billion (equivalent to approximately US\$9.0 billion) (on a Fully Diluted and As-Converted Basis) (the “**Implied Valuation**”).

5.1. Background of the Pre-A Round Financing

As set out in the Company's announcement dated 27 August 2021, the Pre-A Round Financing involved the investment in 126,470,585 Pre-A Preferred Shares (represented approximately 5.6% of the enlarged issued share capital of ZEEKR on a Fully Diluted and As-Converted Basis) by five independent third party investors, namely (i) Intel Capital Corporation, a subsidiary of Intel Corporation which is listed on the NASDAQ Global Select Market; (ii) Contemporary Amperex Technology Co., Limited, a global leader of new energy innovative technologies that is listed on the Shenzhen Stock Exchange; (iii) Cathay Fortune Corporation, the controlling shareholder of China Molybdenum Co., Ltd., a global leading mining company that is dual-listed on the Shanghai Stock Exchange and the Stock Exchange; (iv) related investor of Bilibili Inc., an iconic brand and a leading video community in the PRC which is dual-listed on the NASDAQ Global Select Market and the Stock Exchange; and (v) Boyu Capital, a Greater China-focused alternative asset management firm, at the total consideration of US\$500,000,000 (or US\$3.95348 per Pre-A Preferred Share), representing a post-money valuation of approximately US\$9.0 billion of ZEEKR.

Immediately following the completion of the Pre-A Round Financing, ZEEKR capital structure comprised 2,150,000,000 ordinary shares and 126,470,585 Pre-A Preferred Shares. As stipulated in the shareholders agreement of ZEEKR (the “**ZEEKR Shareholders Agreement**”), the shareholders of the Pre-A Preferred Shares (the “**Pre-A Shareholders**”) is entitled to a liquidation right. In the event of liquidation, the Pre-A Shareholders have the priority in the distribution of ZEEKR's assets over the ordinary shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, Pre-A Preferred Shares have additional rights compared to ordinary shares of ZEEKR, which are customary for preferred shares in similar innovative and new technology companies, including priority over ordinary shares on the distribution of assets in case of liquidation, tag-along right in the event of a share transfer by an initial shareholder of ZEEKR resulting in a change of control, as well as information rights to receive periodic financial statements.

In addition, certain fundamental changes at ZEEKR require the prior approval of at least 60% of holders of Pre-A Preferred Shares, including (i) dissolution or wind-up, (ii) share repurchase, (iii) transactions resulting in a change of control, (iv) disposals of substantially all assets, (v) amendments to the rights of Pre-A Preferred Shares, and (vi) the issuance of securities or initial public offering at a lower price than the issue price of the Pre-A Preferred Shares.

Pre-A Preferred Shares are convertible into ordinary shares of ZEEKR on a 1:1 basis, subject to customary broad-based weighted average anti-dilution adjustments. Holders of Pre-A Preferred Shares may exercise their conversion rights at any time after the issuance and prior to ZEEKR's initial public offering. If there is no initial public offering of ZEEKR, the Pre-A Shareholders will continue to have right to either receive their liquidation preference in the event of liquidation or convert their Pre-A Preferred Shares into ordinary shares of ZEEKR.

5.2. The Valuation Report

In assessing the fairness and reasonableness of the Consideration, we have relied on the valuation report furnished by the Valuer, an independent professional valuer (the "**Valuation Report**"). According to the Valuation Report, the appraised value of ZEEKR as at 31 August 2021 (the "**Valuation Date**") was approximately US\$9,048 million, details of which are set out in Appendix I to the Circular.

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

(i) Suitability and qualification of the Valuer

We have reviewed the Valuation Report 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 valuation in formulating the Valuation Report (the "**Valuation**"). 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 Valuation. 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 counterparty of the Acquisition 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 Valuation. 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 of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Valuation.

(ii) *Valuation methodology of the Valuation*

We have discussed with the Valuer on the selection of valuation methodology. In arriving at the Valuation, the Valuer made reference to three generally accepted approaches, namely the market approach, cost approach and income approach. Please refer to the Valuation Report as set out in Appendix I to the Circular for the key features of these three different valuation approaches. Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. 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 or obsolescence present in the assets, whether arising from physical, functional or economic causes. Income approach is the conversion of expected periodic benefits of ownership into an indication of value.

As discussed with the Valuer, given the unique characteristics of ZEEKR, there are substantial limitations for the income approach and the cost approach for the Valuation as (i) income approach requires subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections with observable inputs are also needed to arrive at an indication of value but such information is not available as at the Valuation Date; and (ii) the cost approach does not directly incorporate information about the economic benefits contributed by the ZEEKR's business. In view of the above, the Valuer adopted the market approach for the valuation, which considers prices recently paid for similar assets and introduced objectivity in application as publicly available inputs are used.

Under the market approach, the Valuer adopted the prior transaction method, which utilises information on arms-length transactions involving the subject asset taken place close to the valuation date to arrive at an indication of value. The Pre-A Round Financing is deemed as timely and on an arm's length basis as it took place on 27 August 2021 with independent third parties. Taking into account that the Pre-A Round Financing involved the issuance of Pre-A Preferred Shares which carry liquidation preference over the ordinary shares, the backsolve method is applied to adjust the transaction price of the Pre-A Round Financing to arrive at the implied equity value of the ZEEKR at the time of the Pre-A Round Financing.

The backsolve method

We understand from the Valuer that the backsolve method is a common method under the market approach to estimate the equity value of a company with multiple classes of shares starting from the price of actual transaction in the company's own stock, and is a commonly accepted method to estimate the equity value for startups and pre-revenue companies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The equity allocation model computes the value that can be allocated to each class of share and then the backsolve method is applied such that the allocated value per share is exactly equal to the original issue price of a company's latest funding transaction (i.e. the Pre-A Round Financing in this case). The equity value derived from this process to match the allocated value to the original issue price of the company's latest funding transaction (i.e. issue price of the Pre-A Preferred Shares of US\$3.95348 per share in this case) is the implied equity value of the company (i.e. ZEEKR in this case).

Given (i) the pre-revenue nature of ZEEKR; (ii) the capital structure of ZEEKR consists of both preferred shares and ordinary shares with different liquidation rights; and (iii) the Pre-A Round Financing was transacted on 27 August 2021, which is close to the Valuation Date of 31 August 2021, we concur with the Valuer that the backsolve method is an appropriate method under the market approach in the valuation of ZEEKR.

We understand from the Valuer that the backsolve method typically involves the following steps:

Step 1: Capital structure analysis

The first step entails identifying securities that are part of a company's capital structure, such as preferred shares and common stock and the respective rights and preferences.

For ZEEKR, it has two classes of shares, namely the Pre-A Preferred Shares and ordinary shares, which the Pre-A Preferred Shares have liquidation preference as stipulated in the ZEEKR Shareholders Agreement. Such rights help determine the value attributable to each class of shares.

Step 2: Equity allocation

At any given time, an early stage company faces either of the scenarios: (i) liquidation and (ii) non-liquidation. A company's equity value is computed by the equity value attributable to each class of the shares under each scenario.

For ZEEKR, in the non-liquidation scenario, the equity value of ZEEKR is allocated to each class of shares on an As-Converted Basis. In the liquidation scenario, the value of each equity class (i.e. the ordinary shares and the Pre-A Preferred Shares) is derived by adopting the Black-Scholes option pricing model ("OPM").

The Valuer then arrived at the probability-weighted value of each class of shares by assigning a probability of the liquidation scenario and non-liquidation scenario assumed to be 6.8% and 93.2% respectively. We understand from the Valuer that the probability for the liquidation scenario of 6.8% represents the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

higher of the probability of default rates (as cited from Bloomberg) of the Company and Geely Holding, with 93.2% being the residual probability for non-liquidation scenario.

Step 3: OPM

We understand from the Valuer that OPM is a commonly used method for allocating equity value between different classes of shares such as preferred and common. OPM takes into account the different rights of each class of shares, it considers ordinary shares as a call option on the equity value, as the ordinary shares only receive returns if the company's value exceeds the liquidation preference amount of the preferred shares.

In applying the OPM, the Valuer adopted the following key parameters in the formula in calculating the price of a call option as set out in the Valuation Report in Appendix I to the Circular:

(a) Strike price of the options

As set out in the Valuation Report, the Valuer adopted three strike prices in determining the equity value to each class of the shares under the liquidation scenario, which were based on the liquidation preference amount of the Pre-A Preferred Shares as follow:

- (i) *Strike price of US\$0*: if equity value is less than the total liquidation preference amount (i.e. US\$0 to US\$500 million) of the Pre-A Preferred Shares, the equity value will be distributed solely to the Pre-A Preferred Shares, the value of ordinary shares is zero.
- (ii) *Strike price of US\$500 million*: if equity value is between US\$500 million to US\$9,000 million, the equity value will be distributed to Pre-A Preferred Shares first up to the total liquidation preference amount and the remaining will be distributed to the ordinary shares.
- (iii) *Strike price of US\$9,000 million*: if the proceeds sharing amount of the Pre-A Preferred Shares exceeds its liquidation preference amount, the Pre-A Shareholders may then opt to give up its liquidation right and opt to share the proceeds rateably, in which event the equity value will be distributed rateably to each class of shares.

We have reviewed the terms of the ZEEKR Shareholders Agreement and noted that the Pre-A Preferred Shares have liquidation preference over the ordinary shares of ZEEKR.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Life to expiration

The Valuer assumed that the time to the occurrence of an exit event to be 5 years. The life to expiration is referenced to the target initial public offering date of ZEEKR.

We have reviewed the terms of the ZEEKR Shareholders Agreement and noted that the expected initial public offering date is approximately 5 years from the date of the Pre-A Round Financing, and after which ZEEKR and its Pre-A Shareholders will further discuss the exit arrangement in case of no initial public offering. We understand from the Valuer that, taking into account the above, whether or not there is an initial public offering of ZEEKR does not affect the Valuation, given that assuming there is no initial public offering of ZEEKR, the Pre-A Shareholders will continue to have right to either receive their liquidation preference in the event of liquidation or convert their Pre-A Preferred Shares into ordinary shares of ZEEKR.

(c) Risk free interest rate

The Valuer adopted the risk free interest rate of 0.43% determined based on the yield of United States Treasury Active Curve with a maturity of 5 years.

(d) Expected volatility

The Valuer adopted the expected volatility of approximately 61.35% determined based on the average annualized standard deviation of the historical stock prices of listed comparable companies.

We have obtained from the Valuer and reviewed the underlying calculation in determining the expected volatility and noted that respective 260-day volatilities of the listed comparable companies ranged from approximately 35.7% to approximately 99.2% with an average of approximately 61.35%.

Step 4: Arriving the implied equity value

Based on the application of the steps and assumptions above, the Valuer then applied the backsolve method and, by iteration, derived the implied equity value of ZEEKR to be US\$8,714 million, as set out on page 59 of the Valuation Report in Appendix I to the Circular.

(iii) Market value of ZEEKR as at the Valuation Date

In addition, to capture the market movement between the date of the Pre-A Round Financing (i.e. 27 August 2021) and the Valuation Date (i.e. 31 August 2021), the Valuer further adjusted the implied equity value at the date of the Pre-A Round

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financing with the percentage changes in the share prices of the comparable companies, considering that percentage changes in share prices is the most appropriate in capturing the market movement given that the date of the Pre-A Round Financing and the Valuation Date are reasonably close.

To capture the market movement between the date of the Pre-A Round Financing (i.e. 27 August 2021) and the Valuation Date (i.e. 31 August 2021), the Valuer further adjusted the Pre-A Round Financing implied equity value of ZEEKR with the percentage changes in the share prices of the comparable companies between 27 August 2021 and 31 August 2021.

In selecting the comparable companies, we understand that the Valuer has exhaustively identified five comparable companies based on the following criteria: (i) principally engaged in the development of new energy vehicles that are in the pre-revenue stage; (ii) publicly listed in major stock exchanges; (iii) searchable in S&P Capital IQ, being the research arm of S&P Global; and (iv) sufficient information available.

Having considered the selection criteria and particulars of the comparable companies, we are not aware of any factor that casts doubt on the reasonableness of adoption of the comparable companies by the Valuer to derive the Valuation. We note that among the five comparable companies, the percentage change in the share price of the comparable companies from 27 August 2021 to 31 August 2021 ranged from approximately 1.54% to approximately 6.10% with an average of approximately 3.84%.

The average of the percentage change of share price of the comparable companies of approximately 3.84% was adopted and multiplied by the implied equity value of ZEEKR from the Pre-A Round Financing of approximately US\$8,714 million to determine the market value of ZEEKR as at the Valuation Date, which is computed at US\$9,048 million.

In assessing the fairness and reasonableness of the Consideration, other than relying on the Valuation Report, we have also independently considered the market approach in our assessment of the Consideration, given (i) the income approach requires subjective assumptions to which the valuation is largely influenced by any inappropriate assumptions made; and (ii) the cost approach may not be appropriate since it does not consider the on-going operation of ZEEKR.

In adopting the market approach, we have considered identifying listed comparable companies principally engaged in the development of new energy vehicles that are in the pre-revenue stage, to provide a benchmark of valuation multiples for the assessment of the Consideration. However, taking into account the unique characteristics and pre-revenue nature of the listed comparable companies engaged in the development of new energy vehicles which are in different development stages and have different target markets, we consider that the market valuations of such listed comparable companies are not as good reference as the implied valuation derived

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

from the Pre-A Round Financing which is deemed as timely and arm's length valuation of ZEEKR with reputable independent third parties in assessing the valuation of ZEEKR.

We have also considered identifying comparable transactions involving the acquisition of equity interests in private companies engaged in the development of new energy vehicles. However, on a best effort basis, we were unable to identify any similar recent transactions on the public domain to provide meaningful reference.

Taking into account (i) the fact that the Pre-A Round Financing is already the most directly comparable transaction that was conducted recently and involved the subscription of the equity interests in ZEEKR by five reputable independent third party investors; and (ii) the market valuations of listed comparable companies are not as a good reference as the Pre-A Round Financing in view of their respective different development stages and target markets, we consider that the Pre-A Round Financing is already the most direct and optimal basis for assessing the valuation of ZEEKR.

Our view

Despite the fact that (i) ZEEKR was set up in March 2021; and (ii) the original acquisition cost of the Sale Shares was RMB220 million, we understand from the Company that, since the establishment of ZEEKR, ZEEKR has continued to rapidly develop as an intelligent electric vehicle company, which the first electric vehicle under the ZEEKR Brand was successfully delivered to customers in October 2021. We concur that the Pre-A Round Financing conducted in August 2021, which represents a recent arm's length transaction among five reputable independent third party investors (the profiles of which were set out in the section headed "5.1. Background of the Pre-A Round Financing" above), reflects the latest valuation of ZEEKR in an arm's length transaction. We therefore do not consider the establishment date of ZEEKR and the original acquisition cost of the Sale Shares as relevant factors in assessing whether the Acquisition (including the Consideration) is fair and reasonable.

In addition, we do not consider that the Company acquiring the Sale Shares, instead of subscribing for new ordinary shares of ZEEKR, is a relevant factor in assessing whether the Acquisition (including the Consideration) is fair and reasonable, as we understand from the Valuer that the difference in pre-money valuation of ZEEKR as at the Valuation Date under both scenarios would be considerably limited.

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 Report competently; (ii) it is fair and reasonable to make reference to the Pre-A Round Financing in determining the equity value of ZEEKR as it represents an arm's length market valuation of ZEEKR; and (iii) the adoption of the market approach valuation methodology (including the application of the backsolve method and OPM) for the Valuation is fair and reasonable, taking into account (a) the pre-revenue nature of ZEEKR; (b) the capital structure of ZEEKR consists of both preferred shares and ordinary shares with different liquidation rights; (c) the Pre-A Round Financing was transacted on 27 August 2021, which is close to the Valuation Date of 31 August 2021 for the application of the backsolve method;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and (d) such valuation methodology takes into account the additional right of the Pre-A Preferred Shares over the ordinary shares of ZEEKR in having priority on the distribution of assets in case of liquidation, and takes into account the right of the Pre-A Shareholders to exercise their conversion rights at any time after the issuance and prior to ZEEKR's initial public offering, we concur with the view of the Directors that the Valuation of US\$9,048 million which represents the market value of ZEEKR as at the Valuation Date is an appropriate reference in determining the Consideration. Given the Implied Valuation from the Consideration of approximately US\$9.0 billion is comparable to and represents a discount of approximately 0.6% to the Valuation of ZEEKR of approximately US\$9.05 billion as at the Valuation Date, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

6. The Issue Price

As set out in the Letter from the Board, to partially satisfy the Consideration of the Acquisition, the Company will issue an aggregate of 196,410,000 Consideration Shares, which represents approximately 2% of the issued share capital of the Company as at the Latest Practicable Date and approximately 1.96% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming there will be no change in the total number of the issued Shares after the Latest Practicable Date other than the allotment and issuance of the Consideration Shares).

The Consideration Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM. The Consideration Shares, when being allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue on the date of allotment and issuance of the Consideration Shares.

6.1. Analysis on the Issue Price

As set out in the Letter from the Board, the Issue Price of HK\$23.34 per Consideration Share, which is based on the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 October 2021, being the date of the Framework Agreement, so as to minimize the uncertainties caused by the potential share price fluctuation after the Company's announcement dated 18 October 2021, and it represents:

- (i) a discount of approximately 4.3% to the closing price of HK\$24.4 per Share as quoted on the Stock Exchange on 15 October 2021, being the last trading date before the date of the Framework Agreement;
- (ii) a premium of approximately 2.4% to the average closing price of approximately HK\$22.79 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 October 2021, being the last trading date before the date of the Framework Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) a premium of approximately 4.0% to the average closing price of approximately HK\$22.44 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 15 October 2021, being the last trading date before the date of the Framework Agreement;
- (iv) a discount of approximately 11.4% to the closing price of HK\$26.35 per Share as quoted on the Stock Exchange on 28 October 2021, being the last trading date before the date of the Share Purchase Agreement;
- (v) a discount of approximately 12.6% to the average closing price of approximately HK\$26.72 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 October 2021, the last trading date before the date of the Share Purchase Agreement;
- (vi) a discount of approximately 10.5% to the average closing price of approximately HK\$26.09 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 28 October 2021, the last trading date before the date of the Share Purchase Agreement;
- (vii) a discount of approximately 13.7% to the closing price of HK\$27.05 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
- (viii) a discount of approximately 7.9% to the closing price of HK\$25.35 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (ix) a premium of approximately 189.38% to the unaudited net asset value per Share of approximately HK\$8.07 as at 30 June 2021, based on the 9,820,736,540 Shares in issue as at the Latest Practicable Date.

As the Company is engaged in cash flow business model which is evaluated by way of price-earnings multiples instead of making reference to its assets backing, it is common that its Share price is traded at a premium to its net asset value per Share. In assessing the reasonableness of the Issue Price, we have conducted analysis on the Issue Price relative to (a) the recent Share price; (b) the Comparable Consideration Issues; and (c) the Placing Transactions (as defined in the sections “Comparable issues of Consideration Shares” and “Recent placing transactions” below).

Historical price performance of the Shares

In assessing the reasonableness of the Issue Price, we have considered the historical movement of the closing price of the Shares relative to the Issue Price. Set out below is a chart showing the movement of the closing prices of the Shares against the Issue Price during the period (i) from 19 October 2020 (being one year prior to the date of the Framework Agreement) up to the date of the Framework Agreement (the “**Pre-Framework Agreement Period**”); and (ii) from 19 October 2020 up to and including

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Latest Practicable Date. We consider that a review period of around one year is a reasonable length of time to illustrate the historical Share price performance that minimises the impact of short term Share price fluctuations.



Source: Bloomberg

Notes:

1. On 4 November 2020, the Company issued the announcement in relation to the entering into certain continuing connected transactions and a connected transaction relating to acquisition of assets.
2. On 6 November 2020, the Company issued the announcement in relation to unaudited sales volume in October 2020.
3. On 7 December 2020, the Company issued the announcement in relation to unaudited sales volume in November 2020.
4. On 6 January 2021, the Company issued the announcement in relation to the unaudited sales volume in December 2020 and the sales volume target for 2021.
5. On 11 January 2021, the Company issued the announcement in relation to the unusual price and trading volume movements and clarification of certain press articles.
6. On 15 January 2021, the Company issued the announcement in relation to the grant of share options.
7. On 8 February 2021, the Company issued the announcement in relation to the unaudited sales volume in January 2021.
8. On 24 February 2021, the Company issued the announcement in relation to certain business combination and collaboration of the Group.
9. On 8 March 2021, the Company issued the announcement in relation to the unaudited sales volume in February 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

10. On 23 March 2021, the Company issued (i) the announcement in relation to the annual results for the year ended 31 December 2020; and (ii) the announcement in relation to the formation of joint venture constituting a connected transaction.
11. On 7 April 2021, the Company issued the announcement in relation to the unaudited sales volume in March 2021.
12. On 28 April 2021, the Company issued the announcement in relation to the disposal of Shanghai Maple Guorun Automobile Company Limited* and the acquisition of Ningbo ZEEKR Intelligent Technology Company Limited* constituting connected transactions.
13. On 10 May 2021, the Company issued the announcement in relation to the unaudited sales volume in April 2021.
14. On 13 May 2021, the Company issued the announcement in relation to the acquisition of Changxing Geely Automobile Components Company Limited*, constituting a connected transaction.
15. On 7 June 2021, the Company issued the announcement in relation to the unaudited sales volume in May 2021.
16. On 25 June 2021, the Company issued (i) the announcement in relation to the withdrawal of application for the proposed RMB share issue; and (ii) the voluntary announcement in relation to the business development of the Group.
17. On 2 July 2021, the Company issued the announcement in relation to the acquisition of the equity interests of CEVT and Haohan Energy, the subscription of Ningbo Viridi (as defined in the said announcement) and certain continuing connected transactions.
18. On 6 July 2021, the Company issued the announcement in relation to the unaudited sales volume in June 2021.
19. On 28 July 2021, the Company issued the announcement in relation to the formation of joint venture constituting a connected transaction.
20. On 6 August 2021, the Company issued the announcement in relation to the unaudited sales volume in July 2021.
21. On 9 August 2021, the Company issued the voluntary announcement in relation to the clarification of parties to a transaction.
22. On 18 August 2021, the Company issued the announcement in relation to the unaudited interim results for the six months ended 30 June 2021.
23. On 20 August 2021, the Company issued the announcement in relation to the adoption of ZEEKR share award scheme.
24. On 27 August 2021, the Company issued the announcement in relation to the Pre-A Round Financing.
25. On 30 August 2021, the Company issued the announcement in relation to the adoption of share award scheme and the award of grant shares.
26. On 6 September 2021, the Company issued the announcement in relation to the unaudited sales volume in August 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

27. On 7 September 2021, the Company issued the announcement in relation to the subscription of preference shares of ECARX Holdings Inc.
28. On 11 October 2021, the Company issued the announcement in relation to the unaudited sales volume in September 2021.
29. On 15 October 2021, the Company issued the announcement in relation to certain continuing connected transactions.
30. On 18 October 2021, the Company issue the announcement in relation to the Framework Agreement.
31. On 29 October 2021, the Company issued the Announcement in relation to the Share Purchase Agreement.
32. On 8 November 2021, the Company issued the announcement in relation to the unaudited sales volume in October 2021.

* *For identification purposes only*

During the Pre-Framework Agreement Period of one year, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$15.9 per Share recorded on 28 October 2020 and HK\$33.8 per Share recorded on 20 January 2021 and 25 January 2021, respectively. The Issue Price had been above the closing prices of the Shares on 121 trading days out of 246 trading days (representing approximately half of the total number of trading days) during the Pre-Framework Agreement Period. Whilst the Pre-Framework Agreement Period provides a long term reference of the Share price performance, the more recent Share price performance is more relevant in assessing the reasonableness of the Issue Price. During the period of one month from 17 September 2021 and up to the publication of the Company's announcement in relation to the Framework Agreement, the closing prices of the Shares as quoted on the Stock Exchange ranged from HK\$21.5 per Share to HK\$25.75 per Share, with an average closing price of HK\$22.9 per Share. The Issue Price had been above the closing prices of the Shares on 13 trading days out of 17 trading days (representing approximately three quarters of the total number of trading days) during the period from 17 September 2021 and up to the publication of the Company's announcement in relation to the Framework Agreement.

Following the publication of the Company's announcement dated 18 October 2021 in relation to the Framework Agreement, the recent closing prices of the Shares from 19 October 2021 and up to the Latest Practicable Date were at a narrow range between HK\$25.30 per Share to HK\$27.10 per Share.

Comparable issues of Consideration Shares

In assessing the reasonableness of the Issue Price, we have also considered recent consideration issues in the Hong Kong market, we have identified acquisitions involving issue of consideration shares by companies listed on the Main Board of the Stock Exchange, which were announced since 1 May 2021 up to and including 29 October 2021, being the date of the Share Purchase Agreement, excluding (a) issues of A shares or domestic shares; (b) issues involving share exchange privatisation and share buy-back

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

offer; (c) issues that have been terminated or lapsed subsequently; and (d) issues with issue price yet to be determined (the “**Comparable Consideration Issues**”). We consider that a review period of around 6 months prior to the date of the Share Purchase Agreement is reasonable to provide a representative population of recent Comparable Consideration Issues for the purpose of assessing the reasonableness of the Issue Price.

It should be noted that the subject companies involved in the Comparable Consideration Issues may have different principal activities, market capitalisation, financial performance and financial position as compared with those of the Company, and the acquired assets and the reasons behind their respective issues of shares may vary. However, considering the similarity in nature of the issue of the Consideration Shares and the Comparable Consideration Issues that both involved issuing new shares to satisfy acquisition consideration, we consider that the Comparable Consideration Issues can provide a valid general reference for similar type of transactions in the Hong Kong market under the recent market environment.

The following table sets forth the issue price of the consideration shares and premiums/discounts of issue price over/to the respective (average) closing price on the last trading day prior to/on the date of the relevant agreement, and for the last 5 and 10 consecutive trading days prior to/including the date of the relevant agreement of the Comparable Consideration Issues:

Date of announcement	Company (stock code)	Issue price HK\$	Premium/(Discount) of the issue price over/to			
			the closing price on the last trading day	the average closing price over the last 5 consecutive trading days	the average closing price over the last 10 consecutive trading days	
			%	%	%	%
04-May-21	Eternity Investment Limited (764)	0.250	2.0	0.8	3.7	
27-May-21	Vongroup Limited (318)	0.650	0.0	20.8	26.2	
28-May-21	Culturecom Holdings Limited (343)	0.330	(25.0)	(4.9)	(0.5)	
31-May-21	FIT Hon Teng Limited (6088)	2.400	11.1	13.3	11.1	
04-Jun-21	Kingkey Financial International (Holdings) Limited (1468)	0.240	(66.7)	(65.1)	(65.6)	
07-Jun-21	China Conch Venture Holdings Limited (586)	36.657	10.4	6.0	3.8	
02-Jul-21	Value Convergence Holdings Limited (821)	0.205	(18.0)	(16.5)	(17.3)	
26-Jul-21	Moody Technology Holdings Limited (1400)	0.120	20.0	23.7	21.2	
29-Jul-21	Ev Dynamics (Holdings) Limited (476)	0.180	44.0	36.4	34.3	
15-Aug-21	Newlink Technology Inc. (9600)	2.558	(7.0)	(6.0)	(4.1)	
20-Aug-21	Raily Aesthetic Medicine International Holdings Limited (2135)	0.477	(1.7)	(4.8)	(2.4)	
30-Aug-21	Da Ming International Holdings Limited (1090)	3.260	(7.9)	(4.1)	0.0	
31-Aug-21	China Health Group Limited (673)	0.100	49.3	41.6	42.5	
23-Sep-21	Frontier Services Group Limited (500)	1.300	51.2	50.5	62.5	
28-Sep-21	China 21st Century Education Group Limited (1598)	0.550	0.0	7.8	8.3	
08-Oct-21	Universal Star (Holdings) Limited (2346)	2.230	(18.6)	(18.9)	(14.6)	
20-Oct-21	Heng Tai Consumables Group Limited (197)	0.101	(19.8)	(1.9)	(1.0)	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company (stock code)	Issue price HK\$	Premium/(Discount) of the issue price over/to			
			the closing price on the last trading day	the average closing price over the last 5 consecutive trading days	the average closing price over the last 10 consecutive trading days	
			%	%	%	
28-Oct-21	Vongroup Limited (318)	0.378	(15.0)	(14.0)	(16.6)	
		Minimum	(66.7)	(65.1)	(65.6)	
		Maximum	51.2	50.5	62.5	
		Median	(0.8)	(0.5)	1.9	
		Average	0.5	3.6	5.1	
		The Issue Price on the date of the Framework Agreement	23.34	(4.3)	2.4	4.0
		The Issue Price on the date of the Share Purchase Agreement	23.34	(11.4)	(12.6)	(10.5)

Source: website of the Stock Exchange

As shown in the table above, the premiums/discounts of the Comparable Consideration Issues over/to the respective (average) closing price prior to/on the last trading day, and for the last 5 and 10 consecutive trading days before publication of the announcement are in a wide range between a 66.7% discount and a 62.5% premium, with average of between a 0.5% premium and 5.1% premium and median of between a 0.8% discount to a 1.9% premium. The premiums/discounts as represented by (a) the Issue Price on the date of the Framework Agreement (being the date when the possible Acquisition was first announced) to the (average) closing price of the Shares during the respective periods range from a 4.3% discount and a 4.0% premium; and (b) the Issue Price on the date of the Share Purchase Agreement to the (average) closing price of the Shares during the respective periods range from a 10.5% discount to a 12.6% discount, which are within the range of premiums/discounts under the Comparable Consideration Issues.

The discounts and premiums as represented by the Issue Price on the date of the Framework Agreement (being the date when the possible Acquisition was first announced) are comparable to the median under the Comparable Consideration Issues. The larger discounts as represented by the Issue Price on the date of the Share Purchase Agreement was mainly due to the fact that the Share price on the date of the Share Purchase Agreement (i.e. 29 October 2021) increased by approximately 9.1% to HK\$27.05 per Share from HK\$24.8 per Share on the date of the Framework Agreement (i.e. 18 October 2021). We note that following the publication of the Company's announcement dated 18 October 2021 in relation to the Framework Agreement, the closing prices of the Shares from 19 October 2021 and up to the Latest Practicable Date were at a narrow range between HK\$25.30 per Share to HK\$27.10 per Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Recent placing transactions

In order to further assess the fairness and reasonableness of the Issue Price, we have also considered recent placing transactions in the market as theoretically, the Company could have conducted a share placement to raise the necessary funding for the partial settlement of the Consideration instead of issuing the Consideration Shares. In this regard, we have identified placing transactions announced by companies listed on the Main Board of the Stock Exchange since 1 August 2021 up to and including 29 October 2021, being the date of the Share Purchase Agreement (the “**Placing Transactions**”).

The following table sets forth the premiums/discounts of issue price over/to the respective (average) closing prices on the last trading prior to/on the date of the announcement, and for the last 5 and 10 consecutive trading days prior to/including the date of the announcement of the Placing Transactions.

Date of announcement	Company (stock code)	Issue price HK\$	Premium/(Discount) of the issue price over/to		
			the closing price on the last trading day	the average closing price over the last 5 consecutive trading days	the average closing price over the last 10 consecutive trading days
			%	%	%
05-Aug-21	Xinte Energy Co. Ltd (1799)	16.220	(13.8)	(11.8)	(13.3)
05-Aug-21	Luxxu Group Limited (1327)	0.100	(16.7)	(13.9)	(14.7)
11-Aug-21	i-Control Holdings Limited (1402)	0.570	(5.0)	(5.3)	(3.7)
16-Aug-21	InvesTech Holdings Limited (1087)	1.240	(20.0)	(10.9)	(12.7)
24-Aug-21	Xinyang Maojian Group Limited (362)	0.250	(5.7)	(6.7)	(7.9)
01-Sep-21	Dongyue Group Limited (189)	23.000	(14.2)	(4.3)	5.9
01-Sep-21	Affluent Partners Holdings Limited (1466)	0.103	(19.5)	(19.0)	(20.0)
01-Sep-21	Universal Star (Holdings) Limited (2346)	1.970	(7.1)	(10.1)	(6.7)
09-Sep-21	Orient Overseas (International) Limited (316)	151.000	(8.8)	(10.5)	(11.1)
14-Sep-21	Ever Harvest Group Holdings Limited (1549)	0.231	(18.9)	(19.5)	(19.9)
15-Sep-21	Acme International Holdings Limited (1870)	0.600	(44.4)	(28.7)	(23.0)
26-Sep-21	Sheng Ye Capital Limited (6069)	8.800	(8.0)	(9.5)	(9.4)
30-Sep-21	KNT Holdings Limited (1025)	0.250	(16.7)	(18.6)	(20.5)
04-Oct-21	Capital VC Limited (2324)	0.250	(5.7)	(10.7)	(11.0)
05-Oct-21	Chinasoft International Limited (354)	12.260	(9.9)	(11.1)	(9.6)
06-Oct-21	Zhongyu Gas Holdings Limited (3633)	5.800	(9.9)	(8.9)	(9.4)
08-Oct-21	China New Economy Fund Limited (80)	0.162	0.0	0.0	(2.1)
18-Oct-21	China Investment Development Limited (204)	0.150	(16.7)	(20.0)	(21.8)
19-Oct-21	China Education Group Holdings Limited (839)	15.100	(9.4)	0.6	7.6
20-Oct-21	Shimao Services Holdings Limited (873)	15.180	(9.8)	(8.4)	(6.6)
22-Oct-21	Golden Century International Holdings Group Limited (91)	0.200	(13.0)	(14.8)	(15.6)
24-Oct-21	CIFI Ever Sunshine Services Group Limited (1995)	15.760	(8.8)	(4.7)	(2.6)
27-Oct-21	China Yuhua Education Corporation Limited (6169)	4.190	(12.0)	(15.0)	(9.6)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company (stock code)	Issue price HK\$	Premium/(Discount) of the issue price over/to		
			the closing price on the last trading day	the average closing price over the last 5 consecutive trading days	the average closing price over the last 10 consecutive trading days
			%	%	%
28-Oct-21	Li Ning Company Limited & Viva China Holdings Limited (2331)	87.500	(8.1)	(5.0)	(1.0)
29-Oct-21	HKE Holdings Limited (1726)	0.400	(9.1)	(4.3)	(4.0)
01-Nov-21	BYD Company Limited (1211)	276.000	(6.9)	(9.3)	(6.2)
		Minimum	(44.4)	(28.7)	(23.0)
		Maximum	0.0	0.6	7.6
		Median	(9.8)	(10.3)	(9.5)
		Average	(12.2)	(10.8)	(9.6)
	The Issue Price on the date of the Framework Agreement	23.34	(4.3)	2.4	4.0
	The Issue Price on the date of the Share Purchase Agreement	23.34	(11.4)	(12.6)	(10.5)

As shown in the above table, the basis of the last trading day and periods of last 5 and 10 consecutive trading days before the announcement, the premiums/discount of the Placing Transactions over/to the respective (average) closing prices range from a 44.4% discount to a 7.6% premium, with the average of between a 12.2% discount to a 9.6% discount, and median of between a 10.3% discount to a 9.5% discount. The premiums/discounts as represented by (a) the Issue Price on the date of the Framework Agreement (being the date when the possible Acquisition was first announced) to the (average) closing price of the Shares during the respective periods range from a 4.3% discount and a 4.0% premium is comparable to the high end of the premiums/discounts of the Placing Transactions; and (b) the Issue Price on the date of the Share Purchase Agreement to the (average) closing price of the Shares during the respective periods range from a 10.5% discount to a 12.6% discount, which is comparable to the average of the premiums/discounts of the Placing Transactions, respectively.

Our view

Having considered the above and the fact that (i) the Issue Price is determined with reference to the prevailing market price of the Shares before the date of the Framework Agreement; (ii) the Issue Price represents approximately 1.9% premium to the average closing Share price of HK\$22.9 during the period of one month prior to the Framework Agreement; (iii) the premiums/discounts as represented by the Issue Price on the date of the Framework Agreement is comparable to the average premiums/discounts of the Comparable Consideration Issues and comparable to the high end of that of the Placing Transactions; (iv) although the discount as represented by the Issue Price on the date of the Share Purchase Agreement is higher than the average premiums/discounts of the Comparable Consideration Issues, we consider such deviation is still within a reasonable range and the discount as represented by the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Issue Price on the Share Purchase Agreement is comparable to the average premiums/discounts of the Placing Transactions; and (v) the issue of the Consideration Shares is construed as a means to finance part of the Acquisition without involving significant cash outlay to the Group, we consider the Issue Price to be fair and reasonable.

7. Financial effects of the Acquisition on the Group

Upon completion of the Acquisition, ZEEKR will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the consolidated financial statement of the Group. Set out below are the financial effects of the Acquisition on the Group:

7.1. Net assets

Currently, the assets and liabilities of ZEEKR are consolidated into the Company's statement of financial position with non-controlling interests. Since the Acquisition will increase the shareholding of the Group in ZEEKR, such non-controlling interests will decrease upon completion of the Acquisition. Accordingly, the Group's net asset value attributable to the Shareholders are expected to increase upon completion of the Acquisition.

As the Consideration will be settled partially by the Consideration Shares, the equity of the Company is expected to increase as a result of enlarged capital base following the issue of the Consideration Shares. The Group's cash and bank balance is expected to decrease as a result of the partial settlement of the Consideration by cash.

As confirmed by the Directors, no significant effect on the Group's consolidated financial position is expected to be resulted from the Acquisition immediately upon completion of the Acquisition.

7.2. Revenue and earnings

The financial results of ZEEKR will continue to be consolidated into the Company's statement of profit and loss upon completion of the Acquisition. Since the Acquisition will increase the shareholding of the Group in ZEEKR, the non-controlling interests will decrease upon completion of the Acquisition and accordingly, the impact of the profit or loss of ZEEKR on the Group's profit and loss attributable to the Shareholders are expected to increase upon completion of the Acquisition.

As confirmed by the Directors, no significant effect on the Group's consolidated profit and loss is expected to be resulted from the Acquisition immediately upon completion of the Acquisition.

7.3. Cash flow

Since the Consideration will be partially satisfied by cash of approximately RMB1.8 billion, the cash level of the Group will decrease immediately upon completion of the Acquisition. Given the bank balances and cash of approximately RMB19.8 billion as at 30 June 2021 according to the interim report of the Group for 1H2021, and based on the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

assumption that there is no material adverse change in such position since 30 June 2021, the Directors expected that there would not be material adverse effect on the cash flow of the Group as a result of the Acquisition.

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 Acquisition.

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 Acquisition is beneficial to the Company given (i) the Company's determination in pioneering electrified and intelligentized vehicles; (ii) the potential of ZEEKR to capture significant market share of the global high-end electric vehicle industry, which is expected to provide growth momentum to the Group in the future; (iii) the success of the Pre-A Round Financing being a showcase of recognition from the industry in ZEEKR's long term development; and (iv) the Acquisition will be able to offset the dilutive effect of the Pre-A Round Financing and other potential equity financings of ZEEKR in the future;
- (b) the Share Purchase Agreement represent normal commercial terms and the key terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (c) based on our independent work performed on the Valuation Report (which forms the basis of the Consideration), we are satisfied with the fairness and reasonableness of the methodology, principal basis, assumptions and parameters adopted in the Valuation Report;
- (d) given the Implied Valuation from the Consideration of approximately US\$9.0 billion is comparable to and represents a discount of approximately 0.6% to the Valuation of ZEEKR of approximately US\$9.05 billion as at the Valuation Date, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole; and
- (e) the Issue Price of the Consideration Shares is considered fair and reasonable and in the interests of the Company and the Shareholders as a whole as (i) the Issue Price was determined with reference to the prevailing market price of the Shares before the date of the Framework Agreement; (ii) the premiums/discounts as represented by the Issue Price on the date of the Framework Agreement is comparable to the average premiums/discounts of the Comparable Consideration Issues and close to the high end of that of the Placing Transactions; (iii) although the Issue Price on the date of the Share Purchase Agreement is higher than the average premiums/discounts of the Comparable Consideration Issues, it is comparable to the average premiums/discounts of the Placing Transactions; and (iv) the issue of the Consideration Shares is construed as a means to finance part of the Acquisition without involving significant cash outlay to the Group,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we consider that (i) while the Acquisition is 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, and (ii) the terms of the Acquisition (including the allotment and issuance of the Consideration Shares) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Share Purchase Agreement is 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 resolution to be proposed at the EGM in relation to the Acquisition pursuant to the Share Purchase Agreement and the allotment and issuance of the Consideration Shares pursuant to the Specific Mandate.

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.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited

7/F One Taikoo Place 979 King's Road Hong Kong

Tel +852 2846 5000 Fax +852 2169 6001

Company Licence No.: C-030171

30 November 2021

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

Dear Sirs,

In accordance with the instructions from Geely Automobile Holdings Limited (the “**Company**”), Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”) has undertaken a valuation exercise which requires us to express an independent opinion on the market value as at 31 August 2021 (the “**Valuation Date**”) of 100% equity interest in ZEEKR Intelligent Technology Holding Limited (“**ZEEKR**” or the “**Target Company**”), being the Target Company as defined in the circular of the Company dated 30 November 2021. The report which follows is dated 30 November 2021 (the “**Report Date**”)

The purpose of this valuation is for the Company’s internal reference and inclusion in its public disclosure.

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

BACKGROUND

The Company announced to set up ZEEKR with Zhejiang Geely Holding Group Company Limited (“**Geely Holding**”) on 23 March 2021. ZEEKR and its subsidiaries are principally engaged in the business relating to design, research and development, sales, and after-sale services of new energy vehicles (including the intelligent electronic vehicles manufactured and marketed under the ZEEKR Brand) and other ancillary business incidental or related thereto, or derived therefrom.

ZEEKR has announced its first car model, “001” on 15 April 2021 and delivery was estimated to be in October 2021. The Target Company was in its pre-revenue stage as at the Valuation Date. Extract of the financial information of the Target Company, provided by the management of the Company and the Target Company (the “**Management**”), is shown as below:

**For the period from the
date of incorporation to
31 August 2021**
(RMB million)

Revenue	–
Consolidated loss attributable to shareholders of the Target Company	(107)
Total Assets (as at the Valuation Date)	5,256
Shareholders' Equity (as at the Valuation Date)	1,893

ZEEKR entered into a share purchase agreement with five investors (the “**Pre-A Share Purchase Agreement**”) on 27 August 2021 (the “**Transaction Date**”) and issued, in aggregate, 126,470,585 Pre-A preferred shares (“**Pre-A Preferred Shares**”), at the total consideration of US\$500 million (the “**Recent Transaction**”). Each of the investors is an independent third party of the Company and the Target Company.

SOURCES OF INFORMATION

In conducting our valuation of 100% equity interest of the Target Company, we have reviewed information including, but not limited to:

- Background of the Target Company and relevant information;
- The Pre-A Share Purchase Agreement;
- The latest shareholders agreement of the Target Company (the “**Shareholders Agreement**”);
- Historical financial information of the Target Company for the period from the date of incorporation to 31 August 2021; and
- Other operation and market information in relation to the business of the Target Company.

We have held discussions with management of the Management and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with International Valuation Standards issued by International Valuation Standards Council (“**IVSC**”). The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of key assumptions, estimates and representations made by the proprietor or the operation of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

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

- The economic outlook in general;

- The nature of the business;
- The financial condition of the Target Company;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business;
- Consideration and analysis on the micro and macro economy affecting the business of the Target Company; and
- Assessment of the liquidity of the business of the Target Company.

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

VALUATION METHODOLOGY

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

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

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 or obsolescence present in the assets, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

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

Given the unique characteristics of the Target Company, there are substantial limitations for the income approach and the cost approach for the valuation. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Detailed operational information and long-term financial projections with observable inputs are also needed to arrive at an indication of value but such information is not available as at the Valuation Date. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the Target Company's business.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used.

In this Valuation Report, the market value of 100% equity interest in the Target Company was developed through the application of the prior transaction method under the market approach. The prior transaction method utilizes information on arms-length transactions involving the subject asset taken place close to the valuation date to arrive at an indication of value. The Recent Transaction is deemed as timely and on an arm's length basis as it took place on 27 August 2021 with independent third parties. Considering that the Recent Transaction involved the issuance of Pre-A Preferred Shares which carry different economic or control rights, that are disproportionate to their shareholder ownership percentage, from the ordinary shares, the back-solve method is applied to adjust the transaction price of the Recent Transaction to arrive at the implied total equity value of the Target Company.

In addition, to capture the market movement between the Transaction Date and the Valuation Date, we further adjusted the implied total equity value with the percentage changes in the share prices of the comparable companies. Percentage changes in share prices is considered the most appropriate in capturing the market movement given that the Transaction Date and the Valuation Date is reasonably closed.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the equity interest in the Target Company have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have assumed the accuracy of the financial and operational information provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value; and

- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

SUMMARY OF MARKET APPROACH

Analysis of the Recent Transaction

As discussed in the earlier section of this report, the Recent Transaction involved the issuance of 126,470,585 Pre-A Preferred Shares at the total consideration of US\$500 million. The capital structure immediately after the transaction is as follows:

Equity Class	Number of Outstanding Shares	Shareholding (%)
Ordinary Shares	2,150,000,000	94.44
Pre-A Preferred Shares	<u>126,470,585</u>	<u>5.56</u>
Total	<u><u>2,276,470,585</u></u>	<u><u>100</u></u>

Pre-A Preferred Shares carry different economic or control rights from the ordinary shares. The back-solve method is required to adjust the transaction price of the Recent Transaction. To apply back-solve method, we have constructed an equity allocation model as detailed below.

As per the Shareholders Agreement, Pre-A preferred shareholder is entitled a liquidation right. In the event of liquidation, Pre-A preferred shareholders have the priority in the distribution of ZEEKR's asset over the ordinary shareholders. As such, the total equity value of the Target Company shall be allocated to each equity class on different basis under 2 scenarios, namely the liquidation scenario and non-liquidation scenario. We then arrived at the probability-weighted value of each class of shares by assigning a probability to each scenario with the probabilities of the liquidation scenario and non-liquidation scenario assumed to be 6.8% and 93.2% respectively.

Non-liquidation Scenario

Under the non-liquidation scenario, the total equity value of the Target Company is allocated to each class of shares on an as-if-fully converted basis.

Liquidation Scenario

Under the liquidation scenario, the value of each equity class is derived by adopting the Black-Scholes option pricing model ("OPM"). OPM treats each class of shares as a call option with distinct claim on the total equity value of the Target Company. Each class of shares is modelled as a call option as it gives its owner the right, but not the obligation, to buy the underlying total equity value at a predetermined exercise price. The exercise price of the option is based on a comparison with the total equity value of the Target Company, which is determined based on the liquidation preference amount of different classes of shares under the liquidation scenario.

The modelling of each class of share as call options on the total equity value is as follows:

1. If total equity value is less than the total liquidation preference amount (i.e. US\$0 to US\$500 million) of the Pre-A Preferred Shares, the total equity value will be distributed solely to Pre-A Preferred Shares, the value of ordinary shares is zero.
2. If total equity value is more than the total liquidation preference amount of Pre-A Preferred Shares but lower than the situation mentioned in (3) below (i.e. US\$500 million to US\$9,000 million), the total equity value will be distributed to Pre-A Preferred Shares first up to the total liquidation preference amount and the remaining will be distributed to the ordinary shares (i.e. the ordinary shares will be worth one dollar for each dollar of total equity value in excess of the total liquidation preference amount); and
3. If the proceeds sharing amount of Pre-A Preferred Shares exceeds its liquidation preference amount, the investor may then opt to give up its liquidation right and opt to share the proceeds rateably, in which event the total equity value will be distributed rateably to each class of shares.

The formula of OPM in calculating the price of a call option is as follows:

$$\text{Price of a call option} = S * N(d_1) - K * e^{-rt} * N(d_2)$$

Where:

$$d_1 = [\ln(S/K) + (R + V^2/2)*T]/(V * \sqrt{T})$$

$$d_2 = d_1 - V * \sqrt{T}$$

N = normal distribution

S = current value of total equity of the subject company

K = strike price of the option

e = exponential

T = life to expiration of the option

R = risk free interest rate corresponding to the life of the option

V = expected volatility in the value of the subject company

The following parameters are adopted in the OPM:

Item	Parameter adopted	Note
Strike price of the options	Option 1: US\$0 Option 2: US\$500 million Option 3: US\$9,000 million	It is determined based on the liquidation preference amount of Pre-A Preferred Shares.
Life to expiration	5 years	It is the expected time to the occurrence of an exit event. The life to expiration is referenced to the target initial public offering (“IPO”) date as stated in the Shareholders Agreement, which is approximately 5 years from the Transaction Date and after which the Target Company and its shareholders will further discuss on the exit arrangement in case of no IPO.
Risk free interest rate	0.43%	Since the shares are priced in US\$, the risk free interest rate is determined based on the yield of US Treasury Active Curve with a maturity life equal to the expected time to a liquidation event or IPO event as at the Transaction Date.
Expected volatility	61.35%	It is based on the average annualized standard deviation of the historical stock prices of listed comparable companies.

After constructing the equity allocation model as illustrated in the above, the back-solve method is then applied. By iteration, the implied total equity value of ZEEKR as at the Transaction Date is then derived such that the corresponding value of the Pre-A Preferred Share equals to the transaction price. The implied total equity value from the Recent Transaction is computed at US\$8,714 million.

Calculation of market value from percentage changes in share prices

In determining the percentage change in share price, a list of comparable companies was identified. The selection criteria include the followings:

- The companies are principally engaged in the development of new energy vehicles;
- The comparable companies are searchable in S&P Capital IQ;
- The comparable companies are publicly listed in major stock exchanges;
- The comparable companies are in their pre-revenue stage; and

- Sufficient data, including but not limited to share prices as at the Valuation Date of the comparable companies is available.

As sourced from S&P Capital IQ, an exhaustive list of comparable companies satisfying the above criteria was obtained. The details of the comparable companies which are considered as fair and representative samples are listed below:

Stock Code	Company Name	Share Price as at 27 August 2021 (US\$)	Share Price as at 31 August 2021 (US\$)	Percentage Change (%)	Company Description
NasdaqGS: NKLA	Nikola Corporation	10.13	10.43	2.96	Nikola Corporation engages in the development and integration of energy and transportation solutions in the United States. The company operates in two business units: Truck and Energy. The Truck business unit develops and commercializes battery-electric (BEV) and fuel cell electric (FCEV) Class 8 trucks for the short, medium, and long haul trucking sector. It also offers hydrogen-electric vehicles, electric vehicle drivetrains, vehicle components, and energy storage systems. The Energy business unit develops and constructs a network of hydrogen fueling stations for FCEV customers. The company was founded in 2015 and is headquartered in Phoenix, Arizona.
NasdaqGS: ARVL	Arrival	11.13	11.77	5.75	Arrival primarily focuses on the design, assembly, and distribution of commercial electric vehicle vans and buses worldwide. The company was founded in 2015 and is based in Howald, Luxembourg.
NasdaqGS: ELMS	Electric Last Mile Solutions, Inc.	7.74	7.96	2.84	Electric Last Mile Solutions, Inc., a commercial electric vehicle solutions company, focuses on designing, engineering, manufacturing, and customizing electric last mile delivery and utility vehicles. The company is headquartered in Troy, Michigan.
NasdaqGM: FFIE	Faraday Future Intelligent Electric Inc.	9.51	10.09	6.10	Faraday Future Intelligent Electric Inc. engages in the design, development, manufacture, engineering, sale, and distribution of electric vehicles and related products in the United States and internationally. The company was founded in 2014 and is headquartered in Gardena, California.
NasdaqGS: RIDE	Lordstown Motors Corp.	6.48	6.58	1.54	Lordstown Motors Corp. operates as an automotive company. It develops, manufactures, and sells Endurance, an electric full-size pickup truck for fleet customers. The company was founded in 2019 and is based in Lordstown, Ohio.
			Average:	3.84	

CALCULATION OF VALUATION RESULT

Under the prior transaction method, the market value depends on the implied total equity value from the Recent Transaction and the percentage changes in share price of its comparable companies as at the Valuation Date. The average of the percentage change of share price was adopted in the valuation, then multiplied by the implied total equity value of the Target Company as at the Transaction Date to determine the market value of the equity interest in the Target Company as at the Valuation Date.

The calculation of the market value of the equity interest in the Target Company as at the Valuation Date is as follows:

		Amount
Implied total equity value of the Target Company as at the Transaction Date (US\$ million)	A	8,714
Average percentage change in share price (%)	B	3.84
Market value of 100% equity interest in the Target Company as at the Valuation Date (US\$ million)	C = A * (1+B)	9,048

VALUATION COMMENT

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

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

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as at, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk of the financial assumptions not being achieved. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As at the report date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. Readers are reminded that we do not intend to provide an opinion of value as at any date after the Valuation Date in this report.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of the Target Company as at the Valuation Date is reasonably stated at the amount of **US\$9,048,000,000**.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Simon M.K. Chan

Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our report was used as part of the analysis of the Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Target Company rests solely with the Company.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The board of directors and the management of the Company have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from the Company. Such kind of additional work may incur without prior notification to the Company.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the report is subject to the terms of the engagement agreement entered between the Company and us and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Target Company.
9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This report is confidential to the Company and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as at the Valuation Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
12. Where a distinct and definite representation has been made to us by parties interested in the Target Company, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. The Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of our services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if we have been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist. We do not conduct or provide such kind of assessments and have not considered the potential impact to the Target Company. Readers are encouraged to obtain a professional assessment on the effect on the value of the asset due to environmental, structural, engineering, auditing matters.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company and other sources. Actual transactions involving the Target Company might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time.

17. The board of directors, management, staff, and representatives of the Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

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
		Long position	Short position	percentage of shareholding (%)
Shares				
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	17,377,000	–	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	–	0.01
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 limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited.

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

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding (%)
		Long position	Short position	
Share Options				
Mr. Yang Jian	Personal	3,000,000 <i>(Note 2)</i>	–	0.03
Mr. Gui Sheng Yue	Personal	13,500,000 <i>(Note 2)</i>	–	0.14
Mr. Li Dong Hui, Daniel	Personal	14,000,000 <i>(Note 2)</i>	–	0.14
Mr. An Cong Hui	Personal	22,000,000 <i>(Note 2)</i>	–	0.22
Mr. Ang Siu Lun, Lawrence	Personal	3,000,000 <i>(Note 2)</i>	–	0.03
Ms. Wei Mei	Personal	1,000,000 <i>(Note 1)</i>	–	0.01
Ms. Wei Mei	Personal	7,000,000 <i>(Note 2)</i>	–	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 at 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 at 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.	8,929 (Note 1)	–	89.29 (Note 1)
Mr. Li Shu Fu	Geely Group Limited	50,000	–	100
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	ZEEKR Intelligent Technology Holding Limited	RMB742,000,000 (Note 9)	–	32.59
Mr. An Cong Hui	ZEEKR Intelligent Technology Holding Limited	RMB128,000,000 (Note 10)	–	5.62
Mr. Li Dong Hui, Daniel	ZEEKR Intelligent Technology Holding Limited	RMB20,000,000 (Note 11)	–	0.88
Mr. Gui Sheng Yue	ZEEKR Intelligent Technology Holding Limited	RMB10,000,000 (Note 12)	–	0.44

Notes:

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

2. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
3. Zhejiang Geely Automobile Company Limited (“**Zhejiang Geely**”) is a limited liability 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.
4. Shanghai Maple Automobile Company Limited (“**Shanghai Maple**”) is a limited liability 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 limited liability 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 limited liability company incorporated in the PRC and is 1%-owned by Zhejiang Geely.
7. Zhejiang Ruhoo Automobile Company Limited is a limited liability company incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
8. Hunan Geely Automobile Components Company Limited is a limited liability company incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
9. ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 32.59%-owned by Mr. Li Shu Fu and his associate.
10. ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 5.62%-owned by Mr. An Cong Hui, an executive Director, and his associate.
11. ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.88%-owned by Mr. Li Dong Hui, Daniel, an executive Director, and his associate.
12. ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.44%-owned by Mr. Gui Sheng Yue, an executive Director, and his associate.

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

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the Directors or the chief executives of the Company, the persons, other than the Directors or the chief executives of the Company, who had interests or a short positions in the Shares and underlying Shares 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 corporations	4,019,391,000	-	40.93
Geely Group Limited (Note 1)	Beneficial owner	87,000	-	0.001
Zhejiang Geely (Note 2)	Beneficial owner	796,562,000	-	8.11

Notes:

1. Proper Glory Holding Inc. (“**Proper Glory**”) is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li Shu Fu. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
2. Zhejiang Geely is a limited liability 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 which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and of any other member of the Group.

3. FURTHER INFORMATION CONCERNING DIRECTORS**(a) Directors’ service agreements**

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

(b) Competing interests

The Group is principally engaged in the research, production, marketing and sales of vehicles and related automobile components in the PRC. Geely Holding, which is ultimately owned by Mr. Li and his associate, has signed agreements or been in negotiations with local governments in the PRC and other entities to set up production plants for the manufacturing and distribution of Geely-branded vehicles. The potential production and distribution of Geely-branded vehicles 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 an indirect subsidiary of Geely Holding and is the parent company of the Volvo Car Group of companies) maintaining their respective existing independent corporate structures. The Board (including the independent non-executive Directors) is of the view that, through such business combination and collaboration, the major potential competition between the parties has been mitigated. Also, the 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 three major brands, namely, Geely, ZEEKR 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-branded vehicles are mainly sold in the PRC, and some are exported to developing countries in Asia, Eastern Europe and Middle East regions. Geely-branded 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, CBUs of the Group and Volvo target at different consumer groups. As for the automobile products, in general, consumers' decision over purchasing different brands of vehicle would largely be affected by the group they belong to. For consumers, switching between different groups would be relatively difficult and longer period of time would be needed since it usually requires certain accumulation of financial foundation and changes in their awareness, concepts, etc. over consumption. Therefore, the Group is different from Volvo in terms of the consumer group; the manufacture business operated by each party does not constitute a competitive relationship, and the possibility of mutually or unilaterally transferring business opportunities is small.

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

(2) *LYNK & CO*

LYNK & CO, being a mid- to high-end brand established through joint venture among Zhejiang Jirun, Geely Holding and VCI, 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. It has appointed 2 of the 4 directors to LYNK & CO and participated in the corporate governance of LYNK & CO. It has joint control over LYNK & CO and has stronger influence over decision-making on LYNK & CO's material events. Therefore, if LYNK & CO's material events may have 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.

(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, 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. VCI, a subsidiary of Geely Holding, holds 100% equity interests in Polestar Automobile (Shanghai) Company Limited.

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

Save for disclosed in this circular and below, 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 subscribed for 51% (representing RMB1.02 billion) and 49% (representing RMB980 million), respectively, of the total shares 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 ZEEKR Shanghai, and ZEEKR agreed to acquire the 100% equity interests in ZEEKR Shanghai through its indirect wholly foreign-owned subsidiary, for a cash consideration of approximately RMB980.4 million in total.

Acquisition agreement between ZEEKR Shanghai and Geely Holding Automobile

Pursuant to the acquisition agreement dated 28 April 2021, ZEEKR Shanghai agreed to acquire, and Geely Holding Automobile agreed to sell, the entire registered capital of ZEEKR Automobile, 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.

Acquisition agreement between ZEEKR and Zhejiang Geely

Pursuant to the acquisition agreement dated 2 July 2021, ZEEKR agreed to acquire through a subsidiary, Zhejiang Geely agreed to sell, the 100% of the equity interests in CEVT for a cash consideration of approximately SEK1,057.8 million.

Acquisition agreement between ZEEKR and Geely Holding Automobile

Pursuant to the acquisition agreement dated 2 July 2021, ZEEKR agreed to acquire through a subsidiary, Geely Holding Automobile agreed to sell, the 30% of the equity interests in Haohan Energy for a cash consideration of approximately RMB9.0 million.

Subscription agreement among ZEEKR, Zhejiang Jichuang and Ningbo Viridi

Pursuant to the subscription agreement dated 2 July 2021, ZEEKR agreed to subscribe through a subsidiary for additional capital in Ningbo Viridi at a cash consideration of approximately RMB860.7 million.

Subscription agreement among the Company, ECARX and ECARX stakeholders

Pursuant to the subscription agreement dated 7 September 2021, the Company agreed to subscribe for (directly or through its designated affiliate), and ECARX agreed to allot and issue 4,321,521 series B preference shares for a cash consideration of approximately US\$50 million.

Assets transfer agreement between the Company and Geely Holding

Pursuant to the assets transfer agreement dated 15 October 2021, (i) the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB632.8 million; and (ii) the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357.9 million.

Share purchase agreement between the Company and Geely Group Limited

Pursuant to the share purchase agreement dated 29 October 2021, the Company or its nominee (which will be a subsidiary of the Company), agreed to purchase, and Geely Group Limited agreed to sell, the 220,000,000 ordinary shares of ZEEKR, for a total consideration of approximately RMB5,602.2 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 LYNK & CO Group with the largest annual cap being RMB247.2 million 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 and announcement requirements, but is exempt from the Independent Shareholders' approval requirement 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 RMB661.6 million 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 and announcement requirements, but is exempt from the Independent Shareholders' approval requirement 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 with the largest annual cap being RMB3,270.2 million 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 and announcement requirements, but is exempt from the Independent Shareholders' approval requirement 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 RMB182.9 million 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 and announcement requirements, but is exempt from the Independent Shareholders' approval requirement 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 being RMB293,775.4 million 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, the Geely Holding Group agreed to sell to the CBUs, automobile parts and components to the Group with the aggregate largest annual cap being RMB362,984.2 million 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 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 RMB22,060.7 million 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 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 RMB33,591.6 million 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 and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile components procurement agreement was held on 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 RMB5,406.0 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 RMB4,834.0 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 and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

2019 CBUs sales agreement between the Company and Geely Holding (the 2019 CBUs sales agreement has an effective term from 1 January 2020 to 31 December 2021)

Pursuant to the 2019 CBUs sales agreement dated 26 November 2019, the Group agreed to supply to the Geely Holding Group the CBUs and related after-sales parts, components and accessories manufactured by the Group with the aggregate largest annual cap being RMB2,628.6 million for the two years ending 31 December 2021.

As the applicable percentage ratios of the continuing connected transactions contemplated under the 2019 CBUs sales agreement are over 0.1% but less than 5% on an annual basis, the 2019 CBUs sales agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2019 operation services agreement among the Company, Geely Holding and LYNK & CO (the 2019 operation services agreement has an effective term from 26 November 2019 to 31 December 2021)

Pursuant to the 2019 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 the aggregate largest annual cap being RMB1,964.5 million for the three years ending 31 December 2021 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 the aggregate largest annual cap being RMB269.5 million for the three years ending 31 December 2021.

As the applicable percentage ratios of the continuing connected transactions contemplated under the 2019 operation services agreement are over 0.1% but less than 5% on an annual basis, the 2019 operation services agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

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

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

The Shareholders' meeting in respect of the 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 to 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 being RMB26,346.8 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios of the continuing connected transactions contemplated under the master CKDs and automobile components purchase agreement exceed 5% on an annual basis, the master CKDs and automobile components purchase agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the 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.

New powertrain sales agreement among the Company, Geely Holding and LYNK & CO (the new powertrain sales agreement has an effective term from 1 January 2021 to 31 December 2023)

Pursuant to the new powertrain sales agreement dated 4 November 2020, the Group agreed to sell vehicle engines, transmissions and related after-sales parts to the Geely Holding Group and the LYNK & CO Group with the largest annual cap being RMB18,232.5 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios of the continuing connected transactions contemplated under the new powertrain sales agreement exceed 5% on an annual basis, the new powertrain sales agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the 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 (as defined in the circular of the Company dated 30 November 2020) 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-branded vehicles and eventually selling such vehicles to the LYNK & CO Retail Customers; and (ii) retail financing to the LYNK & CO Retail Customers to assist them to buy LYNK & CO-branded vehicles. The largest annual cap for the LYNK & CO wholesale financing arrangements is RMB1,125.0 million for the three years ending 31 December 2023. The largest annual cap 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 cap for the Fengsheng finance cooperation agreement is RMB241.0 million for the three years ending 31 December 2023.

Geely Holding financing arrangements – Geely Holding finance cooperation agreement between Genius AFC and Geely Holding with an effective term from 1 January 2021 to 31 December 2023

Pursuant to the Geely Holding finance cooperation agreement dated 4 November 2020, Genius AFC agreed to provide vehicle financing services to the Geely Retail Customers (as defined in the circular of the Company dated 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 of the continuing connected transactions contemplated under the automobile financing arrangements, exceed(s) 5% on an aggregated and annual basis, the automobile financing arrangements are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile financing arrangements was held on 22 December 2020 and the automobile financing arrangements were duly approved by the then Independent Shareholders.

ZEEKR operation services agreement between the Company and the ZEEKR (the ZEEKR operation services agreement has an effective term from 2 July 2021 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 aggregate largest annual cap being 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 and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

R&D services and technology licensing agreement among the Company, Geely Holding and LYNK & CO (the R&D services and technology licensing agreement has an effective term from its effective date to 31 December 2023)

Pursuant to the R&D services and technology licensing agreement dated 2 July 2021, (i) the Group agreed to provide to the Geely Holding Group and LYNK & CO Group R&D and related technological support services with the largest annual cap being RMB10,053.1 million for the three years ending 31 December 2023; and (ii) the Group agreed to procure from the Geely Holding Group R&D and related technological support services with the largest annual cap being RMB4,364.0 million for the three years ending 31 December 2023.

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

The Shareholders' meeting in respect of the R&D services and technology licensing agreement was held on 24 August 2021 and the R&D services and technology licensing agreement was duly approved by the then Independent Shareholders.

Automobile components sales agreement among the Company, Geely Holding and LYNK & CO (the automobile components sales agreement has an effective term from its effective date to 31 December 2023)

Pursuant to the automobile components sales agreement dated 2 July 2021, the Group agreed to sell, and the Geely Holding Group and LYNK & CO Group agreed to procure, automobile components with the largest annual cap being RMB24,644.7 million for the three years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the automobile components sales agreement are more than 5% when aggregated with the automobile components procurement agreement between the Company and ZEEKR on an annual basis, the automobile components sales agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile components sales agreement was held on 24 August 2021 and the automobile components sales agreement was duly approved by the then Independent Shareholders.

Automobile components procurement agreement between the Company and ZEEKR (the automobile components procurement agreement has an effective term from its effective date to 31 December 2023)

Pursuant to the automobile components procurement agreement dated 2 July 2021, the Group agreed to procure, and the ZEEKR Group agreed to supply, automobile components with the largest annual cap being RMB1,410.6 million for the three years ending 31 December 2023.

As the applicable percentage ratios of the continuing connected transactions contemplated under the automobile components procurement agreement are more than 5% when aggregated with the automobile components sales agreement among the Company, Geely Holding and LYNK & CO on an annual basis, the automobile components procurement agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the automobile components procurement agreement was held on 24 August 2021 and the automobile components procurement agreement was duly approved by the then Independent Shareholders.

ZEEKR financing arrangements – ZEEKR finance cooperation agreement between Genius AFC and ZEEKR with an effective term from its effective date to 31 December 2023

Pursuant to the ZEEKR finance cooperation agreement dated 2 July 2021, Genius AFC agreed to provide vehicle financing services to the ZEEKR Retail Customers (as defined in the circular of the Company dated 4 August 2021) to assist them to purchase ZEEKR-branded vehicles. The largest annual cap under the ZEEKR finance cooperation agreement is approximately RMB12,715.9 million for the three years ending 31 December 2023.

As one or more of the applicable percentage ratios of the continuing connected transactions contemplated under the ZEEKR finance cooperation agreement, exceed(s) 5% on an annual basis, the ZEEKR finance cooperation agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' meeting in respect of the ZEEKR finance cooperation agreement was held on 24 August 2021 and the ZEEKR finance cooperation agreement was duly approved by the then Independent Shareholders.

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

Pursuant to the CBUs sales agreement dated 15 October 2021, the Group agreed to sell CBUs and related after-sales parts and accessories manufactured by the Group to the Geely Holding Group with the aggregate largest annual cap being RMB4,244.3 million for the three years ending 31 December 2024.

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

Operation services agreement among the Company, Geely Holding and LYNK & CO (the operation services agreement has an effective term from 1 January 2022 to 31 December 2024)

Pursuant to the operation services agreement dated 15 October 2021, (i) the Group agreed to provide to the Geely Holding Group and LYNK & CO Group operation services that mainly include but not limited to IT, logistics, supplier quality engineering services, construction management services, manufacturing engineering, procurement services and other administrative services with the largest annual cap being RMB2,708.3 million for the three years ending 31 December 2024; and (ii) the Group agreed to procure from the Geely

Holding Group and LYNK & CO Group operation services that mainly include but not limited to business travel services and after-sales services with the largest annual cap being RMB484.6 million for the three years ending 31 December 2024.

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

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

Pursuant to the services agreement dated 15 October 2021, (i) the Group conditionally agreed to sell CKDs to the Geely Holding Group with the largest annual cap being RMB120,281.0 million for the three years ending 31 December 2024, and (ii) the Group conditionally agreed to purchase CBUs from the Geely Holding Group with the largest annual cap being RMB124,704.7 million for the three years ending 31 December 2024.

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

The Shareholders' meeting in respect of the services agreement will be held on 6 December 2021 for approval by the then Independent Shareholders.

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

Pursuant to the automobile components procurement agreement dated 15 October 2021, the Group conditionally agreed to procure, and the Geely Holding Group conditionally agreed to supply, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.), with the largest annual cap being RMB9,220.2 million for the three years ending 31 December 2024.

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

The Shareholders' meeting in respect of the automobile components procurement agreement will be held on 6 December 2021 for approval by the then Independent Shareholders.

Supplemental master CKDs and automobile components purchase agreement between the Company and Geely Holding (the supplemental master CKDs and automobile components purchase agreement has an effective term from its effective date to 31 December 2023)

Pursuant to the supplemental master CKDs and automobile components purchase agreement dated 15 October 2021, the Group will purchase CKDs and automobile components from the Geely Holding Group, with the revised largest annual cap being RMB58,836.5 million for the three years ending 31 December 2023.

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

The Shareholders' meeting in respect of the aforementioned supplemental master CKDs and automobile components purchase agreement will be held on 6 December 2021 for approval by the then Independent Shareholders.

(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 expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Ballas Capital Limited	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	an independent professional valuer

As at the Latest Practicable Date, each of Ballas Capital Limited and Jones Lang LaSalle Corporate Appraisal and Advisory 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 entered into among Zhejiang Jirun, Shanghai Maple and Geely Holding Automobile pursuant to which Zhejiang Jirun and Shanghai Maple agreed to sell and Geely Holding Automobile 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 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 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 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 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 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 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 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 subscribed for 51% (representing RMB1.02 billion) and 49% (representing RMB980 million), respectively, of the total shares issued by the joint venture company;
- (ix) the disposal agreement dated 28 April 2021 entered into among ZEEKR, Value Century, Zhejiang Fulin and Shanghai Maple in relation to the disposal of ZEEKR Shanghai pursuant to which, Value Century, Zhejiang Fulin and Shanghai Maple agreed to sell, their respective 91%, 8% and 1% equity interest(s) in ZEEKR Shanghai, and ZEEKR agreed to acquire the 100% equity interests in ZEEKR Shanghai 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 entered into between ZEEKR Shanghai and Geely Holding Automobile in relation to the acquisition of the entire registered capital of ZEEKR Automobile, pursuant to which ZEEKR Shanghai agreed to acquire, and Geely Holding Automobile agreed to sell, the entire registered capital of ZEEKR Automobile for a consideration of approximately RMB485.3 million;
- (xi) the acquisition agreement dated 13 May 2021 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;

- (xii) the acquisition agreement dated 2 July 2021 entered into between ZEEKR and Zhejiang Geely, in relation to the acquisition of 100% of the equity interests in CEVT for a cash consideration of approximately SEK1,057.8 million;
- (xiii) the acquisition agreement dated 2 July 2021 entered into between ZEEKR and Geely Holding Automobile, in relation to the acquisition of 30% equity interests in Haohan Energy for a cash consideration of approximately RMB9.0 million;
- (xiv) the subscription agreement dated 2 July 2021 entered into among ZEEKR, Zhejiang Jichuang and Ningbo Viridi in relation to the subscription for additional capital in Ningbo Viridi at a cash consideration of approximately RMB860.7 million;
- (xv) the subscription agreement dated 7 September 2021 entered into among the Company, ECARX and ECARX stakeholders in relation to the subscription for 4,321,521 series B preference shares for a cash consideration of approximately US\$50 million;
- (xvi) the assets transfer agreement dated 15 October 2021 entered into between the Company and Geely Holding pursuant to which (i) the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB632.8 million; and (ii) the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357.9 million; and
- (xvii) the share purchase agreement dated 29 October 2021 entered into between the Company and Geely Group Limited, in relation to the acquisition of 220,000,000 ordinary shares of ZEEKR for a total consideration of approximately RMB5,602.2 million.

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 ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://geelyauto.com.hk>) from the date of this circular up to and including the date of the EGM on Friday, 17 December 2021:

- (a) the Share Purchase Agreement;
- (b) the letter from the Board;
- (c) the letter from the Independent Board Committee;
- (d) the letter from the Independent Financial Adviser;
- (e) the valuation report from Jones Lang LaSalle Corporate Appraisal and Advisory Limited; and
- (f) the written consents from Ballas Capital Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited referred to in the paragraph headed “Qualification of experts” in this appendix.

NOTICE OF EGM

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 OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Geely Automobile Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Boardroom 6, M/F, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 17 December 2021 at 4:00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without amendment, the following resolution as an ordinary resolution of the Company:

“THAT:

- a. the share purchase agreement dated 29 October 2021 (“**Share Purchase Agreement**”) entered into between the Company and Geely Group Limited (the “**Seller**”) (a copy of which is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for identification purpose) pursuant to which, the Company or its nominee (which will be a subsidiary of the Company), has agreed to purchase, and Geely Group Limited has agreed to sell, the 220,000,000 ordinary shares of ZEEKR Intelligent Technology Holding Limited (“**ZEEKR**”) (the “**Acquisition**”), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- b. subject to the fulfilment or waiver of the conditions set out in the Share Purchase Agreement, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) which shall entitle the Directors to exercise all the powers of the Company to allot and issue 196,410,000 new shares (the “**Shares**”) of the Company (the “**Consideration Shares**”) at the issue price of HK\$23.34 per Share to the Seller, to settle part of the consideration for the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement; and
- c. the Directors be and are hereby authorized to exercise all powers of the Company and take all steps as might in their opinion be desirable, necessary or expedient to give effect to or in connection with the Share Purchase Agreement including without limitation:
 - (i) the execution, amendment, supplement, delivery, submission and/or implementation of any further documents or agreements in relation to the Share Purchase Agreement, and the allotment and issuance of the Consideration Shares; and

NOTICE OF EGM

- (ii) the taking of all necessary actions to implement the transactions contemplated under the Share Purchase Agreement.”

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

Hong Kong, 30 November 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 17 December 2021, the register of members of the Company will be closed from 14 December 2021 to 17 December 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 13 December 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.
- (5) The Company will implement the following precautionary measures at the meeting for prevention of COVID-19:
 - mandatory use of surgical face masks by each attendee;
 - compulsory body temperature screening; and
 - appropriate distancing and spacing in line with the guidance from the Hong Kong government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding.
- (6) Any person who does not comply with the precautionary measures will be denied entry into the meeting venue. In light of the continuing risks posed by the COVID-19, shareholders of the Company are strongly encouraged to exercise their voting rights at the meeting by appointing the chairman of the meeting as proxy to vote according to their indicated voting instructions as an alternative to attending the meeting in person.
- (7) Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

NOTICE OF EGM

- (8) 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, Mr. Wang Yang, Ms. Lam Yin Shan, Jocelyn and Ms. Gao Jie.