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GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

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

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



BNP PARIBAS

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



浦銀國際

SPDB INTERNATIONAL

THE CONTRIBUTION AGREEMENT AND THE JOINT VENTURE AGREEMENT

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

The reduction of the Group's interest in the Aurobay Technology Group upon Closing constitutes a Deemed Disposal.

THE POWERTRAIN PURCHASE AGREEMENT

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

LISTING RULES IMPLICATION

The formation of the JV Company and Deemed Disposal

The JV Company will initially be formed as a wholly-owned subsidiary of the Company and the Parties will contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding, which constitute the consideration paid to the JV Company in exchange for the JV Shares. As a result, the Group's shareholding interest in the JV Company will be reduced from 100% to 33% upon Closing, and the JV Company will no longer be a subsidiary of the Company. Accordingly, the financial results of the JV Company will no longer be consolidated by the Group. This reduction of the Group's interest in the Aurobay Technology Group constitutes a Deemed Disposal.

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

As at the date of this announcement, Geely Holding, is the substantial shareholder of the Company holding 4,019,391,000 Shares, which is approximately 40% of the total issued share capital of the Company.

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

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

The Powertrain Purchase Agreement

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

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

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

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders regarding the terms of the Agreements. The Company has appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Agreements and the transactions contemplated thereunder.

Pursuant to Rule 14A.68(11) of the Listing Rules, a circular containing, *inter alia*, (i) a letter of advice from the Independent Financial Adviser in relation to the terms and conditions of the Agreements; (ii) a recommendation from the Independent Board Committee in relation to the terms and conditions of the Agreements; and (iii) a notice of the EGM is expected to be despatched to the Shareholders within 15 Business Days after the publication of this

announcement. As additional time is required to prepare and finalise certain information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 15 September 2023.

FORMATION OF THE JV COMPANY

References are made to the announcements of the Company dated 8 November 2022 and 2 March 2023, in relation to the proposed formation of a JV Company (the “**Announcements**”). The Board is pleased to announce that on 11 July 2023 (non-trading hours), the Company, Geely Holding and Renault entered into the Contribution Agreement and the Joint Venture Agreement, pursuant to which the Parties conditionally agreed to establish the JV Company to engage in the Powertrain Business and to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding to the JV Company in exchange for the JV Shares. Upon Closing, the JV Company will be owned as to 33% by Aurobay Holding (BVI), an indirectly wholly-owned subsidiary of the Company, 17% by GHPT Limited, an indirectly wholly-owned subsidiary of Geely Holding, and 50% by Renault.

The reduction of the Group’s interest in the Aurobay Technology Group upon Closing constitutes a deemed disposal of the Group (the “**Deemed Disposal**”) as the Aurobay Technology Group will cease to be subsidiaries of the Company. As such, the financial results of the Aurobay Technology Group will no longer be consolidated by the Group.

THE CONTRIBUTION AGREEMENT

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

Date

11 July 2023 (non-trading hours)

Parties

- (i) the Company;
- (ii) Geely Holding; and
- (iii) Renault.

Subject matter

Pursuant to the Contribution Agreement, (i) the Company has conditionally agreed to procure the contribution of the entire issued share capital of Aurobay Holding (the “**Aurobay Holding Contributed Shares**”) to the JV Company; (ii) Geely Holding has conditionally agreed to procure the contribution of the entire issued share capital of Aurobay SG (the “**Aurobay SG Contributed**

Shares”) to the JV Company; and (iii) Renault has conditionally agreed to contribute the entire issued share capital of Horse Holding (the “**Horse Contributed Shares**”) to the JV Company (the contributions referred to in (i), (ii) and (iii), the “**Contributed Shares**”).

Determination of the Contribution Value

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

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

- (a): the enterprise value of the relevant entity
- (b): the total amount of debt of the relevant entity as of the Closing Date
- (c): the total amount of cash of the relevant entity as of the Closing Date
- (d): minority interest of the relevant entity as of the Closing Date
- (e): the surplus or deficit in relation to the difference between the working capital of the relevant entity as at the Closing Date and the normalised working capital in the relevant entity (if any)

The aggregate value of the contributions by each of the Company, Geely Holding, and Renault shall be equal to (i) the Contribution Value; (ii) **plus** any Provisional Top-Up Amount and/or any Final Top-Up Amount; and (iii) **minus** any Provisional Top-Down Amount and/or any Final Top-Down Amount. The enterprise value of each of the Aurobay Holding Group (the “**Aurobay Holding Enterprise Value**”), the Aurobay SG Group (the “**Aurobay SG Enterprise Value**”), and the Horse Holding Group (the “**Horse Enterprise Value**”) were EUR3,066,000,000 (equivalent to approximately RMB23,736,389,460), EUR934,000,000 (equivalent to approximately RMB7,230,850,540), and EUR4,000,000,000 (equivalent to approximately RMB30,967,240,000), respectively, which were determined on arm’s length negotiations between the Parties on normal commercial terms, after taking into account, among other things, the appraised enterprise value of each of Aurobay Technology Group, the Aurobay SG Operating Entities, and the Horse Holding Group as at 31 May 2023 determined by the independent qualified valuers by way of market approach, the details of which are provided in the section headed “*Information of the Company and Parties to the Agreements*” below.

Maximum Contribution Values

The Maximum Contribution Values as agreed by the Parties are:

- (i) the maximum Aurobay Holding Contribution Value is EUR2,310,000,000 (equivalent to approximately RMB17,883,581,100) (the “**Maximum Aurobay Holding Contribution Value**”);
- (ii) the maximum Aurobay SG Contribution Value is EUR1,190,000,000 (equivalent to approximately RMB9,212,753,900) (the “**Maximum Aurobay SG Contribution Value**”); and
- (iii) the maximum Horse Contribution Value is EUR3,500,000,000 (equivalent to approximately RMB27,096,335,000) (the “**Maximum Horse Contribution Value**”).

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

Pre-Closing Provisional Contribution Values

Not later than 45 days prior to the expected Closing Date, the Company, Geely Holding, and Renault shall provide a statement to each other, containing a good faith estimate of the value of their respective Contributed Shares, calculated with reference to the Formula (“**Provisional Contribution Values**”). Based on such Provisional Contribution Values, the Parties agree to make adjustments to the Provisional Contribution Values, such that the Contribution Values of each of the Aurobay Holding Group, the Aurobay SG Group, and the Horse Holding Group are in the ratio of 33:17:50, and at or below its respective Maximum Contribution Values.

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

- (i) in relation to a Provisional Top-Up Amount, the relevant party will make a cash payment to the JV Company at Closing; or
- (ii) in relation to a Provisional Top-Down Amount, the JV Company will record a liability owing to the relevant party in the form of a shareholder loan to the JV Company at Closing (the “**Provisional Shareholders Loan**”). The terms of Provisional Shareholders Loan will be determined through arm’s length negotiations between the Parties and based on normal commercial terms or better.

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

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

Post-Closing adjustment

Based on the audited consolidated or combined accounts of each of the Aurobay Holding Group, the Aurobay SG Group, and the Horse Holding Group as at the Closing Date, the Parties shall calculate the value of the Contributed Shares, with reference to the Formula (the “**Definitive Contribution Values**”).

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

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

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

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

Conditions precedent

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

- (a) clearances in relation to merger control have been granted by, or confirmation that prior merger control approval is not required from, the governmental entities in the relevant jurisdictions or, with respect to those governmental entities which have not granted clearance, the expiry of the applicable waiting period under applicable laws, where the failure to render a decision within such period is equivalent to the grant of clearance under the relevant applicable laws;
- (b) clearances in relation to the necessary regulatory approvals have been granted by, or confirmation that prior regulatory approval is not required from, the governmental entities in the relevant jurisdictions or, with respect to those governmental entities which have not given clearance, the expiry of the applicable waiting period under applicable laws, where the failure to render a decision within such period is equivalent to the grant of clearance under the relevant applicable laws;
- (c) Renault having completed the internal Reorganisation of Horse Holding Group;
- (d) the Company having completed the internal Reorganisation of Aurobay Holding Group;
- (e) Geely Holding having completed the internal Reorganisation of Aurobay SG Group;
- (f) the Company having obtained its Independent Shareholders' approval at its general meeting as required under the Listing Rules in order for the Company to lawfully implement the Transaction;
- (g) the Company and Geely Holding having notified Renault that they consider the confirmatory due diligence review on Horse Holding Group to be reasonably satisfactory;
- (h) Renault having notified the Company and Geely Holding that it considers the respective confirmatory due diligence review on Aurobay Holding Group and Aurobay SG Group to be reasonably satisfactory; and
- (i) the Company and Geely Holding having provided to Renault the combined financial statements of the Aurobay Holding Group and Aurobay SG Group as at 31 December 2022, which shall be prepared in accordance with the requirements set out in the Contribution Agreement.

Intellectual property

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

Ancillary agreements

To support the operation of the JV Company Group and its Powertrain Business, the Parties or their respective group member have entered into or will enter into the transitional or long-term service agreements and the supply agreements with the relevant subsidiaries of the JV Company on or before Closing. For further details of the framework agreement in relation to the Powertrain Purchase Agreement entered into between the Company, Aurobay Technology and Geely Changxing, please refer to the section headed “*Non-Exempt Continuing Connected Transactions Upon Completion of Formation of The JV Company – The Powertrain Purchase Agreement*” below.

Wrong pocket

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

Indemnities

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

Intra-group loans

Intra-group liabilities owed between the Aurobay Group and Geely Group, or Renault Group and the Horse Holding Group will not be transferred to the JV Company. The Company, Geely Holding, and Renault may enter into arm's length discussions with each other to align the terms of the existing

liabilities owed between the Aurobay Group and Geely Group, or Renault Group and the Horse Holding Group. As at 30 June 2023, intra-group loans of approximately RMB6,396.8 million between the Group and Aurobay Technology Group remain outstanding, such loans have interest rates ranging from 3.70% to 4.65% per annum (which were determined after arm's length negotiations between the parties based on normal commercial terms).

Termination

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

THE JOINT VENTURE AGREEMENT

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

Date

11 July 2023 (non-trading hours)

Parties

- (i) the Company;
- (ii) Geely Holding; and
- (iii) Renault.

Principal business of the JV Company

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

Funding

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

Dividend policy

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

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

Transitional Period

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

Term

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

JV Board composition and appointment of JV Directors

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

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

The JV Board

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

Exclusive procurement

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

Restriction on transfer and the joint transfer

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

Right of first refusal

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

Drag-along right

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

Call option or buy-back

If any shareholder of the JV Company, except for the Founding Shareholders, (i) fails to remedy a material breach caused by such shareholder, (ii) experiences a change of control, or (iii) becomes a Sanctioned Person (the “**Call Option Shareholder**”), the Founding Shareholders are entitled to exercise the call option. The exercise price of the call option shall be determined with reference to the then fair market value of the JV Company.

During the Lock-In Period, the Founding Shareholders may jointly (but not individually); or after the Lock-In Period, the Founding Shareholders may jointly or individually, give a notice (the “**Call Option Notice**”) to the Call Option Shareholder. Each Founding Shareholder’s entitlement under the Call Option Notice shall equal to the proportion which (i) the number of JV Instruments of the same class held by that Founding Shareholder and its Permitted Transferees bears to (ii) the aggregate number of all of the JV Instruments of that class held by the other Founding Shareholders having delivered a Call Option Notice and their respective Permitted Transferees.

Minimum shareholding of the Founding Shareholders

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

Third party investment

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

Restrictive covenant

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

Material breach

In the event that a shareholder of the JV Company or member of its group commit a breach that has a material adverse effect or a breach in the restrictive covenant as set out in the section headed “*Restrictive covenant*” above (the “**Defaulting Shareholder(s)**”), the non-defaulting Founding Shareholder (the “**Non-defaulting Shareholder(s)**”) may issue a notice to the Defaulting Shareholder(s). If the Defaulting Shareholder(s) and Non-defaulting Shareholders have conflicting views on the existence of the breach and are unable to reach consensus, it will be considered as a deadlock. If the Defaulting Shareholder is a Founding Shareholder and the breach is not remedied within a specified period, the Non-defaulting Shareholders may terminate the Joint Venture Agreement. If the Defaulting Shareholder is not a Founding Shareholder and the breach is not remedied within a specified period, the Founding Shareholders may exercise the call option or buy-back right.

Termination

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

THIRD-PARTY INVESTMENT

As disclosed in the Announcements, the Company entered into a letter of intent with Saudi Arabian Oil Company, an independent third party, on 2 March 2023 in relation to, among others, the subscription of a minority stake in the JV Company. As of the date of this announcement, no binding definitive agreement has been entered into among the Parties and Saudi Arabian Oil Company. The Company will make further announcements in relation to the aforementioned if and when required under the Listing Rules.

REASONS AND BENEFITS OF THE FORMATION OF THE JV COMPANY

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

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

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

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

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the Contribution Agreement and Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACT ON THE GROUP

Upon completion of the Deemed Disposal, it is estimated that an unaudited gain of approximately RMB9,782 million (before taxation, transaction costs and other customary adjustments) will be recorded by the Group in respect of the Deemed Disposal, being the difference between the estimated

value calculated with reference to the Maximum Contribution Values and the audited net equity value of the transferred equity at 31 December 2022. The actual gain or loss as a result of the Deemed Disposal to be recorded by the Group is subject to audit and will be determined as at the date of completion of the Deemed Disposal.

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF FORMATION OF THE JV COMPANY

The Powertrain Purchase Agreement

Upon the formation of the JV Company, Aurobay Technology, and Geely Changxing will become subsidiaries of the JV Company. Aurobay Technology Group and Geely Changxing Group have been manufacturing engines, transmission and other automobile parts and components used in Geely-branded Vehicles for the Group. In order to continue the cooperation with the Suppliers Group, the Company entered into a Powertrain Purchase Agreement with the Suppliers on 11 July 2023 (non-trading hours), pursuant to which, the Group will purchase Powertrain Products from the Suppliers Group, and the Suppliers Group will supply the Powertrain Products to the Group. The purchase of the Powertrain Products will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Date

11 July 2023 (non-trading hours)

Parties

Purchaser: the Company

Suppliers:

- (i) Aurobay Technology; and
- (ii) Geely Changxing

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

Subject matter

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

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

Term

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

Condition precedent to the Powertrain Purchase Agreement

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

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

Pricing basis and proposed Powertrain Purchase Annual Caps

(a) Pricing basis

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

- (i) the prevailing market prices of comparable products available in the market; and
- (ii) if (i) is not applicable, the purchase price of the Powertrain Products under the Powertrain Purchase Agreement will be determined based on the formula below:

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

Whereas:

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

Margin rate is determined at 3% with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies providing similar powertrain products as stated in the Powertrain Pricing Analysis Report prepared by an independent certified public accountant firm.

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

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

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

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

Material cost reduction rate refers to the percentage of price reduction based on the price offered by the suppliers and the benchmark price in previous year. Based on commercial negotiations, material cost reduction sharing ratio is set to 50%.

Having considered the pricing basis with reference to the Powertrain Pricing Analysis Report, the Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider the pricing basis under the Powertrain Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(b) *Proposed Powertrain Purchase Annual Caps*

The table below sets out the proposed annual caps for purchase of Powertrain Products from the Suppliers Group by the Group for each of the three years ending on 31 December 2026.

| | Proposed annual caps | | |
|---------------------------------|-----------------------------|----------------------|----------------------|
| | from the | | |
| | Effective Date | for the year | for the year |
| | to 31 | ending on 31 | ending on 31 |
| | December 2024 | December 2025 | December 2026 |
| | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> |
| Purchase of Powertrain Products | 25,070.4 | 25,846.6 | 24,442.3 |

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

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

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

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the Powertrain Purchase Annual Caps for the three years ending on 31 December 2026 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS OF ENTERING INTO THE POWERTRAIN PURCHASE AGREEMENT

Prior to the formation of the JV Company, Aurobay Technology Group has been manufacturing and supplying Powertrain Products to the Group and understands the needs of the Group. Geely Changxing Group has been manufacturing automobiles parts and components used in Geely-branded Vehicles for the Group and is equipped with the technological know-how capability to manufacture Powertrain Products. Aurobay Technology Group and Geely Changxing Group will produce Powertrain Products for different Geely-branded Vehicles in accordance with the business plan of the

JV Company Group which will enable the Group to secure a stable source of Powertrain Products leveraging on the business relationships established between the Group, Aurobay Technology Group and Geely Changxing Group.

INTERNAL CONTROL MEASURES IN RELATION TO PRICING FOR THE POWERTRAIN PURCHASE AGREEMENT

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

In the event that fee quotations or prevailing market prices of comparable products are not available, the Group will purchase Powertrain Products from the Suppliers Group based on a cost-plus-margin approach. To ensure fair pricing, the finance department of the Group will monitor manufacturing cost components including direct material cost, variable cost, standard fixed cost, material cost reduction, and applicable taxes on a quarterly basis by reviewing the relevant information to be provided by the Suppliers Group to ensure that purchase prices are determined according to the pricing basis set out above.

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

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

INFORMATION OF THE COMPANY AND PARTIES TO THE AGREEMENTS

The Group

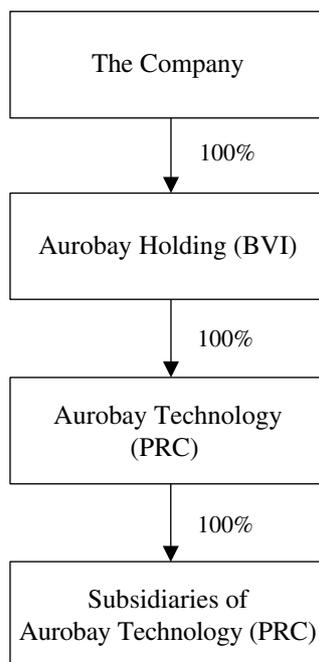
The Group is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

Information of the Aurobay Holding Group

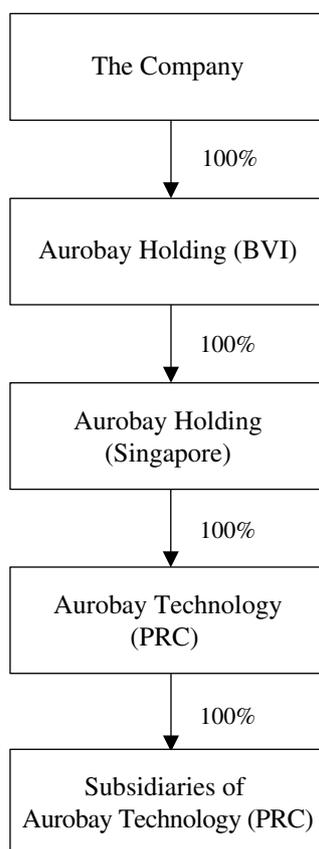
Upon obtaining the approval from the Independent Shareholder in relation to the Agreements and the transactions contemplated thereunder, Aurobay Holding (BVI), a wholly-owned subsidiary of the Company, will incorporate Aurobay Holding in Singapore as a holding company of the Aurobay Technology Group.

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

As at the date of the announcement, prior to the completion of internal Reorganisation of the Group, the shareholding structure of the Aurobay Holding Group is as follows:–



Upon completion of the internal Reorganisation of the Group, the shareholding structure of Aurobay Holding Group is as follow:–



Financial information of the Aurobay Technology Group

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

| | For the year ended 31 December | |
|-------------------|---------------------------------------|--------------------|
| | 2021 | 2022 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Profit before tax | 870 | 688 |
| Profit after tax | 712 | 823 |

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

Geely Holding

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

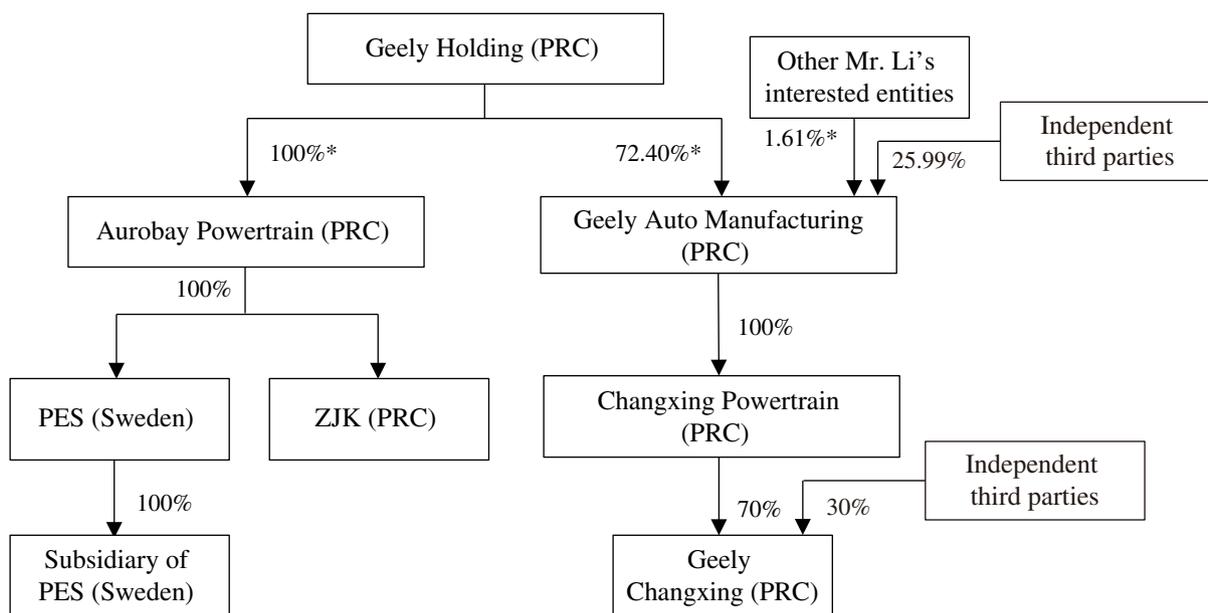
Information about Aurobay SG Group

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

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

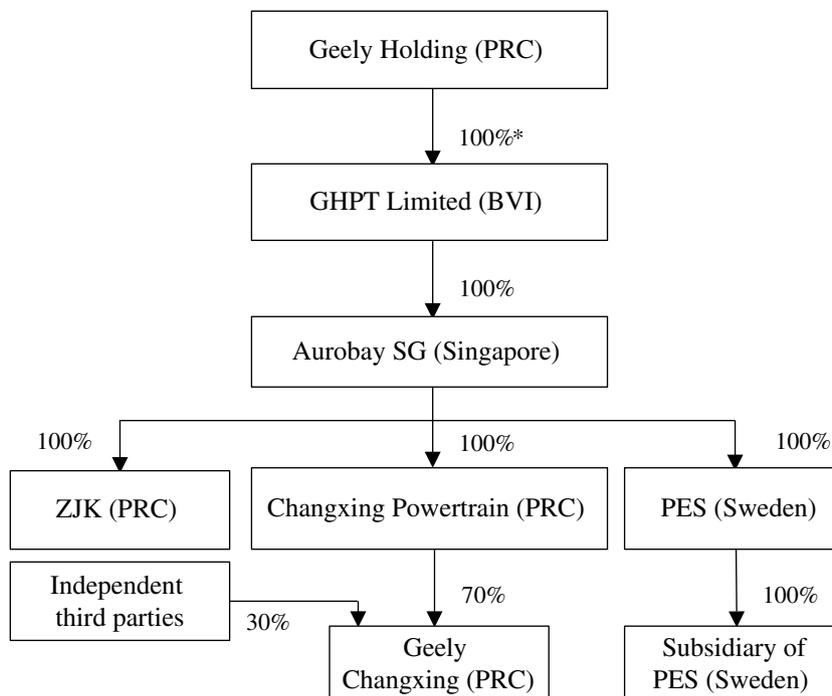
Changxing Powertrain, ZJK and PES and their respective subsidiaries (including Geely Changxing) are principally engaged in the research and development, production, procurement and trading (including sales) activities related to ICE, hybrid and plug-in hybrid engines and transmissions.

As at the date of the announcement, prior the completion of internal Reorganisation of the Geely Holding Group, the shareholding structure of Aurobay SG Group is as follows:-



* Indirect shareholding

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



* Indirect shareholding

Financial information of Aurobay SG Operating Entities

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

| | For the year ended 31 December | |
|-------------------|---------------------------------------|--------------------|
| | 2021 | 2022 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Profit before tax | 306 | 727 |
| Profit after tax | 229 | 603 |

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

Renault

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

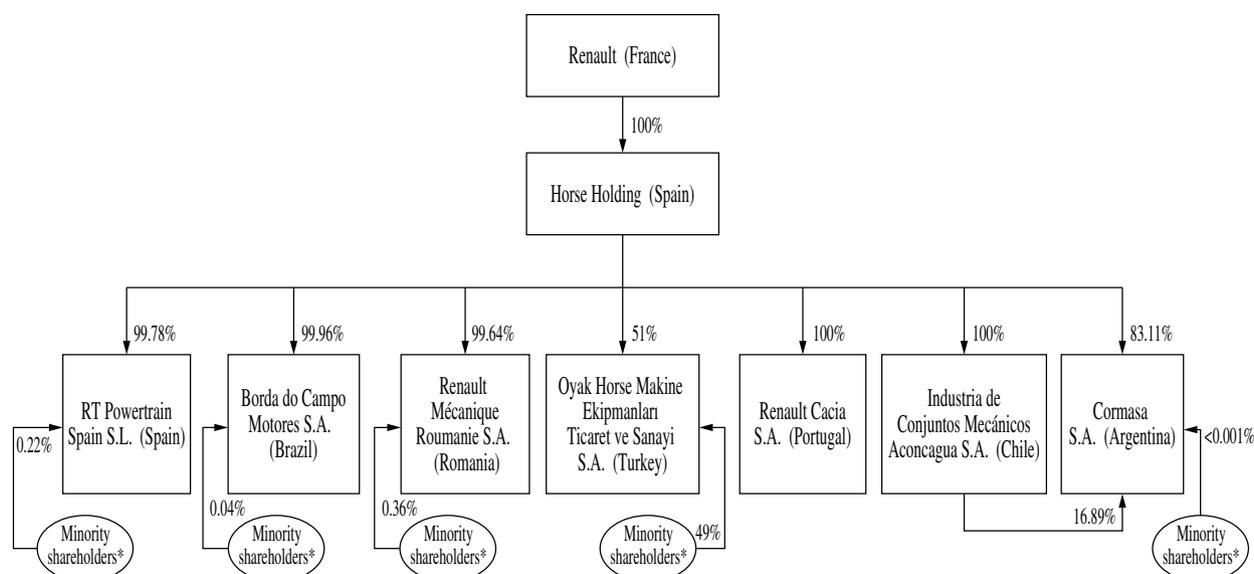
Information about Horse Holding Group

Horse Holding is a limited liability company incorporated in Spain under Hoja (sheet) VA-33513, Tomo (tome) 1624, Folio (volume) 118 with its registered office located at, Avda de Madrid, 72, Valladolid 47008 (Spain) and is a wholly-owned subsidiary of Renault.

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

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

As at the date of this announcement, the shareholding structure of Horse Holding Group is as follows:



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

Financial information of Horse Holding Group

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

| | For the year ended 31 December | |
|-------------------|---|---|
| | 2021 | 2022 |
| | <i>EUR million</i> | <i>EUR million</i> |
| Profit before tax | 200 <i>(equivalent to approximately RMB 1,548 million)</i> | 358 <i>(equivalent to approximately RMB 2,772 million)</i> |
| Profit after tax | 145 <i>(equivalent to approximately RMB 1,123 million)</i> | 270 <i>(equivalent to approximately RMB 2,090 million)</i> |

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

Independent Valuation of Aurobay Group and Horse Holding Group

Independent valuation of Aurobay Technology Group and Aurobay SG Operating Entities

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

The independent valuations of the Aurobay Technology Group and the Aurobay SG Operating Entities were valued by Asia-Pacific Consulting and Appraisal Limited (“**APA**”), an independent professional valuer, by way of market approach (the “**Aurobay Group Valuation**”).

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

- (i) all proposed facilities and systems will work properly and will be sufficient for future operation;
- (ii) there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates;
- (iii) the financial and operational information provided to APA by the Company, the Aurobay SG Operating Entities, and the Aurobay Technology Group are accurate,
- (iv) there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value; and
- (v) no changes in market conditions after the valuation date.

Values adopted in the Aurobay Group Valuation include:–

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

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

- (i) the comparable companies are publicly listed;

- (ii) the comparable companies recorded positive earnings before interest, tax, depreciation and amortization in their latest financial years and the EV/EBITDA ratio of the comparable companies are available as at the valuation date.
- (iii) for Aurobay Holding Group, the comparable companies engage in automobile component business that develops, manufactures and sells engines;
- (iv) for Aurobay Holding Group, the comparable companies derive largely of their revenues from the PRC;
- (v) for Aurobay SG Operating Entities, the comparable companies engage in the development, manufacture and sale of components and delivery of solutions for the powertrains or drivetrains; and
- (vi) for Aurobay SG Operating Entities, the comparable companies generate over 40% of their revenues from Europe and over 25% of their revenues from Asia (excluding Japan) and also operates in the PRC; and

When considering the appraised enterprise value of the Aurobay Technology Group and the Aurobay SG Operating Entities, the Directors took into account that APA is an independent professional valuer, the scope of work for the valuation, and APA's relevant experience and qualifications. The Board has also attended discussions with APA to understand the selection of valuation methodology, basis and assumptions, and the reasons and appropriateness of adopting the market approach for the valuation, including the selection of comparable companies. Based on the reasons set out above, the Company is of the view that the valuation method stated above reflects an appropriate valuation for the Aurobay Technology Group and the Aurobay SG Operating Entities.

Independent valuation of Horse Holding Group

As at 31 May 2023, the appraised enterprise value of Horse Holding Group was EUR4,049,000,000 (equivalent to approximately RMB31,346,588,690).

The independent valuation of the Horse Holding Group was determined with reference to valuation conducted by AVISTA Valuation Advisory Limited (“AVISTA”), an independent professional valuer, by way of market approach.

During the course of valuation, a number of general assumptions have been made in arriving at the valuation conclusion, including but not limited to:

- (i) there will be no material changes in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Horse Holding Group;
- (ii) there are no material changes in the financial positions of the Horse Holding Group and the comparable companies between the respective financial reporting dates and the valuation date;

- (iii) the Horse Holding Group will not be constrained by the availability of finance;
- (iv) the Horse Holding Group will retain competent management, key personnel and technical staff to support their ongoing operations; and
- (v) there are no hidden or unexpected conditions associated with the business entity valued that might adversely affect the reported value.

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

Selection of comparable companies

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

- (i) the industry of the company is automotive parts and equipment;
- (ii) the company is engaged in research, development and manufacturing of powertrain or engine or transmission related business in Europe and/or the United States of America;
- (iii) a majority of total revenue (i.e. over 50%) is attributable to research, development and manufacturing of powertrain or engine or transmission related business;
- (iv) the company is listed on the stock markets of developed countries; and
- (v) the financial information of the company is available to the public.

When considering the appraised enterprise value of Horse Holding Group, the Directors took into account that AVISTA is an independent professional valuer, the scope of work, and AVISTA's relevant experience and qualifications. The Board has also attended discussions with AVISTA to understand the selection of valuation methodology, basis and assumptions, and the reasons and appropriateness of adopting the market approach for the valuation, including the selection of comparable companies. Based on the reasons set out above, the Company is of the view that the valuation method stated above reflects an appropriate valuation for Horse Holding Group.

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

LISTING RULES IMPLICATION

The formation of the JV Company and Deemed Disposal

The JV Company will initially be formed as a wholly-owned subsidiary of the Company and the Parties will contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding, which constitute the consideration paid to the JV Company in exchange for the JV Shares. As a result, the Group's shareholding interest in the JV Company will be reduced from 100% to 33% upon Closing, and the JV Company will no longer be a subsidiary of the Company. Accordingly, the financial results of the JV Company will no longer be consolidated by the Group. This reduction of the Group's interest in the Aurobay Technology Group constitutes a Deemed Disposal.

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

As at the date of this announcement, Geely Holding, is the substantial shareholder of the Company holding 4,019,391,000 Shares, which is approximately 40% of the total issued share capital of the Company.

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

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

Powertrain Purchase Agreement

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

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

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

GENERAL

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

The Independent Board Committee has been established to give recommendations to the Independent Shareholders regarding the terms of the Agreements. The Company has appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Agreements and the transactions contemplated thereunder. Pursuant to Rule 14A.68(11) of the Listing Rules, a circular containing, *inter alia*, (i) a letter of advice from the Independent Financial Adviser in relation to the terms and conditions of the Agreements; (ii) a recommendation from the Independent Board Committee in relation to the terms and conditions of the Agreements; and (iii) a notice of the EGM is expected to be despatched to the Shareholders within 15 Business Days after the publication of this announcement. As additional time is required to prepare and finalise certain information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 15 September 2023.

Shareholders and potential investors of the Company should note that the transactions contemplated under the Agreements are subject to the fulfillment of the conditions and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

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| “Agreements” | Contribution Agreement, Joint Venture Agreement and the Powertrain Purchase Agreement |
| “Announcements” | the announcements of the Company dated 8 November 2022 and 2 March 2023 |
| “APA” | Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer |
| “associate(s)” | having the meaning ascribed thereto under the Listing Rules |
| “Aurobay Business” | the powertrain business as carried out by the Aurobay Group on or prior to Closing, relating to (i) activities of research, development, production, procurement, trading (including sales) and aftersales activity of ICE, hybrid and plug-in hybrid engines and gearboxes as well as the components and parts thereof (but excluding activities relating to hybrid and plug-in hybrid batteries) for passenger vehicles (excluding, for the avoidance of doubt, light commercial vehicles) and (ii) contract manufacturing services relating to the production of electric drive unit |
| “Aurobay Group” | Aurobay Holding Group and Aurobay SG Group |
| “Aurobay Group Valuation” | has the meaning as defined under the section headed “ <i>Independent valuation of Aurobay Group and Horse Holding Group</i> ” in this announcement |
| “Aurobay Holding (BVI)” | Aurobay Holding Limited, a private limited company incorporated in British Virgin Islands |

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| “Aurobay Holding” | a private limited company to be incorporated in Singapore upon obtaining Independent Shareholders’ approval at the EGM for the Agreements and the transactions contemplated thereunder. Aurobay Holding is contemplated to be a wholly-owned subsidiary of the Company |
| “Aurobay Holding Contributed Shares” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Subject matter</i> ” in this announcement |
| “Aurobay Holding Enterprise Value” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Determination of the Contribution Value</i> ” in this announcement |
| “Aurobay Holding Group” | Aurobay Holding and its subsidiaries |
| “Aurobay Powertrain” | 浙江極光灣動力總成科技有限公司 (Zhejiang Aurobay Powertrain Technology Co., Ltd.*), a limited liability company established in the PRC, which was a wholly-owned subsidiary of Geely Holding as at the date of this announcement |
| “Aurobay SG” | Aurobay International PTE. LTD., a private limited company incorporated under the laws of Singapore, which was an indirectly wholly-owned subsidiary of Geely Holding as at the date of this announcement |
| “Aurobay SG Contributed Shares” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Subject matter</i> ” in this announcement |
| “Aurobay SG Enterprise Value” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Determination of the Contribution Value</i> ” in this announcement |
| “Aurobay SG Group” | Aurobay SG and its subsidiaries |
| “Aurobay SG Operating Entities” | Changxing Powertrain, ZJK, and PES and their respective subsidiaries |
| “Aurobay Technology” | 極光灣科技有限公司 (Aurobay Technology Co., Ltd.*), a limited liability company established in the PRC, which was a wholly-owned subsidiary of the Company as at the date of this announcement |
| “Aurobay Technology Group” | Aurobay Technology and its subsidiaries |

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| “AVISTA” | AVISTA Valuation Advisory Limited, an independent professional valuer |
| “BNP Paribas” | BNP Paribas Securities (Asia) Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities as defined under the SFO, the Financial Adviser of the Company in relation to the Transaction and the Joint Venture Agreement |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday or Sunday or public holiday) on which banks are open for non-automated business in the United Kingdom, France, the PRC, and Hong Kong |
| “Call Option Notice” | has the meaning as defined under the section headed “ <i>The Joint Venture Agreement – Call option or buy-back</i> ” in this announcement |
| “Call Option Shareholder” | has the meaning as defined under the section headed “ <i>The Joint Venture Agreement – Call option or buy-back</i> ” in this announcement |
| “Changxing Powertrain” | 長興吉利動力總成有限公司 (Changxing Geely Powertrain Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly non wholly-owned subsidiary of Geely Holding as at the date of this announcement |
| “CKD(s)” | complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle |
| “Closing” | completion of the Transaction, which would occur on the Closing Date |
| “Closing Date” | on the last Business Day of the month in which the Unconditional Date occurs, if the Unconditional Date is less than ten Business Days before the last Business Day of that month, the last Business Day of the subsequent calendar month, or any other date to be agreed upon by the Parties |

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| “Company” | Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the main board of the Stock Exchange (stock codes: 175 (HKD counter) and 80175 (RMB counter)) |
| “Condition(s)” | the conditions precedent to the Contribution Agreement, as set out in the section headed <i>“The Contribution Agreement – Conditions precedent”</i> in this announcement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Contributed Share(s)” | has the meaning as defined under the section headed <i>“The Contribution Agreement – Subject matter”</i> in this announcement |
| “Contribution” | the contribution of Horse Contributed Shares, Aurobay Holding Contributed Shares, and Aurobay SG Contributed Shares, which shall constitute the consideration paid to the JV Company in exchange for the JV Shares |
| “Contribution Agreement” | the agreement entered into between the Company, Geely Holding and Renault on 11 July 2023, under which the Parties conditionally agreed to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding, Aurobay SG, and Horse Holding to the JV Company in exchange for the JV Shares |
| “Contribution Values” | has the meaning as defined under the section headed <i>“The Contribution Agreement – Determination of the Contribution Value”</i> in this announcement |
| “Deemed Disposal” | has the meaning as defined under the section headed <i>“Formation of The JV Company”</i> in this announcement |
| “Defaulting Shareholder(s)” | has the meaning as defined under the section headed <i>“The Joint Venture Agreement – Material breach”</i> in this announcement |
| “Definitive Contribution Values” | has the meaning as defined under the section headed <i>“The Contribution Agreement – Determination of the Contribution Value”</i> in this announcement |
| “Definitive Aurobay Holding Contribution Value” | refers to the final contribution value of Aurobay Holding, which was calculated in accordance with the Formula using Aurobay Holding Group’s audited accounts as of the Closing Date |

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| “Definitive Aurobay SG Contribution Value” | refers to the final contribution value of Aurobay SG, which was calculated in accordance with the Formula using Aurobay SG Group’s audited accounts as of the Closing Date |
| “Definitive Horse Contribution Value” | refers to the final contribution value of Horse Holding, which was calculated in accordance with the Formula using Horse Holding Group’s audited accounts as of the Closing Date |
| “Director(s)” | Directors of the Company, each a “Director” |
| “Effective Date” | the Closing Date or 1 January 2024, whichever is later |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purpose of approving, amongst other things, the Agreements and the transactions contemplated thereunder |
| “EUR” | Euros, the lawful currency of the European Union Member States |
| “Euro 7” | a collection of regulations that set a maximum standard for emissions from new cars and vehicles sold in Europe, effective 1 July 2025 |
| “EV/EBITDA” | has the meaning as defined under the section headed “ <i>Independent valuation of Aurobay Group and Horse Holding Group</i> ” in this announcement |
| “Final Top-Down Amount” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Post-Closing Adjustment</i> ” in this announcement |
| “Final Top-Up Amount” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Post-Closing Adjustment</i> ” in this announcement |
| “Financial Adviser(s)” | BNP Paribas and SPDB International |
| “Formula” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Determination of Contribution Value</i> ” in this announcement |
| “Founding Shareholders” | Renault, Aurobay Holding (BVI), and GHPT Limited |

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| “Geely Auto Manufacturing” | 浙江吉利汽車製造有限公司 (Zhejiang Geely Auto Manufacturing Co., Ltd.*), a limited liability company established in the PRC, which was a non-wholly owned subsidiary of Geely Holding as at the date of this announcement |
| “Geely Changxing” | 吉利長興自動變速器有限公司 (Geely Changxing Automatic Transmission Co., Ltd.*), a limited liability company established in the PRC, which was ultimately beneficially approximately 50.68% owned by Mr. Li and his associate as at the date of this announcement |
| “Geely Changxing Group” | Geely Changxing and its subsidiaries |
| “Geely Group” | the Group and Geely Holding Group |
| “GAAP” | Generally Accepted Accounting Principles |
| “Geely Holding” | 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a limited liability company established in the PRC, which was ultimately beneficially wholly-owned by Mr. Li and his associate as at the date of this announcement |
| “Geely Holding Group” | Geely Holding and its subsidiaries |
| “Geely-branded Vehicles” | vehicles of automobile brands of the Group |
| “GHPT Limited” | GHPT Limited, a limited liability company incorporated in the British Virgin Islands, which was an indirectly wholly-owned subsidiary of Geely Holding as at the date of this announcement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” or “HKD” | Hong Kong dollar, the lawful currency of Hong Kong |

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| “Horse Business” | the powertrain business as carried out by Renault Group on or prior to Closing, relating to (i) activities of research, development, procurement, production, trading (including sales) and aftersales activity of ICE, hybrid and plug-in hybrid engines and gearboxes as well as the components and parts thereof (including development of hybrid and plug-in hybrid batteries but excluding manufacturing and process engineering relating to hybrid and plug-in hybrid batteries) for passenger and light commercial vehicles and (ii) activities relating to production of certain type of the electric vehicles reducer battery engine vehicles |
| “Horse Contributed Shares” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Subject matter</i> ” in this announcement |
| “Horse Enterprise Value” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Determination of the Contribution Value</i> ” in this announcement |
| “Horse Holding” | New H Powertrain Holding, S.L.U., a company organised and existing under the laws of Spain, which was a wholly-owned subsidiary of Renault as at the date of this announcement |
| “Horse Holding Group” | Horse Holding and its subsidiaries |
| “ICE” | all types of internal combustion engine developed and/or used by each of Renault, the Company or Geely Holding or members of its group, including gasoline, diesel, methanol, compressed natural gas, liquefied petroleum gas, hydrogen and ethanol but excluding fuel cell |
| “IFRS” | International Financial Reporting Standards |
| “Independent Board Committee” | the independent committee of the board of the Company, which comprises all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders on the terms of the Agreements |
| “Independent Financial Adviser” | Ballas Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the transactions contemplated thereunder |

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| “Independent Shareholders” | Shareholders other than Mr. Li, Mr. Li Dong Hui, Daniel, Mr. Gan Jia Yue, and their respective associates |
| “Initial Term” | has the meaning as defined under the section headed “ <i>The Joint Venture Agreement – Term</i> ” in this announcement |
| “Joint Venture Agreement” | the joint venture agreement entered into between the Company, Geely Holding and Renault on 11 July 2023, under which the parties conditionally agreed to establish the JV Company to engage in the Powertrain Business |
| “JV Board” | the board of directors of the JV Company |
| “JV Company” | a private company incorporated in England and Wales, which is limited by shares |
| “JV Company Group” | the JV Company and its subsidiaries |
| “JV Director(s)” | directors of the JV Company, each a “JV Director” |
| “JV Instruments” | (i) any JV Shares and (ii) any instrument, document or security granting a right of subscription for, or conversion into JV Shares, and (iii) any shareholder loan of the JV Company (if any) |
| “JV Share(s)” | ordinary share(s) of EUR1.00 each in the share capital of the JV Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Lock-In Period” | the period starting from the Closing Date and ending on the tenth anniversary of such date |
| “Long Stop Date” | 30 June 2024 (or such other date as may be agreed between the Parties in writing) |
| “Maximum Aurobay Holding Contribution Value” | has the meaning defined under the section headed “ <i>The Contribution Agreement – Maximum Contribution Values</i> ” in this announcement |
| “Maximum Aurobay SG Contribution Value” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Maximum Contribution Values</i> ” in this announcement |

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| “Maximum Contribution Values” | Maximum Aurobay Holding Contribution Value, Maximum Aurobay SG Contribution Value, and Maximum Horse Contribution Value |
| “Maximum Horse Contribution Value” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Maximum Contribution Values</i> ” in this announcement |
| “Mr. Li” | Mr. Li Shu Fu, an executive Director and a substantial shareholder together with his associates holding approximately 42.15% interests in the total issued share capital of the Company as at date of this announcement |
| “Non-defaulting Shareholder(s)” | has the meaning as defined under the section headed “ <i>The Joint Venture Agreement – Material breach</i> ” in this announcement |
| “Non-Exempt Continuing Connected Transactions” | the Powertrain Purchase Agreement and the transactions contemplated thereunder |
| “OEM” | original equipment manufacturer |
| “Parties” or “Party” | The Company, Renault, and Geely Holding, each a “ <i>Party</i> ” |
| “percentage ratio(s)” | has the meaning ascribed to it under Rule 14.07 of the Listing Rules |
| “Permitted Transferees” | a member of the JV Company’s shareholders’ group |
| “PES” | Powertrain Engineering Sweden AB, a company incorporated in Sweden, which was an indirectly wholly-owned subsidiary of Geely Holding as at the date of this announcement |
| “Powertrain Business” | the activities of the Horse Business and the Aurobay Business as conducted by the JV Company Group from time to time |
| “Powertrain Pricing Analysis Report” | a transfer pricing analysis report(s) prepared by an independent certified public accountant firm |
| “Powertrain Products” | engine, transmission and relevant after-sale parts and other products as the Group may specify from time to time; |

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| “Powertrain Purchase Agreement” | the master agreement dated 11 July 2023 entered into among the Company, Aurobay Technology, and Geely Changxing for the purchase of Powertrain Products from Aurobay Technology Group and Geely Changxing Group by the Group |
| “Powertrain Purchase Annual Cap(s)” | the proposed annual caps in relation to the purchase of Powertrain Products from Aurobay Technology Group and Geely Changxing Group by the Group for each of the financial years ending on 31 December 2024, 2025 and 2026 |
| “PRC” | the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan |
| “Provisional Contribution Values” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Pre-Closing Provisional Contribution Values</i> ” in this announcement |
| “Provisional Shareholders Loan” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Pre-Closing Provisional Contribution Values</i> ” in this announcement |
| “Provisional Top-Down Amount” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Pre-Closing Provisional Contribution Values</i> ” in this announcement |
| “Provisional Top-Up Amount” | has the meaning as defined under the section headed “ <i>The Contribution Agreement – Pre-Closing Provisional Contribution Values</i> ” in this announcement |
| “PUR” | plant utilization ratio |
| “Purchase Order(s)” | the written orders issued by the Group to the Suppliers Group, setting out the quantity and price of the Powertrain Products to be purchased by the Group |
| “R&D” | research and development |
| “Renault Group” | Renault and its subsidiaries |

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| “Renault” | Renault S.A.S., a company incorporated in Boulogne-Billancourt, France and is a wholly-owned subsidiary of Renault S.A., a limited liability company whose shares are listed on Euronext Paris (stock code: RNO.PA). Renault is principally engaged in automobile business |
| “Reorganisation” | list of actions to be performed by Renault, Geely Holding, and the Company in relation to the internal reorganisation as required under the Contribution Agreement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “ROFR Transferor” | has the meaning as defined under the section headed “ <i>The Joint Venture Agreement – Right of first refusal</i> ” in this announcement |
| “ROFR Transferee” | has the meaning as defined under the section headed “ <i>The Joint Venture Agreement – Right of first refusal</i> ” in this announcement |
| “Sanctioned Person(s)” | refer to situations where (i) a shareholder of the JV Company (or member of its group) becomes a sanctioned person; (ii) a place where a shareholder of the JV Company is located becomes a sanctioned territory; (iii) the government of a shareholder of the JV Company becomes the subject of sanctions; (iv) the ability of any shareholder of the JV Company to perform the Powertrain Business is materially affected by the imposition of sanctions; or (v) a shareholder of the JV Company conducts business that is prohibited under trade sanctions or export control restrictions, and would materially adversely affect the JV Company Group taken as a whole, the Powertrain Business, the Parties, the Founding Shareholders, and/or the transactions contemplated under the Joint Venture Agreement |
| “SFO” | Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.02 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the shares of the Company |

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| “SPDB International” | SPDB International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the Financial Adviser to the Company in relation to the Non-Exempt Continuing Connected Transactions |
| “Special Majority” | affirmative votes from at least a majority of the JV Directors appointed by the Founding Shareholders, and in certain circumstances, refer to the affirmative votes from a majority of the JV Directors respectively appointed by Geely Group and Renault Group |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Suppliers” | Aurobay Technology and Geely Changxing |
| “Suppliers Group” | Aurobay Technology Group and Geely Changxing Group |
| “Transaction” | the completion of the Contribution |
| “Transitional Period” | include the period from the Closing Date to the date immediately before the second anniversary of the Closing Date, or such other period to be agreed between the Founding Shareholders in writing |
| “Unconditional Date” | the first Business Day on which the last of the Conditions has been satisfied or, as the case may be, waived in accordance with the terms of the Contribution Agreement |
| “Zhejiang Jirun” | 浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly 99% owned subsidiary of the Company as at the date of this announcement |
| “ZJK” | 張家口極光灣發動機製造有限公司 (Zhangjiakou Aurobay Engine Manufacturing Co., Ltd.*), a limited liability company established in the PRC, which was an indirectly wholly-owned subsidiary of Geely Holding as at the date this announcement |
| “%” | per cent |

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

* *for identification purpose only*

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

Hong Kong, 11 July 2023

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