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

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

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吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO THE ACQUISITIONS**

Financial adviser to Geely Automobile Holdings Limited



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



A letter from the Independent Board Committee is set out on pages 28 to 29 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 55 of this circular. A notice convening the EGM to be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong on Tuesday, 4 September 2018 at 5:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

16 August 2018

CONTENTS

DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	28
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	30
APPENDIX I – PROPERTY VALUATION REPORT	I-1
APPENDIX II – GENERAL INFORMATION	II-1
NOTICE OF EGM	EGM-1

DEFINITIONS

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

“Acquisitions”	the DJD Acquisition, the GY Acquisition and the DMA Acquisition, collectively
“Acquisition Agreements”	the DJD Acquisition Agreement, the GY Acquisition Agreement and the DMA Acquisition Agreement, collectively
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong and the PRC
“CKD(s)”	complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 175)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“DJD Acquisition”	the acquisition of the entire registered capital of the DJD Target by Zhejiang Jirun from Hangzhou Components pursuant to the DJD Acquisition Agreement
“DJD Acquisition Agreement”	the acquisition agreement entered into between Zhejiang Jirun and Hangzhou Components on 18 July 2018 in relation to the DJD Acquisition
“DJD Properties”	an industrial complex located in Dajiangdong Industrial Cluster, Hangzhou City, Zhejiang Province, the PRC
“DJD Property Value”	market value of the DJD Properties as stated in the Valuation Report
“DJD Shareholder’s Loan”	interest-free loan up to a maximum amount of RMB2,387.24 million on the completion date of the DJD Acquisition made to the DJD Target by the Geely Holding Group

DEFINITIONS

“DJD Target”	杭州吉利汽車有限公司 (Hangzhou Geely Automobile Company Limited*), a limited liability company incorporated in the PRC, and is a wholly owned subsidiary of Hangzhou Components as at the Latest Practicable Date
“Independent Financial Adviser”	Dakin Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreements and the transactions contemplated thereunder
“Director(s)”	the director(s) of the Company
“DMA Acquisition”	the acquisition of the entire registered capital of the DMA Target by Zhejiang Jirun from Zhejiang Geely pursuant to the DMA Acquisition Agreement
“DMA Acquisition Agreement”	the acquisition agreement entered into between Zhejiang Jirun and Zhejiang Geely on 18 July 2018 in relation to the DMA Acquisition
“DMA Properties”	an industrial complex located in Hangzhou Bay New District, Ningbo City, Zhejiang Province, the PRC
“DMA Property Value”	market value of the DMA Properties as stated in the Valuation Report
“DMA Shareholder’s Loan”	interest-free loan up to a maximum amount of RMB2,740.10 million on the completion date of the DMA Acquisition made to the DMA Target by the Geely Holding Group
“DMA Target”	寧波吉潤汽車部件有限公司 (Ningbo Jirun Automobile Components Company Limited*), a limited liability company incorporated in the PRC, and is a wholly owned subsidiary of Zhejiang Geely as at the Latest Practicable Date
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Acquisition Agreements and the transactions contemplated thereunder
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a private limited liability company incorporated in the PRC, and is beneficially wholly owned by Mr. Li and his associate as at the Latest Practicable Date
“Geely Holding Group”	Geely Holding and its subsidiaries

DEFINITIONS

“Group”	the Company and its subsidiaries
“GY Acquisition”	the acquisition of the entire registered capital of the GY Target by Zhejiang Jirun from Guizhou New Energy pursuant to the GY Acquisition Agreement
“GY Acquisition Agreement”	the acquisition agreement entered into between Zhejiang Jirun and Guizhou New Energy on 18 July 2018 in relation to the GY Acquisition
“GY Properties”	an industrial complex located in Guanshanhu District, Guiyang City, Guizhou Province, the PRC
“GY Property Value”	market value of the GY Properties as stated in the Valuation Report
“Guizhou New Energy”	貴州吉利新能源汽車有限公司 (Guizhou Geely New Energy Automobile Company Limited*), a private limited liability company incorporated in the PRC, and is wholly owned by Zhejiang Geely as at the Latest Practicable Date
“GY Shareholder’s Loan”	interest-free loan up to a maximum amount of RMB2,455.01 million on the completion date of the GY Acquisition made to the GY Target by the Geely Holding Group
“GY Target”	貴州吉利汽車部件有限公司 (Guizhou Geely Automobile Components Company Limited*), a limited liability company incorporated in the PRC, and is a wholly owned subsidiary of Guizhou New Energy as at the Latest Practicable Date
“Hangzhou Components”	杭州吉利汽車部件有限公司 (Hangzhou Geely Automobile Components Company Limited*), a private limited liability company incorporated in the PRC, and is a wholly owned subsidiary of Zhejiang Geely as at the Latest Practicable Date
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the terms of the Acquisition Agreements and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	Shareholder(s) other than Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel, Mr. An Cong Hui and their respective associates
“JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer
“Latest Practicable Date”	13 August 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder together with his associate holding 44.42% interest in the total issued share capital of the Company as at the Latest Practicable Date
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purposes of this circular excluding Hong Kong, the Macau Special Administrative Region, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“SAIC”	State Administration for Industry and Commerce or its local bureaux
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	the DJD Target, the GY Target and the DMA Target, collectively
“US\$”	United States dollars, the lawful currency of the United States of America

DEFINITIONS

“Valuation Report”	the valuation report on the DJD Properties, the GY Properties and the DMA Properties prepared by JLL, the text of which is contained in Appendix I to this circular
“Zhejiang Geely”	浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited*), a private company incorporated in the PRC and is owned as to (i) 88.32% by Geely Holding; and (ii) 11.68% by other Mr. Li’s interested entities as at the Latest Practicable Date
“Zhejiang Jirun”	浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited*), a limited liability company established in the PRC and is an indirect 99% owned subsidiary of the Company as at the Latest Practicable Date
“%”	per cent

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

LETTER FROM THE BOARD

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

Executive Directors:

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

Non-executive Director:

Mr. Carl Peter Edmund Moriz Forster

Independent Non-executive Directors:

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

Registered Office:

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

Principal Place of Business in

Hong Kong:

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

16 August 2018

To the Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO THE ACQUISITIONS**

INTRODUCTION

Reference is made to the announcement of the Company dated 18 July 2018 in relation to, among other things, the Acquisitions.

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

LETTER FROM THE BOARD

THE ACQUISITIONS

1. The DJD Acquisition

On 18 July 2018 (after trading hours), Zhejiang Jirun, a 99% owned subsidiary of the Company, entered into the DJD Acquisition Agreement with Hangzhou Components, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Hangzhou Components conditionally agreed to sell, the entire registered capital of the DJD Target, for a cash consideration of RMB930,620,464.36.

The principal terms of the DJD Acquisition are set out below:

Date

18 July 2018 (after trading hours)

Parties

Vendor: Hangzhou Components

Purchaser: Zhejiang Jirun

Zhejiang Jirun is principally engaged in the research, development, production, marketing and sales of vehicles and related automobile components in the PRC, and is an indirect 99% owned subsidiary of the Company. The remaining 1% interest in Zhejiang Jirun is indirectly held by Geely Holding as at the Latest Practicable Date.

Hangzhou Components is principally engaged in the preparation and construction of automobile components manufactory projects. Hangzhou Components is wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li's interested entities. Mr. Li is an executive Director and a substantial Shareholder holding approximately 44.42% of the total issued share capital of the Company. Accordingly, Hangzhou Components is an associate of Mr. Li and a connected person of the Company.

Subject matter

Pursuant to the DJD Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Hangzhou Components conditionally agreed to sell, the entire registered capital of the DJD Target. Details of the DJD Target are set out in the section headed "Information on the Target Companies".

Upon completion of the DJD Acquisition, the DJD Target will become a wholly owned subsidiary of Zhejiang Jirun, and the financial statements of the DJD Target will be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

Consideration

The consideration for the DJD Acquisition is RMB930,620,464.36, which will be payable in cash within 30 calendar days from the date of completion of the DJD Acquisition.

The consideration for the DJD Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Hangzhou Components with reference to (i) the net asset value of the DJD Target prepared under the HKFRS as at 31 May 2018 of approximately RMB895.40 million; and (ii) the valuation premium of the DJD Properties of approximately RMB35.22 million, being the difference between (a) the sum of the DJD Property Value of RMB663.75 million and the DJD Property Reference Value (as defined below) of approximately RMB140.23 million; and (b) the carrying value of the DJD Properties of approximately RMB768.76 million as at 31 May 2018.

It is expected that the consideration for the DJD Acquisition will be funded by internal resources of the Group.

Undertaking in respect of the DJD Properties

The DJD Properties is an industrial complex located in Dajiangdong Industry Cluster, Hangzhou City, Zhejiang Province, the PRC. According to the Valuation Report, as at 31 May 2018, the DJD Properties comprised:

- (i) two parcels of land with a total site area of 543,292 sq.m.; and
- (ii) 28 industrial and ancillary buildings with a total gross floor area of 277,638.78 sq.m., the construction of which is expected to complete in the fourth quarter of 2018 (the "**DJD Construction-In-Progress**").

As at the Latest Practicable Date, Hangzhou Components holds two real estate rights certificates, two construction land planning permits, three construction work planning permits and two construction work commencement permits for the DJD Properties. In light of the time it takes to transfer the relevant certificates and permits for the DJD Properties from Hangzhou Components to the DJD Target, which is unlikely to be completed before the completion of the DJD Acquisition, Hangzhou Components has undertaken to Zhejiang Jirun in the DJD Acquisition Agreement that the legal titles of the DJD Properties will be transferred to the DJD Target in accordance with the applicable laws in the PRC on or before 31 December 2020 subject to completion of the DJD Acquisition.

According to the legal opinions from the PRC legal adviser to the Company, (i) the certificates and permits for the DJD Properties are true, legal and valid; and (ii) the DJD Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court. According to the Valuation Report, as at 31 May 2018, the construction work commencement permit for 14 buildings comprising the DJD Construction-In-Progress with a total gross floor area of 88,643.86 sq.m. (the "**CIP Without Permit**") had not been obtained. As further stated in the Valuation Report, no commercial value had been attributed to the CIP Without Permit. However, for reference purpose, JLL was of the opinion that the market value of the CIP Without Permit as at 31 May 2018 would be RMB140,230,000 (the "**DJD Property Reference Value**") assuming all relevant construction permits had been obtained. According to Hangzhou Components, Hangzhou Components is in the process of

LETTER FROM THE BOARD

applying for the said construction work commencement permit for the CIP Without Permit which is expected to be completed by the end of 2018. Further, as stated in the legal opinions from the PRC legal adviser to the Company, according to the “Explanatory Note Regarding the the Status of the Undertaking of the Application Procedures for Real Estate Rights Certificates by Hangzhou Components” (關於杭州吉利汽車部件有限公司辦理不動產權證相關事宜的情況說明) (the “**DJD Explanatory Note**”) approved by Hangzhou Municipality Bureau of Land and Resources Dajiangdong Industrial Cluster Branch (杭州市國土資源局大江東產業集聚區分局) on 30 July 2018, (i) the application for the construction work commencement permit for the CIP Without Permit is expected to be completed by 31 December 2018; (ii) as at the date of the DJD Explanatory Note, no penalty had been imposed on Hangzhou Components as a result of the application for the construction work commencement permit for the CIP Without Permit; and (iii) the construction work of the DJD Construction-In-Progress and the production of Hangzhou Components will not be affected by the application for the construction work commencement permit for the CIP Without Permit.

As stated in the legal opinions from the PRC legal adviser to the Company, (i) upon completing the procedures for obtaining the said construction work commencement permit as well as, according to the DJD Explanatory Note, the general procedures for obtaining real estate rights certificates, including the completion inspection and acceptance procedure, and the inspection and acceptance, archive, quality inspection filing and property survey procedures for fire safety, greening, public security etc. with the relevant authorities, there are no legal impediments to the obtaining of the title certificates for the DJD Construction-In-Progress; and (ii) the use of the DJD Properties by the DJD Target for production will not be affected even before the completion of the legal titles of the DJD Properties.

Pursuant to the DJD Acquisition Agreement, subject to completion of the DJD Acquisition, in the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed on or before 31 December 2020, Hangzhou Components shall (i) indemnify Zhejiang Jirun and the Company for the loss arising therefrom, which shall equal the then valuation of the DJD Properties prepared by a third party valuer approved by the parties to the DJD Acquisition Agreement (the “**DJD Indemnification Amount**”); and (ii) pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35%, which was determined after arm’s length negotiations between the parties to the DJD Acquisition Agreement with reference to the prevailing interest rate of 4.35% on a short term loan (within one year) offered by a commercial bank in the PRC, of the DJD Indemnification Amount (the “**DJD Penalty**”). The Directors consider the basis for determining the DJD Indemnification Amount fair and reasonable and in the interest of the Company and the Shareholders as a whole given that both the DJD Indemnification Amount (that is, the amount payable by Hangzhou Components to Zhejiang Jirun should the legal titles of the DJD Properties cannot be obtained on or before 31 December 2020) and the portion of the consideration attributable to the DJD Properties payable by Zhejiang Jirun to Hangzhou Components under the DJD Acquisition are based on the then valuation of the DJD Properties prepared by an independent valuer. The Directors consider the rate for calculating the DJD Penalty of 4.35% per annum fair and reasonable after taking into account (i) as at the Latest Practicable Date, the Company does not consider there is better investment opportunity for the funds which, subject to completion of the DJD Acquisition, will be used to settle the consideration for the DJD Acquisition; and (ii) the weighted average effective interest rate of the bank borrowings of the Group was 2.62% for the year ended 31 December 2017 and 3.15% for the six months ended 30 June 2018.

LETTER FROM THE BOARD

In the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed on or before 31 December 2020, it is the intention of the parties to the DJD Acquisition Agreement to appoint an independent valuer as soon as practicable to determine the then valuation of the DJD Properties, and the DJD Indemnification Amount together with the DJD Penalty, which shall be calculated with retrospective effect since the date of completion of the DJD Acquisition, shall be indemnified and paid in full by Hangzhou Components in cash as soon as practicable but in any event not later than 30 calendar days upon the issuance of the then valuation of the DJD Properties prepared by the independent valuer. In the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed on or before 31 December 2020, the Company will make announcement to update the Shareholders of the status of the DJD Properties as well as the actual and/or potential impact of such on the Company.

Notwithstanding the foregoing, Hangzhou Components, being the existing holder of the real estate rights certificates and the relevant permits for the DJD Properties, has undertaken to Zhejiang Jirun and the DJD Target that, subject to completion of the DJD Acquisition, the DJD Target can continue to occupy and use the DJD Properties free of charge regardless of whether the obtaining and/or transfer of the legal titles of the DJD Properties can be completed on or before 31 December 2020 or at all. Taking into account the opinions of the PRC legal adviser and the undertakings by Hangzhou Components as abovementioned, the operation of the DJD Target is not expected to be impacted even if the obtaining and/or transfer of the legal titles of the DJD Properties cannot be completed on or before 31 December 2020.

Having considered (i) the basis for determination of the consideration for the DJD Acquisition as disclosed in the section headed “The Acquisitions – 1. The DJD Acquisition – Consideration” above; (ii) the legal opinion from the PRC legal adviser to the Company that (a) the use of the DJD Properties by the DJD Target for production will not be affected even before the completion of transfer of the legal titles of the DJD Properties from Hangzhou Components to the DJD Target; and (b) there are no material legal impediments to the obtaining of the title certificates for the DJD Construction-In-Progress upon undertaking the necessary procedures for obtaining the relevant permits and completing the inspection and acceptance procedures with the relevant authorities; and (iii) in the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed on or before 31 December 2020, Hangzhou Components shall indemnify Zhejiang Jirun and the Company for the DJD Indemnification Amount, and shall pay to Zhejiang Jirun the DJD Penalty, the Board considers the consideration for the DJD Acquisition fair and reasonable.

DJD Shareholder’s Loan

Pursuant to the DJD Acquisition Agreement, the outstanding DJD Shareholder’s Loan up to a maximum amount of RMB2,387.24 million on the completion date of the DJD Acquisition will be repaid by the Group to the Geely Holding Group within three months from the completion of the DJD Acquisition. Such DJD Shareholder’s Loan is fully exempted from the continuing connected transaction requirements under the Listing Rules as it is interest free, conducted on normal commercial term and is not secured by the assets of the Group.

LETTER FROM THE BOARD

Conditions precedent

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

- (i) Zhejiang Jirun being satisfied with the results of its due diligence review of the DJD Target, including, but not limited to, the possession by the DJD Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the DJD Target;
- (ii) the Company having obtained the Independent Shareholders' approval at the EGM for the DJD Acquisition Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the DJD Acquisition, including but not limited to, the obtaining of the new business license of the DJD Target and the SAIC's website indicating that Zhejiang Jirun is the sole shareholder of the DJD Target;
- (iv) the representations and warranties made by Hangzhou Components in the DJD Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Hangzhou Components having performed fully its obligations under the DJD Acquisition Agreement on or before completion of the DJD Acquisition; and
- (v) (a) there being no material adverse change in the existence, business and financial positions of the DJD Target; and (b) no statute, regulation, proceeding or order pertaining to the DJD Target having been promulgated, put into effect, commenced, granted or issued that is subsisting or pending as at the date of completion of the DJD Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the DJD Acquisition Agreement.

In respect of condition (i) above, to the best of the Directors' knowledge, as at the Latest Practicable Date, there is no material approval, consent, permit and/or filing that is necessary to conduct the business operations of the DJD Target that is still outstanding.

In the event that the conditions set out above are not fulfilled or waived (conditions (ii) and (iii) above are not capable of being waived) within 60 calendar days from the date of the DJD Acquisition Agreement (or such later date as the parties may agree in writing), any party to the DJD Acquisition Agreement will have the right to terminate the DJD Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the DJD Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the DJD Acquisition Agreement will become null and void upon such termination and the DJD Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches.

LETTER FROM THE BOARD

Completion of the DJD Acquisition

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

2. The GY Acquisition

On 18 July 2018 (after trading hours), Zhejiang Jirun entered into the GY Acquisition Agreement with Guizhou New Energy, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Guizhou New Energy conditionally agreed to sell, the entire registered capital of the GY Target, for a cash consideration of RMB1,074,308,970.43.

The principal terms of the GY Acquisition are set out below:

Date

18 July 2018 (after trading hours)

Parties

Vendor: Guizhou New Energy

Purchaser: Zhejiang Jirun

Please refer to the section headed “The Acquisitions – 1. The DJD Acquisition – Parties” for details of Zhejiang Jirun.

Guizhou New Energy is principally engaged in the design, research and development, manufacture and sale of new energy automobile components and the provision of after-sales services and technical consultancy services in the PRC. As at the Latest Practicable Date, Guizhou New Energy is wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li’s interested entities. Accordingly, Guizhou New Energy is an associate of Mr. Li and a connected person of the Company.

Subject matter

Pursuant to the GY Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Guizhou New Energy conditionally agreed to sell, the entire registered capital of the GY Target. Details of the GY Target are set out in the section headed “Information on the Target Companies”.

Upon completion of the GY Acquisition, the GY Target will become a wholly owned subsidiary of Zhejiang Jirun, and the financial statements of the GY Target will be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

Consideration

The consideration for the GY Acquisition is RMB1,074,308,970.43, which will be payable in cash within 30 calendar days from the date of completion of the GY Acquisition.

The consideration for the GY Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Guizhou New Energy with reference to (i) the net asset value of the GY Target prepared under the HKFRS as at 31 May 2018 of approximately RMB1,046.26 million; and (ii) the valuation premium of the GY Properties of approximately RMB28.05 million, being the difference between (a) the GY Property Value of approximately RMB934.31 million; and (b) the carrying value of the GY Properties of approximately RMB906.26 million as at 31 May 2018.

It is expected that the consideration for the GY Acquisition will be funded by internal resources of the Group.

Undertaking in respect of the GY Properties

The GY Properties is an industrial complex located in Guanshanhu District, Guiyang City, Guizhou Province, the PRC. According to the Valuation Report, as at 31 May 2018, the GY Properties comprised:

- (i) two parcels of land with a total site area of 685,052 sq.m.; and
- (ii) 32 industrial and ancillary buildings with a total gross floor area of 477,994.33 sq.m., the construction of which is expected to complete in the third quarter of 2018 (the “**GY Construction-In-Progress**”).

As at the Latest Practicable Date, Guizhou New Energy holds two real estate rights certificates, two construction land planning permits, one construction work planning permit and three construction work commencement permits for the GY Properties. In light of the time it takes to transfer the relevant certificates and permits for the GY Properties from Guizhou New Energy to the GY Target, which is unlikely to be completed before the completion of the GY Acquisition, Guizhou New Energy has undertaken to Zhejiang Jirun in the GY Acquisition Agreement that the legal titles of the GY Properties will be transferred to the GY Target in accordance with the applicable laws in the PRC on or before 31 December 2020, subject to completion of the GY Acquisition.

According to the legal opinions from the PRC legal adviser to the Company, (i) the certificates and permits for the GY Properties are true, legal and valid; and (ii) the GY Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

As stated in the legal opinions from the PRC legal adviser to the Company, (i) the GY Construction-In-Progress is in compliance with the requirements of the relevant laws; (ii) according to the “Explanatory Note Regarding the Status of the Undertaking of the Application Procedures for Real Estate Rights Certificates by Guizhou New Energy” (關於貴州吉利新能源汽車有限公司辦理不動產權證相關事宜的情況說明) issued by Guiyang Municipality Bureau of Land and Resources Guanshan Lake District Branch (貴陽市國土資源局觀山湖區分局), upon completing the general procedures for obtaining real estate rights certificates, including the completion inspection and acceptance procedure, and the inspection and acceptance procedures for public security, fire safety,

LETTER FROM THE BOARD

planning, residential construction etc. with the relevant authorities, there are no legal impediments to the obtaining of the title certificates for the GY Construction-In-Progress; and (iii) the use of the GY Properties by the GY Target for production will not be affected even before the completion of the transfer of the legal titles of the GY Properties.

Pursuant to the GY Acquisition Agreement, subject to completion of the GY Acquisition, in the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed on or before 31 December 2020, Guizhou New Energy shall (i) indemnify Zhejiang Jirun and the Company for the loss arising therefrom, which shall equal the then valuation of the GY Properties prepared by a third party valuer approved by the parties to the GY Acquisition Agreement (the “**GY Indemnification Amount**”); and (ii) pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35%, which was determined after arm’s length negotiations between the parties to the GY Acquisition Agreement with reference to the prevailing interest rate of 4.35% on a short term loan (within one year) offered by a commercial bank in the PRC, of the GY Indemnification Amount (the “**GY Penalty**”). The Directors consider the basis for determining the GY Indemnification Amount fair and reasonable and in the interest of the Company and the Shareholders as a whole given that both the GY Indemnification Amount (that is, the amount payable by Guizhou New Energy to Zhejiang Jirun should the legal titles of the GY Properties cannot be obtained on or before 31 December 2020) and the portion of the consideration attributable to the GY Properties payable by Zhejiang Jirun to Guizhou New Energy under the GY Acquisition are based on the then valuation of the GY Properties prepared by an independent valuer. The Directors consider the rate for calculating the GY Penalty of 4.35% per annum fair and reasonable after taking into account (i) as at the Latest Practicable Date, the Company does not consider there is better investment opportunity for the funds which, subject to completion of the GY Acquisition, will be used to settle the consideration for the GY Acquisition; and (ii) the weighted average effective interest rate of the bank borrowings of the Group was 2.62% for the year ended 31 December 2017 and 3.15% for the six months ended 30 June 2018.

In the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed on or before 31 December 2020, it is the intention of the parties to the GY Acquisition Agreement to appoint an independent valuer as soon as practicable to determine the then valuation of the GY Properties, and the GY Indemnification Amount together with the GY Penalty, which shall be calculated with retrospective effect since the date of completion of the GY Acquisition, shall be indemnified and paid in full by Guizhou New Energy in cash as soon as practicable but in any event not later than 30 calendar days upon the issuance of the then valuation of the GY Properties prepared by the independent valuer. In the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed on or before 31 December 2020, the Company will make announcement to update the Shareholders of the status of the GY Properties as well as the actual and/or potential impact of such on the Company.

Notwithstanding the foregoing, Guizhou New Energy, being the existing holder of the real estate rights certificates and the relevant permits for the GY Properties, has undertaken to Zhejiang Jirun and the GY Target that, subject to completion of the GY Acquisition, the GY Target can continue to occupy and use the GY Properties free of charge regardless of whether the obtaining and/or transfer of the legal titles of the GY Properties can be completed on or before 31 December 2020 or at all. Taking into account the opinions of the PRC legal adviser and the undertakings by Guizhou

LETTER FROM THE BOARD

New Energy as abovementioned, the operation of the GY Target is not expected to be impacted even if the obtaining and/or transfer of the legal titles of the GY Properties cannot be completed on or before 31 December 2020.

Having considered (i) the basis for determination of the consideration for the GY Acquisition as disclosed in the section headed “The Acquisitions – 2. The GY Acquisition – Consideration” above; (ii) the legal opinion from the PRC legal adviser to the Company that (a) the use of the GY Properties by the GY Target for production will not be affected even before the completion of transfer of the legal titles of the GY Properties from Guizhou New Energy to the GY Target; and (b) there are no material legal impediments to the obtaining of the title certificates for the GY Construction-In-Progress upon completing the inspection and acceptance procedures with the relevant authorities; and (iii) in the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed on or before 31 December 2020, Guizhou New Energy shall indemnify Zhejiang Jirun and the Company for the GY Indemnification Amount, and shall pay to Zhejiang Jirun the GY Penalty, the Board considers the consideration for the GY Acquisition fair and reasonable.

GY Shareholder’s Loan

Pursuant to the GY Acquisition Agreement, the outstanding GY Shareholder’s Loan up to a maximum amount of RMB2,455.01 million on the completion date of the GY Acquisition will be repaid by the Group to the Geely Holding Group within three months from the completion of the GY Acquisition. Such GY Shareholder’s Loan is fully exempted from the continuing connected transaction requirements under the Listing Rules as it is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Conditions precedent

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

- (i) Zhejiang Jirun being satisfied with the results of its due diligence review on the GY Target, including, but not limited to, the possession by the GY Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the GY Target;
- (ii) the Company having obtained the Independent Shareholders’ approval at the EGM for the GY Acquisition Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the GY Acquisition, including but not limited to, the obtaining of the new business license of the GY Target and the SAIC’s website indicating that Zhejiang Jirun is the sole shareholder of the GY Target;
- (iv) the representations and warranties made by Guizhou New Energy in the GY Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Guizhou New Energy having performed fully its obligations under the GY Acquisition Agreement on or before completion of the GY Acquisition; and

LETTER FROM THE BOARD

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

In respect of condition (i) above, to the best of the Directors' knowledge, as at the Latest Practicable Date, there is no material approval, consent, permit and/or filing that is necessary to conduct the business operations of the GY Target that is still outstanding.

In the event that the conditions set out above are not fulfilled or waived (conditions (ii) and (iii) above are not capable of being waived) within 60 calendar days from the date of the GY Acquisition Agreement (or such later date as the parties may agree in writing), any party to the GY Acquisition Agreement will have the right to terminate the GY Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the GY Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the GY Acquisition Agreement will become null and void upon such termination and the GY Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches.

Completion of the GY Acquisition

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

3. The DMA Acquisition

On 18 July 2018 (after trading hours), Zhejiang Jirun entered into the DMA Acquisition Agreement with Zhejiang Geely, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Zhejiang Geely conditionally agreed to sell, the entire registered capital of the DMA Target for a cash consideration of RMB1,169,398,629.60.

The principal terms of the DMA Acquisition are set out below:

Date

18 July 2018 (after trading hours)

Parties

Vendor: Zhejiang Geely

Purchaser: Zhejiang Jirun

Please refer to the section headed "The Acquisitions – 1. The DJD Acquisition – Parties" for details of Zhejiang Jirun.

LETTER FROM THE BOARD

Zhejiang Geely is principally engaged in the manufacture and sale of automobile and related components in the PRC. As at the Latest Practicable Date, Zhejiang Geely is owned as to (i) 88.32% by Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li's interested entities. Accordingly, Zhejiang Geely is an associate of Mr. Li and a connected person of the Company.

Subject matter

Pursuant to the DMA Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Zhejiang Geely conditionally agreed to sell, the entire registered capital of the DMA Target. Details of the DMA Target are set out in the section headed "Information on the Target Companies".

Upon completion of the DMA Acquisition, the DMA Target will become a wholly owned subsidiary of Zhejiang Jirun, and the financial statements of the DMA Target will be consolidated into the financial statements of the Group.

Consideration

The consideration for the DMA Acquisition is RMB1,169,398,629.60, which will be payable in cash within 30 calendar days from the date of completion of the DMA Acquisition.

The consideration for the DMA Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Zhejiang Geely with reference to (i) the net asset value of the DMA Target prepared under the HKFRS as at 31 May 2018 of approximately RMB1,141.02 million; and (ii) the valuation premium of the DMA Properties of approximately RMB28.38 million, being the difference between (a) the DMA Property Value of approximately RMB898.04 million; and (b) the carrying value of the DMA Properties of approximately RMB869.66 million.

It is expected that the consideration for the DMA Acquisition will be funded by internal resources of the Group.

Undertaking in respect of the DMA Properties

The DMA Properties is an industrial complex located in Hangzhou Bay New District, Ningbo City, Zhejiang Province, the PRC. According to the Valuation Report, as at 31 May 2018, the DMA Properties comprised:

- (i) a parcel of land with a total site area of 705,564 sq.m.; and
- (ii) 23 industrial and ancillary buildings with a total gross floor area of 302,056.05 sq.m., the construction of which is expected to complete in the third quarter of 2018 (the "DMA Construction-In-Progress")

As at the Latest Practicable Date, the DMA Target holds one real estate rights certificate and two construction land planning permits, one construction work planning permit and three construction work commencement permits for the DMA Properties.

LETTER FROM THE BOARD

According to the legal opinions from the PRC legal adviser to the Company, (i) the certificates and permits for the DMA Properties are true, legal and valid; and (ii) the DMA Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

As stated in the legal opinions from the PRC legal adviser to the Company, (i) the DMA Construction-In-Progress is in compliance with the requirements of the relevant laws; and (ii) according to the “Explanatory Note Regarding the Status of the Undertaking of the Application Procedures for Real Estate Rights Certificates” (關於不動產權證手續辦理的情況說明) issued by Ningbo Hangzhou Bay New District Real Estate Registration Service Centre (寧波杭州灣新區不動產登記服務中心) on 1 August 2018, upon completing the statutory procedures for obtaining real estate rights certificates, including the completion inspection and acceptance procedure, and the inspection and acceptance, archive, quality inspection filing and property survey procedures for fire safety, greening, public security etc. with the relevant authorities, there are no legal impediments to the obtaining of the title certificates for the DMA Construction-In-Progress.

Pursuant to the DMA Acquisition Agreement, subject to completion of the DMA Acquisition, in the event that the legal titles of the DMA Properties cannot be obtained on or before 31 December 2020, Zhejiang Geely shall (i) indemnify Zhejiang Jirun and the Company for the loss arising therefrom, which shall equal the then valuation of the DMA Properties prepared by a third party valuer approved by the parties to the DMA Acquisition Agreement; and (ii) pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35%, which was determined after arm’s length negotiations between the parties to the DMA Acquisition Agreement with reference to the prevailing interest rate of 4.35% on a short term loan (within one year) offered by a commercial bank in the PRC, of the DMA Indemnification Amount (the “**DMA Penalty**”). The Directors consider the basis for determining the DMA Indemnification Amount fair and reasonable and in the interest of the Company and the Shareholders as a whole given that both the DMA Indemnification Amount (that is, the amount payable by Zhejiang Geely to Zhejiang Jirun should the legal titles of the DMA Properties cannot be obtained on or before 31 December 2020) and the portion of the consideration attributable to the DMA Properties payable by Zhejiang Jirun to Zhejiang Geely under the DMA Acquisition are based on the then valuation of the DMA Properties prepared by an independent valuer. The Directors consider the rate for calculating the DMA Penalty of 4.35% per annum fair and reasonable after taking into account (i) as at the Latest Practicable Date, the Company does not consider there is better investment opportunity for the funds which, subject to completion of the DMA Acquisition, will be used to settle the consideration for the DMA Acquisition; and (ii) the weighted average effective interest rate of the bank borrowings of the Group was 2.62% for the year ended 31 December 2017 and 3.15% for the six months ended 30 June 2018.

In the event that the obtaining and transfer of the legal titles of the DMA Properties cannot be completed on or before 31 December 2020, it is the intention of the parties to the DMA Acquisition Agreement to appoint an independent valuer as soon as practicable to determine the then valuation of the DMA Properties, and the DMA Indemnification Amount together with the DMA Penalty, which shall be calculated with retrospective effect since the date of completion of the DMA Acquisition, shall be indemnified and paid in full by Zhejiang Geely in cash as soon as practicable but in any event not later than 30 calendar days upon the issuance of the then valuation of the DMA Properties prepared by the independent valuer. In the event that the obtaining and transfer of the legal titles of the DMA Properties cannot be completed on or before 31 December 2020, the Company will make announcement to update the Shareholders of the status of the DMA Properties as well as the actual and/or potential impact of such on the Company.

LETTER FROM THE BOARD

Having considered (i) the basis for determination of the consideration for the DMA Acquisition as disclosed in the section headed “The Acquisitions – 3. The DMA Acquisition – Consideration” above; (ii) the legal opinion from the PRC legal adviser to the Company that there are no material legal impediments to the obtaining of the title certificates for the DMA Construction-In-Progress upon completing the inspection and acceptance procedures with the relevant authorities; and (iii) in the event that the obtaining and transfer of the legal titles of the DMA Properties cannot be completed on or before 31 December 2020, Zhejiang Geely shall indemnify Zhejiang Jirun and the Company for the loss arising therefrom, and shall pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of such loss, the Board considers the consideration for the DMA Acquisition fair and reasonable.

DMA Shareholder’s Loan

Pursuant to the DMA Acquisition Agreement, the outstanding DMA Shareholder’s Loan up to a maximum amount of RMB2,740.10 million will be repaid by the Group to the Geely Holding Group within three months from the completion of the DMA Acquisition. Such DMA Shareholder’s Loan is fully exempted from the continuing connected transaction requirements under the Listing Rules as it is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Conditions precedent

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

- (i) Zhejiang Jirun being satisfied with the results of its due diligence review on the DMA Target, including, but not limited to, the possession by the DMA Target of all approvals, consents and permits, and completion of all filings necessary to conduct the business operations of the DMA Target;
- (ii) the Company having obtained the Independent Shareholders’ approval at the EGM for the DMA Acquisition Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (iii) the obtaining of all approvals, consents, filings and/or waivers from the relevant government authorities or third parties required for the DMA Acquisition, including but not limited to, the obtaining of the new business license of the DMA Target and the SAIC’s website indicating that Zhejiang Jirun is the sole shareholder of the DMA Target;
- (iv) the representations and warranties made by Zhejiang Geely in the DMA Acquisition Agreement remaining true and accurate in all material respects and not misleading in any respect, and Zhejiang Geely having performed fully its obligations under the DMA Acquisition Agreement on or before completion of the DMA Acquisition; and
- (v) (a) there being no material adverse change in the existence, business and financial positions of the DMA Target; and (b) no statute, regulation, proceeding or order pertaining to the DMA Target having been promulgated, put into effect, commenced,

LETTER FROM THE BOARD

granted or issued that is subsisting or pending as at the date of completion of the DMA Acquisition that would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the DMA Acquisition Agreement.

In respect of condition (i) above, to the best of the Directors' knowledge, as at the Latest Practicable Date, there is no material approval, consent, permit and/or filing that is necessary to conduct the business operations of the DMA Target that is still outstanding.

In the event that the conditions set out above are not fulfilled or waived (conditions (ii) and (iii) above are not capable of being waived) within 60 calendar days from the date of the DMA Acquisition Agreement (or such later date as the parties may agree in writing), any party to the DMA Acquisition Agreement will have the right to terminate the DMA Acquisition Agreement by prior written notice to the other party. In the event of such termination, no party to the DMA Acquisition Agreement may raise any claim against the other party or demand the other party to undertake any liability. All rights, obligations and liabilities under the DMA Acquisition Agreement will become null and void upon such termination and the DMA Acquisition Agreement will be of no further effect, save with respect to any antecedent breaches.

Completion of the DMA Acquisition

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

INFORMATION ON THE TARGET COMPANIES

Principal businesses of the Target Companies

(i) The DJD Target

The DJD Target is a private limited liability company incorporated in the PRC on 28 March 2018. It is principally engaged in the technology research and development, technology consultancy services, manufacture and sale of automobile components and CKDs, and the provision of after-sales services in the PRC.

A production facility with a planned production capacity of 180,000 units of CKDs per annum of the DJD Target is currently under construction. It is currently expected that the construction of the DJD Properties will be completed and commercial production will commence in the fourth quarter of 2018. The vehicles to be produced by the DJD Target will be a new pure electric vehicle model and a new sport utility vehicle model.

(ii) The GY Target

The GY Target is a private limited liability company incorporated in the PRC on 30 March 2018. It is principally engaged in the research and development, manufacture and promotion of automobile components and CKDs, and provision of after-sales services in the PRC.

LETTER FROM THE BOARD

A production facility with a planned production capacity of 270,000 units of CKDs per annum of GY Target is currently under construction. It is currently expected that the construction of the GY Properties will be completed and commercial production will commence in the third quarter of 2018. The vehicles to be produced by the GY Target will be two new multi-purpose vehicle models.

(iii) *The DMA Target*

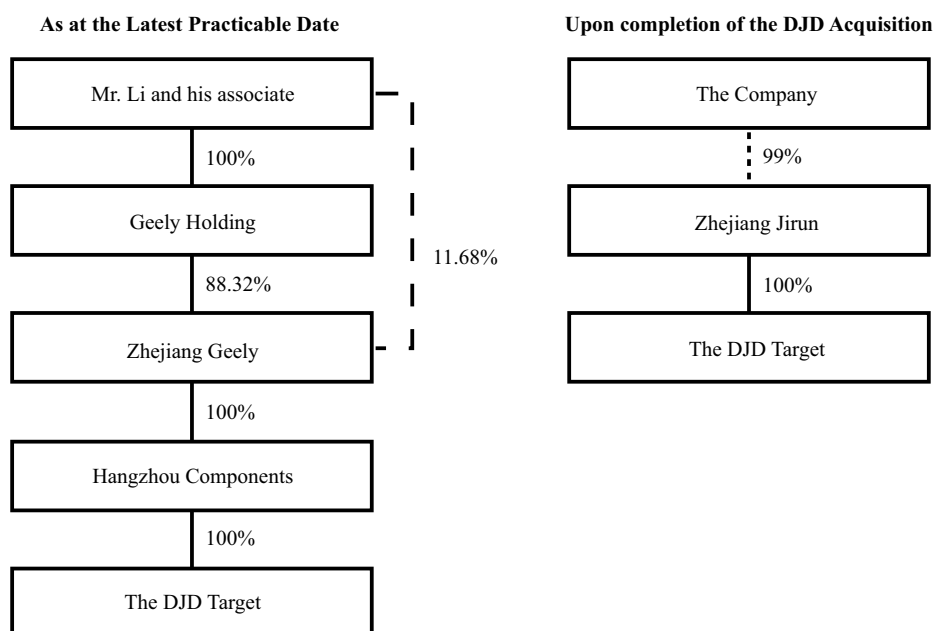
The DMA Target is a private limited liability company incorporated in the PRC on 30 March 2016. It is principally engaged in the research and development, manufacture, processing and promotion of automobile components and CKDs, and provision of related after-sales and technical services in the PRC.

A production facility with a planned production capacity of 240,000 units of CKDs per annum of DMA Target is currently under construction. It is currently expected that the construction of the DMA Properties will be completed in the third quarter of 2018 and commercial production will commence in the fourth quarter of 2018. The vehicles to be produced by the DMA Target will be a new sport utility vehicle model and a new sedan model.

Shareholding structures of the Target Companies

The following diagrams set out the shareholding structures of the Target Companies before and upon completion of the Acquisitions:

(i) *The DJD Target*



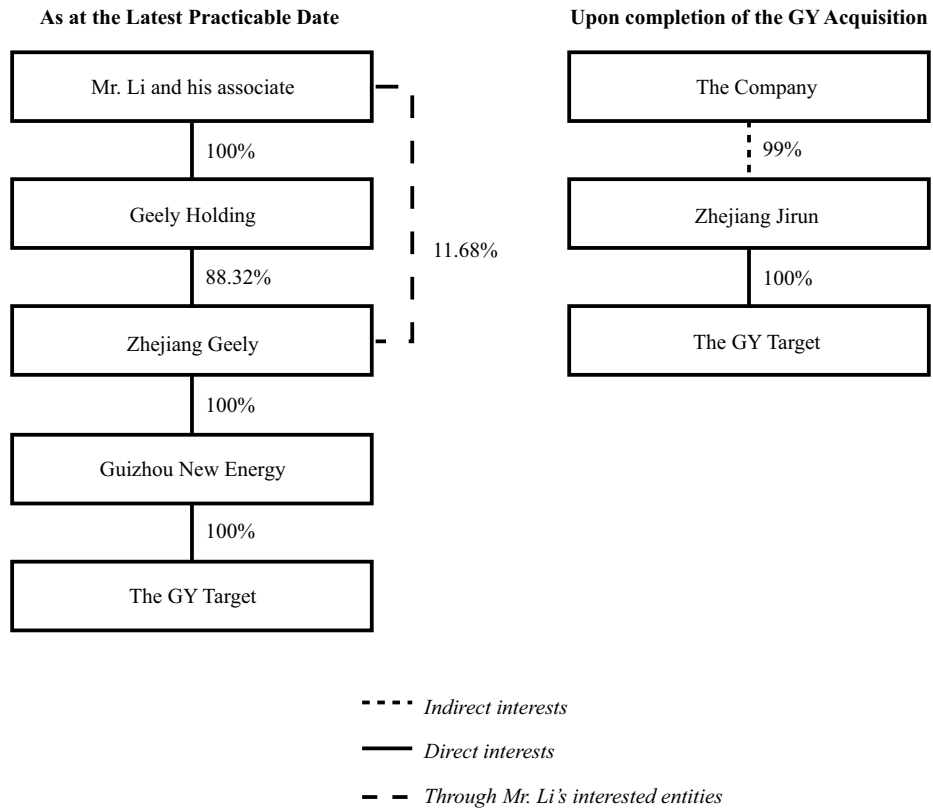
----- Indirect interests

———— Direct interests

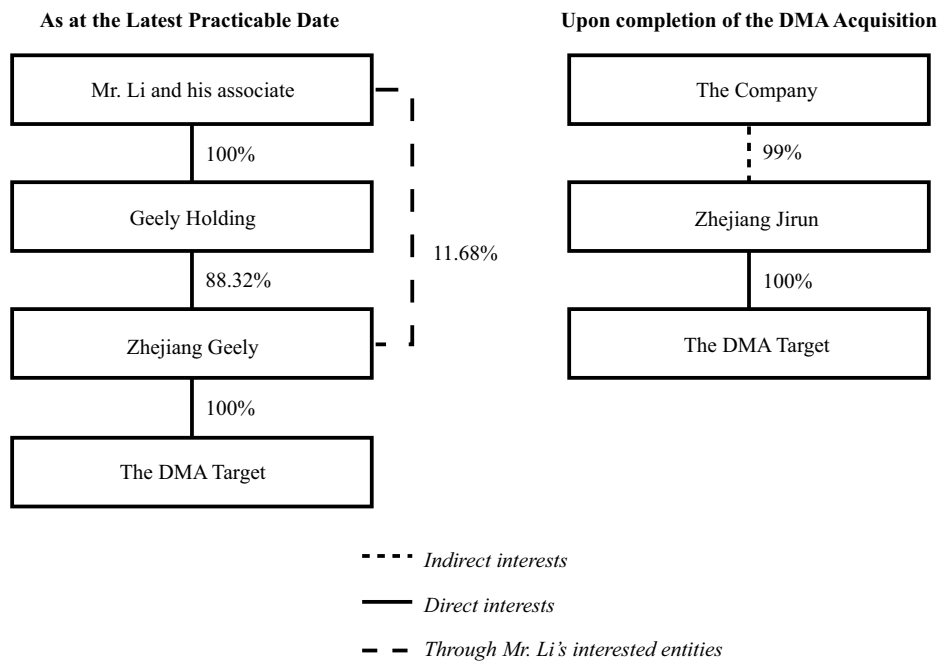
- - - Through Mr. Li's interested entities

LETTER FROM THE BOARD

(ii) The GY Target



(iii) The DMA Target



LETTER FROM THE BOARD

Financial information on the Target Companies

Set out below is the unaudited financial information of the DJD Target, the GY Target and the DMA Target for the periods as indicated below prepared under the HKFRS:

(a) *The DJD Target*

**From 28 March 2018
to 31 May 2018**

(Unaudited)
RMB'000

Revenue	–
Loss before taxation	(1,293)
Loss after taxation	(1,293)

The unaudited net asset value of the DJD Target as at 31 May 2018 amounted to approximately RMB895.4 million, which consisted of total assets of approximately RMB1,593.9 million and total liabilities of approximately RMB698.5 million. Total assets mainly comprised the carrying value of the DJD Properties of approximately RMB768.8 million, and machinery and equipment for manufacturing purposes of approximately RMB591.4 million. Total liabilities mainly comprised trade and other payables of approximately RMB698.5 million, which primarily represented the DJD Shareholder's Loan for the construction of the DJD Properties and purchase of machinery and equipment. As at 31 May 2018 and the Latest Practicable Date, the outstanding DJD Shareholder's Loan amounted to approximately RMB426.2 million and RMB768.9 million, respectively.

(b) *The GY Target*

**From 30 March 2018
to 31 May 2018**

(Unaudited)
RMB'000

Revenue	–
Loss before taxation	(1,139)
Loss after taxation	(1,139)

The unaudited net asset value of the GY Target as at 31 May 2018 amounted to approximately RMB1,046.3 million, which consisted of total assets of approximately RMB2,490.2 million and total liabilities of approximately RMB1,443.9 million. Total assets mainly comprised the carrying value of the GY Properties of approximately RMB906.3 million, and machinery and equipment for manufacturing purposes of approximately RMB988.9 million. Total liabilities mainly comprised trade and other payables of approximately RMB1,443.9 million, which primarily represented the GY Shareholder's Loan for the construction of the GY Properties and the purchase of machinery and equipment. As at 31 May 2018 and the Latest Practicable Date, the outstanding GY Shareholder's Loan amounted to approximately RMB1,145.5 million and RMB1,434.7 million, respectively.

LETTER FROM THE BOARD

(c) The DMA Target

	From 30 March 2016 to 31 December 2017 (Unaudited) <i>RMB'000</i>	For the year ended 31 December 2017 (Unaudited) <i>RMB'000</i>	For the five months ended 31 May 2018 (Unaudited) <i>RMB'000</i>
Revenue	–	–	–
Loss before taxation	(461)	(40,629)	(17,894)
Loss after taxation	(461)	(40,629)	(17,894)

The unaudited net asset value of the DMA Target as at 31 May 2018 amounted to approximately RMB1,141.0 million, which consisted of total assets of approximately RMB3,253.5 million and total liabilities of approximately RMB2,112.4 million. Total assets mainly comprised the carrying value of the DMA Properties of approximately RMB869.7 million, and machinery and equipment for manufacturing purposes of approximately RMB1,783.7 million. Total liabilities mainly comprised trade and other payables of approximately RMB2,112.4 million, which primarily represented the DMA Shareholder's Loan for the construction of the DMA Properties and the purchase of machinery and equipment. As at 31 May 2018 and the Latest Practicable Date, the outstanding DMA Shareholder's Loan amounted to approximately RMB738.1 million and RMB1,002.8 million, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

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

The Geely Holding Group is principally engaged in the sales of automobiles and related parts and components wholesale and retail business.

As disclosed in the announcement of the Company dated 9 July 2018, the total sales volume of the Group in the first half of 2018 was 766,630 units, an increase of approximately 44% from the same period last year, and achieving around 49% of the Group's full year sales volume target of 1,580,000 units in 2018. With the strong and better-than-expected sales performance of the Group in the first half of 2018 and the good market feedback for the upcoming new models to be launched in the remainder of the year, the management of the Company is confident that the sales volume for the full year of 2018 will exceed the sales volume target of 1,580,000 units. The Directors consider that the Acquisitions will provide an opportunity for the Group to expand its manufacturing capacity to meet the increasing demand of automobiles in the PRC, as well as to enhance the production capabilities of the Group for the manufacture of mid-end to high-end electric vehicles, sedans, sport utility vehicles and multi-purposes vehicles. Notwithstanding that the Group may have unused production capacity as at the Latest Practicable Date, each of the Group's production facilities is equipped with machinery and equipment that cater specifically for the production of certain vehicle models according to their technical requirements and specifications (for further details, please refer to the section headed "Management report – Existing production facilities" on page 18 of the Company's 2017 annual report). Therefore, simply by the fact that the Group has unused production capacity in one particular production plant does not mean that the Group can shift the production of any vehicle models to such plant without incurring substantial remodelling and adjustment costs.

LETTER FROM THE BOARD

It is anticipated that after completion of the Acquisitions and the commencement of commercial production, the new models to be built at these plants will expand the Group's products offering and enhance the overall competitive strength of the Group's products in the market and will become one of the key drivers of the Group for future profitability. It is currently expected that the commercial production of the GY Target will commence in the third quarter of 2018 and that of the DJD Target and the DMA Target will commence in the fourth quarter of 2018.

The total consideration for the Acquisitions is RMB3,174,328,064.39. Despite that as at 31 December 2017, the Group had bank balances and cash of RMB13.41 billion, and that the management of the Company does not consider there is better investment opportunity for the funds which, subject to completion of the Acquisitions, will be used to settle the consideration for the Acquisitions, the total consideration for the Acquisitions is still a relatively substantial amount of capital commitment by the Group and will reduce the working capital of the Group. Notwithstanding the foregoing, having considered that the Acquisitions will provide an opportunity for the Group to enhance its production capabilities of mid-end to high-end electric vehicles, sedans, sport utility vehicles and multi-purposes vehicles which are expected to become the Group's key drivers for future profitability, the Directors (including the independent non-executive Directors) consider that although the Acquisition Agreements and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the Acquisitions are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Guizhou New Energy and Hangzhou Components are both wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li's interested entities. As such, each of Zhejiang Geely, Guizhou New Energy and Hangzhou Components is an associate of Mr. Li, an executive Director and a substantial Shareholder holding approximately 44.42% of the total issued share capital of the Company as at the Latest Practicable Date, and is a connected person of the Company. Accordingly, the Acquisitions 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 Acquisitions on an aggregate basis is more than 5%, the Acquisitions are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the Acquisitions on an aggregate basis is more than 5% but less than 25%, the Acquisitions also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui, each an executive Director, are considered to be interested in the Acquisition Agreements by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li, Mr. Yang Jian, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui has abstained from voting on the Board resolutions for approving the Acquisition Agreements and the transactions contemplated thereunder.

Mr. Li and his associates together holding 3,987,588,000 Shares (representing approximately 44.42% of the total issued share capital of the Company), Mr. Yang Jian and his associates together holding 14,475,000 Shares (representing approximately 0.16% of the total issued share capital of the Company), Mr. Li Dong Hui, Daniel and his associates together holding 4,200,000 Shares (representing approximately

LETTER FROM THE BOARD

0.05% of the total issued share capital of the Company), and Mr. An Cong Hui and his associates together holding 16,280,000 Shares (representing approximately 0.18% of the total issued share capital of the Company) as at the Latest Practicable Date, will all abstain from voting on the resolutions to be proposed at the EGM to approve the Acquisition Agreements and the transactions contemplated thereunder.

As at the Latest Practicable Date, the Company is not in negotiation nor has an intention to enter into any continuing connected transactions with its connected persons after completion of the Acquisitions which are expected to be arisen from the Acquisitions but are not within the scope of the existing continuing connected transactions of the Company which have been announced and approved by the Independent Shareholders as at the Latest Practicable Date.

EGM

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

The EGM will be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong on Tuesday, 4 September 2018 at 5:00 p.m.. The form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be).

RECOMMENDATION

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

The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 55 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 28 to 29 of this circular.

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser, which are respectively set out on pages 28 to 29 and pages 30 to 55 of this circular. Additional information is also set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

16 August 2018

To the Independent Shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS

We refer to the circular dated 16 August 2018 (the “**Circular**”) of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to advise you as an Independent Shareholder whether the Independent Board Committee is of the view that the terms of the Acquisition Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders.

We wish to draw your attention to the letter from the Board as set out on pages 6 to 27 of the Circular and the letter from the Independent Financial Adviser as set out on pages 30 to 55 of the Circular which contains, inter alia, their advice and recommendation to us regarding the terms of the Acquisition Agreements and the transactions contemplated thereunder with the principal factors and reasons for those advice and recommendation.

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, we are of the view that, although the Acquisition Agreements and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms of the Acquisition Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreements and the transactions contemplated thereunder.

Yours faithfully,

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

Mr. Lee Cheuk Yin, Dannis

Mr. Yeung Sau Hung, Alex

Mr. An Qing Heng

Mr. Wang Yang

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Dakin Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



16 August 2018

*To: the Independent Board Committee and the Independent Shareholders of
Geely Automobile Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular to the Shareholders dated 16 August 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 18 July 2018 (after trading hours), Zhejiang Jirun, an indirect 99% owned subsidiary of the Company, entered into (i) the DJD Acquisition Agreement with Hangzhou Components, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Hangzhou Components conditionally agreed to sell, the entire registered capital of the DJD Target, for a cash consideration of RMB930,620,464.36; (ii) the GY Acquisition Agreement with Guizhou New Energy, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Guizhou New Energy conditionally agreed to sell, the entire registered capital of the GY Target, for a cash consideration of RMB1,074,308,970.43; and (iii) the DMA Acquisition Agreement with Zhejiang Geely, pursuant to which Zhejiang Jirun conditionally agreed to acquire, and Zhejiang Geely conditionally agreed to sell, the entire registered capital of the DMA Target for a cash consideration of RMB1,169,398,629.60. With reference to the Letter from the Board, Guizhou New Energy is principally engaged in the design, research and development, manufacture and sale of new energy automobile components and the provision of after-sales services and technical consultancy services in the PRC, while preparation and construction of automobile components manufactory projects is the principal business of Hangzhou Components. It is also stated that both Guizhou New Energy and Hangzhou Components are wholly owned by Zhejiang Geely, which in turn is owned as to (i) 88.32% by Geely Holding, a company beneficially wholly owned by Mr. Li and his associate; and (ii) 11.68% by other Mr. Li’s interested entities. As such, each of Zhejiang Geely, Guizhou New Energy and Hangzhou Components is an associate of Mr. Li, an executive Director and a substantial Shareholder holding approximately 44.42% of the total issued

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

share capital of the Company as at the Latest Practicable Date, and is a connected person of the Company. Accordingly, the Acquisitions constitute disclosable and connected transactions for the Company under Chapters 14 and 14A of the Listing Rules respectively. As such, the Acquisitions are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. An Qing Heng and Mr. Wang Yang, each being an independent non-executive Director, has been established to advise the Independent Shareholders on whether the terms of the Acquisition Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders. We, Dakin Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, Dakin Capital Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Dakin Capital Limited. In the last two years, we acted once as the Independent Financial Adviser to the Independent Board Committee and the independent shareholders of the Company. The date of the relevant circular and our letter of advice was 8 December 2017 and the nature of the transactions were (i) discloseable and connected transactions in relation to the acquisitions; (ii) continuing connected transactions upon completion of the acquisitions; and (iii) further revision of annual caps for the transactions under the services agreement. Apart from normal professional fees paid or payable to us in connection with such appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and as at the Latest Practicable Date. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes as soon as possible.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not made any independent evaluation or appraisal of the assets and liabilities of the Target Companies, and we have not been furnished with any such evaluation or appraisal, save and except for the Valuation Report as set out in Appendix I to the Circular. The Valuation Report was prepared by JLL. Since we are not experts in the valuation of land and properties, we have relied solely upon the Valuation Report for the valuation of the DJD Properties, GY Properties and DMA Properties as at 31 May 2018.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Geely Holding or any of their respective subsidiaries or associates.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreements and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

1. Background of and reasons for the Acquisitions

(i) *Business overview of 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.

Zhejiang Jirun, an indirect 99% owned subsidiary of the Company, is principally engaged in the research, development, production, marketing and sales of vehicles and related automobile components in the PRC. The remaining 1% shareholding interest in Zhejiang Jirun is indirectly held by Geely Holding as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the audited consolidated financial results of the Group for the two years ended 31 December 2017 as extracted from the Company's annual report for the year ended 31 December 2017 (the "2017 Annual Report"):

	For the year ended		Year on year change
	31 December		
	2016	2017	%
	RMB'000	RMB'000	
Revenue	53,721,576	92,760,718	72.7
Gross profit	9,841,717	17,981,381	82.7
Profit for the year	5,170,188	10,735,389	107.6

As depicted by the above table, the Group recorded a significant increase in revenue of approximately 72.7% for the year ended 31 December 2017 ("FY2017") as compared to the year ended 31 December 2016 ("FY2016"). The Group's gross profit and profit for the year also recorded substantial increases from FY2016 to FY2017. With reference to the 2017 Annual Report, the aforesaid improvements were mainly due to (i) the increase in overall sales volume and average selling price; and (ii) the change in product mix by selling higher profit margin products during the year.

(ii) *Information on the Target Companies*

Principal businesses of the Target Companies

The DJD Target is a private limited liability company incorporated in the PRC on 28 March 2018. It is principally engaged in the technology research and development, technology consultancy services, manufacture and sale of automobile components and CKDs, and the provision of after-sales services in the PRC.

The GY Target is a private limited liability company incorporated in the PRC on 30 March 2018. It is principally engaged in the research and development, manufacture and promotion of automobile components and CKDs, and provision of after-sales services in the PRC.

The DMA Target is a private limited liability company incorporated in the PRC on 30 March 2016. It is principally engaged in the research and development, manufacture, processing and promotion of automobile components and CKDs, and provision of related after-sales and technical services in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Properties of the Target Companies

(a) The DJD Properties

According to the Valuation Report, as at 31 May 2018, the DJD Properties comprised (i) two parcels of land with a total site area of approximately 543,292 sq.m.; and (ii) 28 industrial and ancillary buildings with a total gross floor area of approximately 277,638.78 sq.m. (the “**DJD Construction-In-Progress**”), the construction of which is expected to complete in the fourth quarter of 2018.

As stated in the Letter from the Board, the production facility of the DJD Target with a planned production capacity of 180,000 units of CKDs per annum is currently under construction. It is also stated that the completion of the construction of the DJD Properties and the commencement of the commercial production are currently expected to be in the fourth quarter of 2018. It is noted that the vehicles to be produced by the DJD Target will be a new pure electric vehicle model and a new sport utility vehicle model.

(b) The GY Properties

According to the Valuation Report, as at 31 May 2018, the GY Properties comprised (i) two parcels of land with a total site area of approximately 685,052 sq.m.; and (ii) 32 industrial and ancillary buildings with a total gross floor area of approximately 477,994.33 sq.m. (the “**GY Construction-In-Progress**”), the construction of which is expected to complete in the third quarter of 2018.

As stated in the Letter from the Board, the production facility of the GY Target with a planned production capacity of 270,000 units of CKDs per annum is currently under construction. It is also stated that the completion of the construction of the GY Properties and the commencement of the commercial production are currently expected to be in the third quarter of 2018. The vehicles to be produced by the GY Target will be two new multi-purpose vehicle models.

(c) The DMA Properties

According to the Valuation Report, as at 31 May 2018, the DMA Properties comprised (i) one parcel of land with a total site area of approximately 705,564 sq.m.; and (ii) 23 industrial and ancillary buildings with a total gross floor area of approximately 302,056.05 sq.m. (the “**DMA Construction-In-Progress**”), the construction of which is expected to complete in the third quarter of 2018.

As stated in the Letter from the Board, the production facility of the DMA Target with a planned production capacity of 240,000 units of CKDs per annum is currently under construction. It is also stated that the completion of the construction of the DMA Properties and the commencement of the commercial production are currently expected to be in the third and the fourth quarters of 2018, respectively. The vehicles to be produced by the DMA Target will be a new sport utility vehicle model and a new sedan model.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Please refer to the sub-section headed “Basis of consideration – Valuation” below for details in relation to the valuation of the DJD Properties, the GY Properties and the DMA Properties.

Financial information on the Target Companies

As extracted from the Letter from the Board, set out below is the respective unaudited financial information of the DJD Target, the GY Target and the DMA Target for the periods as indicated, prepared under the HKFRS:

(a) The DJD Target

**From 28 March 2018
to 31 May 2018**
(Unaudited)
RMB'000

Revenue	–
Loss before and after taxation	(1,293)

Note: The DJD Target was incorporated in the PRC on 28 March 2018.

As stated in the Letter from the Board, as at 31 May 2018, the unaudited net asset value of the DJD Target amounted to approximately RMB895.4 million, which is derived from total assets of approximately RMB1,593.9 million and total liabilities of approximately RMB698.5 million. Total assets mainly comprised the carrying value of the DJD Properties of approximately RMB768.8 million, and machinery and equipment for manufacturing purposes of approximately RMB591.4 million. Total liabilities mainly comprised trade and other payables of approximately RMB698.5 million, which primarily represented the DJD Shareholder’s Loan for the construction of the DJD Properties and purchase of machinery and equipment. It is noted that as at 31 May 2018 and the Latest Practicable Date, the outstanding DJD Shareholder’s Loan amounted to approximately RMB426.2 million and RMB768.9 million, respectively.

(b) The GY Target

**From 30 March 2018
to 31 May 2018**
(Unaudited)
RMB'000

Revenue	–
Loss before and after taxation	(1,139)

Note: The GY Target was incorporated in the PRC on 30 March 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, as at 31 May 2018, the unaudited net asset value of the GY Target amounted to approximately RMB1,046.3 million, which is derived from total assets of approximately RMB2,490.2 million and total liabilities of approximately RMB1,443.9 million. Total assets mainly comprised the carrying value of the GY Properties of approximately RMB906.3 million, and machinery and equipment for manufacturing purposes of approximately RMB988.9 million. Total liabilities mainly comprised trade and other payables of approximately RMB1,443.9 million, which primarily represented the GY Shareholder's Loan for the construction of the GY Properties and the purchase of machinery and equipment. It is noted that as at 31 May 2018 and the Latest Practicable Date, the outstanding GY Shareholder's Loan amounted to approximately RMB1,145.5 million and RMB1,434.7 million, respectively.

(c) The DMA Target

	From 30 March 2016 to 31 December 2017	For the year ended 31 December 2017	For the five months ended 31 May 2018
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–	–
Loss before and after taxation	(461)	(40,629)	(17,894)

Note: The DMA Target was incorporated in the PRC on 30 March 2016.

As stated in the Letter from the Board, as at 31 May 2018, the unaudited net asset value of the DMA Target amounted to approximately RMB1,141.0 million, which is derived from total assets of approximately RMB3,253.5 million and total liabilities of approximately RMB2,112.4 million. Total assets mainly comprised the carrying value of the DMA Properties of approximately RMB869.7 million, and machinery and equipment for manufacturing purposes of approximately RMB1,783.7 million. Total liabilities mainly comprised trade and other payables of approximately RMB2,112.4 million, which primarily represented the DMA Shareholder's Loan for the construction of the DMA Properties and the purchase of machinery and equipment. It is noted that as at 31 May 2018 and the Latest Practicable Date, the outstanding DMA Shareholder's Loan amounted to approximately RMB738.1 million and RMB1,002.8 million, respectively.

(iii) *Reasons for and benefits of the Acquisitions*

According to the China Association of Automobile Manufacturers, a non-profit social organisation established under the approval of the Ministry of Civil Affairs of the PRC which consists of enterprises and institutions engaging in the production and management of automobiles, automobile parts and vehicle-related industries in the PRC and is formed for the purpose of developing and promoting the PRC automobile industry and the implementation of national principles and policies relating to the PRC automobile industry, the sales of passenger vehicles in 2017 was

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

24,961,948 units, representing an increase of approximately 2.4% on a year on year basis. It is also forecasted that the sales of passenger vehicles in the PRC will have a year-on-year increase of 3% for the year ending 31 December 2018. According to the 2017 Annual Report, the Company recorded an increase in sales in 2017 along with the growth in the PRC automobile industry. It is disclosed in the Company's announcement dated 9 July 2018 that the Group had achieved almost half of its full year sales volume target of 1,580,000 units for 2018 contributed by a total sales volume of 766,630 units for the first half of 2018 which represented (i) approximately 61.5% of the total sales volume of 1,247,116 units in 2017; and (ii) an increase of approximately 44.5% as compared to the same period of 2017. In light of the above, the Directors are of the view that the prospect of the PRC automobile industry is generally positive and the Group's total sales will continue this upward trend for the foreseeable future. As confirmed by the Company, it has always been the business strategies of the Group to explore potential business opportunities arising from the expected growth in the overall PRC automobile industry and strive to capture these opportunities and promote business expansion.

According to the business plans of the Group stated in the 2017 Annual Report, with the aims to tap into the multi-purpose vehicle market as well as strengthen its competitiveness and overall market position, the Group intends to expand its product portfolio to include (i) its first multi-purposes vehicles; (ii) a broader range of sport utility vehicles; and (iii) new energy versions of most of its existing major models. As advised by the Company, to facilitate the implementation of the aforesaid business plans, it is imperative for the Group to expand its production capacity via the Acquisitions after considering its implementation timeline of such business plans, existing production capability and the expected substantial remodelling and adjustment costs to be incurred from any modification or reconstruction of its existing production facilities. Based on the details of the Group's production facilities set out in the 2017 Annual Report, the Group possesses various production plants in the PRC with a total usable annual production capacity of 1,500,000 units per double shift. The Company confirmed that all the aforesaid production plants are currently in operation, each of which is equipped with production facilities that are specifically designed for the production of the Group's certain existing vehicle models according to their technical requirements and specifications and is subject to its own production schedule.

As stated in the Letter from the Board, the Acquisitions will provide an opportunity for the Group to expand its manufacturing capacity to meet the increasing demand of automobiles in the PRC, as well as to enhance its production capabilities for the manufacture of mid-end to high-end electric vehicles, sedans, sport utility vehicles and multi-purposes vehicles (the "New Models"). The Company confirmed that upon completion of construction, the DJD Properties, the GY Properties and the DMA Properties will accommodate the additional production lines for the manufacture of automobile components and CKDs specifically required for the production of the New Models. The Company further confirmed that the commercial production of the DMA Target, the GY Target and the DJD Target is expected to commence in the fourth quarter of 2018, the third quarter of 2018 and the fourth quarter of 2018, respectively, which is aligned with the Group's current product launch plan and schedule relating to the New Models. It is anticipated that after completion of the Acquisitions and the commencement of commercial production, the launch of the New Models will expand the Group's products offering and enhance the overall competitive strength of the Group products in the market. It is the belief of the Directors that each of the Acquisitions is an essential growth strategy for the Group and the benefits of business growth through the Acquisitions would be one of the key drivers for the Group's future profitability.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.1 Principal terms of the Acquisitions

(i) *DJD Acquisition*

Date

18 July 2018 (after trading hours)

Parties

Vendor: Hangzhou Components

Purchaser: Zhejiang Jirun

Subject matter

Pursuant to the DJD Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Hangzhou Components conditionally agreed to sell, the entire registered capital of the DJD Target.

Consideration

The consideration for the DJD Acquisition is RMB930,620,464.36, which will be payable in cash within 30 calendar days from the date of completion of the DJD Acquisition.

As set out in the Letter from the Board, the consideration for the DJD Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Hangzhou Components with reference to (i) the net asset value of the DJD Target prepared under the HKFRS as at 31 May 2018 of approximately RMB895.40 million; and (ii) the valuation premium of the DJD Properties of approximately RMB35.22 million (the "**DJD Valuation Premium**"), being the difference between (a) the sum of the DJD Property Value of RMB663.75 million and the DJD Property Reference Value (as defined in the subsection headed "Basis of consideration – Valuation" below) of approximately RMB140.23 million and (b) the carrying value of the DJD Properties of approximately RMB768.76 million as at 31 May 2018. It is expected that the consideration for the DJD Acquisition will be funded by internal resources of the Group.

Having considered that the unaudited net asset value of the DJD Target as at 31 May 2018 did not take into account the DJD Valuation Premium which represents the excess in value that JLL estimated for the DJD Properties compared to its carrying value as at 31 May 2018, we concurred with the Directors' view that it is fair and reasonable for the Company to make reference to, among others, the DJD Valuation Premium when determining the consideration for the DJD Acquisition. Please refer to the subsection headed "Basis of consideration – Valuation" below and the Valuation Report as set out in Appendix I to the Circular for details of the valuation of the DJD Properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

DJD Shareholder's Loan

Pursuant to the DJD Acquisition Agreement, the outstanding DJD Shareholder's Loan in the amount of up to a maximum of RMB2,387.24 million on the completion date of the DJD Acquisition will be repaid by the Group to the Geely Holding Group within three months from the completion of the DJD Acquisition. As stated in the Letter from the Board, the DJD Shareholder's Loan is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Undertaking in respect of the DJD Properties

As set out in the Letter from the Board, as at the Latest Practicable Date, Hangzhou Components held two real estate rights certificates, two construction land planning permits, three construction work planning permits and two construction work commencement permits for the DJD Properties.

According to the legal opinions from the PRC legal adviser to the Company in respect of the DJD Properties (the "**DJD PRC Legal Opinion**"), (i) the certificates and permits for the DJD Properties are true, legal and valid; and (ii) the DJD Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

As stated in the Letter from the Board, as at 31 May 2018, the construction work commencement permit for 14 buildings comprising the DJD Construction-In-Progress with a total gross floor area of 88,643.86 sq.m. (the "**CIP Without Permit**") had not been obtained. It is also stated that Hangzhou Components is in the process of applying for the said construction work commencement permit which is expected to complete by the end of 2018. The Company confirmed that as at the Latest Practicable Date, the DJD Construction-In-Progress is still under construction which is expected to be completed in the fourth quarter of 2018. Upon completion of construction, the DJD Construction-In-Progress is subject to the construction completion inspection and acceptance procedures as described below. Further, as stated in the DJD PRC Legal Opinion, according to the "Explanatory Note Regarding the Status of the Undertaking of the Application Procedures for Real Estate Rights Certificates by Hangzhou Components" (關於杭州吉利汽車部件有限公司辦理不動產權證相關事宜的情況說明) (the "**DJD Explanatory Note**") approved by Hangzhou Municipality Bureau of Land and Resources Dajiangdong Industrial Cluster Branch (杭州市國土資源局大江東產業集聚區分局) on 30 July 2018, (i) the application for the construction work commencement permit for the CIP Without Permit is expected to be completed by 31 December 2018; (ii) as at the date of the DJD Explanatory Note, no penalty had been imposed on Hangzhou Components as a result of the application for the construction work commencement permit for the CIP Without Permit; and (iii) the construction work of the DJD Construction-In-Progress and the production of Hangzhou Components will not be affected by the application for the construction work commencement permit for the CIP Without Permit.

In light of the time it takes to transfer the relevant certificates and permits for the DJD Properties from Hangzhou Components to the DJD Target, which is unlikely to be completed before the completion of the DJD Acquisition, Hangzhou Components has undertaken to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Zhejiang Jirun in the DJD Acquisition Agreement that the legal titles of the DJD Properties will be transferred to the DJD Target in accordance with the applicable laws in the PRC on or before 31 December 2020 (the “**DJD Grace Period**”), subject to completion of the DJD Acquisition.

Notwithstanding the above, according to the DJD PRC Legal Opinion, (i) upon completing the procedures for obtaining the said construction work commencement permit as well as, according to the DJD Explanatory Note, the general procedures for obtaining real estate rights certificates, including the completion inspection and acceptance procedure, and the inspection and acceptance, archive, quality inspection filing and property survey procedures for fire safety, greening, public security etc. with the relevant authorities, there are no legal impediments to the obtaining of the title certificates for the DJD Construction-In-Progress; and (ii) the use of the DJD Properties by the DJD Target for production will not be affected even before the completion of transfer of the legal titles of the DJD Properties.

Pursuant to the DJD Acquisition Agreement, subject to completion of the DJD Acquisition, in the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed during the DJD Grace Period, Hangzhou Components shall (i) indemnify Zhejiang Jirun and the Company for the loss arising therefrom (the “**DJD Indemnity Provision**”), which shall be equal the then valuation of the DJD Properties prepared by a third party valuer approved by the parties to the DJD Acquisition Agreement (the “**DJD Indemnification Amount**”); and (ii) pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of the DJD Indemnification Amount (the “**DJD Penalty Provision**”, together with the DJD Indemnity Provision, hereinafter collectively referred to as the “**DJD Compensation Arrangement**”). As confirmed by the Directors, notwithstanding that the amount of the potential loss arising from not being able to complete the obtaining and transfer of the legal titles of the DJD Properties within the DJD Grace Period which is currently uncertain has not been taken into account in determining the consideration of the DJD Acquisition, the DJD Compensation Arrangement provides financial security to the Company and Zhejiang Jirun should such a situation arise. Nevertheless, it is noted from the Letter from the Board that (i) reference was made by the Directors to the consideration of the DJD Acquisition when considering the basis for determining the DJD Indemnification Amount; and (ii) the basis for determining the DJD Indemnification Amount is considered by the Directors to be fair and reasonable and in the interest of the Company and the Shareholders as a whole given that both the DJD Indemnification Amount and the portion of the consideration attributable to the DJD Properties payable by Zhejiang Jirun to Hangzhou Components under the DJD Acquisition are based on the then valuation of the DJD Properties prepared by an independent valuer. Further, the Directors also confirmed that the aforesaid annual interest rate of 4.35% under the DJD Penalty Provision was determined after arm’s length negotiations between the parties to the DJD Acquisition Agreement with reference to the prevailing interest rate of 4.35% on a short term loan (within one year), offered by a commercial bank in the PRC, and the penalty payable by Hangzhou Components to Zhejiang Jirun under the DJD Penalty Provision is having retrospective effect from the completion date of the DJD Acquisition. In this regard, we have reviewed the respective short term loans offered by the People’s Bank of China and several other independent domestic major state-owned commercial banks in the PRC, and noted that their prevailing interest rates are all 4.35%. Having

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

considered that (i) the penalty period to be taken into account when determining the actual amount of the penalty under the DJD Penalty Provision is currently uncertain and could be equal to or shorter than the DJD Grace Period; and (ii) the 4.35% annual interest rate adopted under the DJD Penalty Provision is no less favourable than those prevailing annual interest rates of each of the abovementioned reference loans and is higher than the Group's weighted average effective interest rates of bank borrowings (with repayment term within one year or more than one year but less than two years) of 2.62% for the year ended 31 December 2017 and 3.15% for the six months ended 30 June 2018, we concur with the view of the Directors that the rate for calculating the penalty under the DJD Penalty Provision of 4.35% per annum is fair and reasonable.

As stated in the Letter from the Board, in the event that the obtaining and transfer of the legal titles of the DJD Properties cannot be completed during the DJD Grace Period, it is the intention of the parties to the DJD Acquisition Agreement to appoint an independent valuer as soon as practicable to determine the then valuation of the DJD Properties, and the DJD Indemnification Amount together with the penalty under the DJD Penalty Provision, which shall be calculated with retrospective effect since the date of completion of the DJD Acquisition, shall be indemnified and paid in full by Hangzhou Components in cash as soon as practicable but in any event not later than 30 calendar days upon the issuance of the then valuation of the DJD Properties prepared by the independent valuer. The Company confirmed that as at the Latest Practicable Date, no independent professional valuer had been identified and/or appointed by any parties to the DJD Acquisition Agreement for the purpose of performing the said valuation.

Further, it is also disclosed in the Letter from the Board that Hangzhou Components, being the existing holder of the real estate rights certificates and the relevant permits for the DJD Properties, has undertaken to Zhejiang Jirun and the DJD Target that, subject to completion of the DJD Acquisition, the DJD Target can continue to occupy and use the DJD Properties free of charge regardless of whether the obtaining and/or transfer of the legal titles of the DJD Properties can be completed during the DJD Grace Period or at all. The Directors confirmed that after taking into account the opinions of the PRC legal adviser and the undertaking given by Hangzhou Components as abovementioned, the operation of the DJD Target is not expected to be impacted even if the obtaining and/or transfer of the legal titles of the DJD Properties cannot be completed during the DJD Grace Period.

We noted that the DJD Indemnity Provision and the DJD Penalty Provision serve to safeguard the Company and/or Zhejiang Jirun against, and also compensate for, any loss associated with the failure to obtain the legal titles of the DJD Properties during the DJD Grace Period. Given this and after taking into account other factors as discussed above including (i) the basis for determining each of the DJD Indemnification Amount and the penalty under the DJD Penalty Provision that is considered to be fair and reasonable; and (ii) the DJD Indemnification Amount together with the penalty under the DJD Penalty Provision will be paid in the form of cash in full, we consider the DJD Compensation Arrangement to be fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the forgoing, in particular (i) the DJD PRC Legal Opinion as detailed above; (ii) the DJD Compensation Arrangement which is considered to be fair and reasonable based on the factors discussed above has been put in place against the potential risk of failing to complete the obtaining and transfer of the legal titles of the DJD Properties within the DJD Grace Period (subject to completion of the DJD Acquisition); and (iii) the undertaking given by Hangzhou Components to assure continuous occupation and use of the DJD Properties by the DJD Target on a no-charge basis regardless of whether the obtaining and/or transfer of the legal titles of the DJD Properties can be completed during the DJD Grace Period or at all (subject to completion of the DJD Acquisition), we consider that the current lack of the legal titles of the DJD Properties with its inherent risks of loss borne by the Company and Zhejiang Jirun would not affect the fairness and reasonableness of the DJD Acquisition and the consideration relating thereto.

(ii) *GY Acquisition*

Date

18 July 2018 (after trading hours)

Parties

Vendor: Guizhou New Energy

Purchaser: Zhejiang Jirun

Subject matter

Pursuant to the GY Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Guizhou New Energy conditionally agreed to sell, the entire registered capital of the GY Target.

Consideration

The consideration for the GY Acquisition is RMB1,074,308,970.43, which will be payable in cash within 30 calendar days from the date of completion of the GY Acquisition.

As set out in the Letter from the Board, the consideration for the GY Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Guizhou New Energy with reference to (i) the net asset value of the GY Target prepared under the HKFRS as at 31 May 2018 of approximately RMB1,046.26 million; and (ii) the valuation premium of the GY Properties of approximately RMB28.05 million (the "**GY Valuation Premium**"), being the difference between (a) the GY Property Value of approximately RMB934.31 million and the carrying value of the GY Properties of approximately RMB906.26 million as at 31 May 2018. It is expected that the consideration for the GY Acquisition will be funded by internal resources of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that the unaudited net asset value of the GY Target as at 31 May 2018 did not take into account the GY Valuation Premium which represents the excess in value that JLL estimated for the GY Properties compared to its carrying value as at 31 May 2018, we concurred with the Directors' view that it is fair and reasonable for the Company to make reference to, among others, the GY Valuation Premium when determining the consideration for the GY Acquisition. Please refer to the subsection headed "Basis of consideration – Valuation" below and the Valuation Report as set out in Appendix I to the Circular for details of the valuation of the GY Properties.

GY Shareholder's Loan

Pursuant to the GY Acquisition Agreement, the outstanding GY Shareholder's Loan in the amount of up to a maximum of RMB2,455.01 million on the completion date of the GY Acquisition will be repaid by the Group to the Geely Holding Group within three months from the completion of the GY Acquisition. As stated in the Letter from the Board, the GY Shareholder's Loan is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Undertaking in respect of the GY Properties

As set out in the Letter from the Board, as at the Latest Practicable Date, Guizhou New Energy held two real estate rights certificates, two construction land planning permits, one construction work planning permit and three construction work commencement permits for the GY Properties.

According to the legal opinions from the PRC legal adviser to the Company in respect of the GY Properties (the "**GY PRC Legal Opinion**"), (i) the certificates and permits for the GY Properties are true, legal and valid; and (ii) the GY Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

As confirmed by the Company, as at the Latest Practicable Date, the GY Construction-In-Progress is still under construction which is expected to complete in the third quarter of 2018. Upon completion of construction, the GY Construction-In-Progress is subject to the construction completion inspection and acceptance procedures as described below.

In light of the time it takes to transfer the relevant certificates and permits for the GY Properties from Guizhou New Energy to the GY Target, which is unlikely to be completed before the completion of the GY Acquisition, Guizhou New Energy has undertaken to Zhejiang Jirun in the GY Acquisition Agreement that the legal titles of the GY Properties will be transferred to the GY Target in accordance with the applicable laws in the PRC on or before 31 December 2020 (the "**GY Grace Period**"), subject to completion of the GY Acquisition.

Notwithstanding the above, according to the GY PRC Legal Opinion, (i) the GY Construction-In-Progress is in compliance with the requirements of the relevant laws; (ii) according to the "Explanatory Note Regarding the Status of the Undertaking of the Application Procedures for Real Estate Rights Certificates by Guizhou New Energy" (關於貴州吉利新能

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

源汽車有限公司辦理不動產權證相關事宜的情況說明) issued by Guiyang Municipality Bureau of Land and Resources Guanshan Lake District Branch (貴陽市國土資源局觀山湖區分局), upon completing the general procedures for obtaining real estate rights certificates, including the completion inspection and acceptance procedure, and the inspection and acceptance procedures for public security, fire safety, planning, residential construction etc. with the relevant authorities, there are no legal impediments to the obtaining of the title certificates for the GY Construction-In-Progress; and (iii) the use of the GY Properties by the GY Target for production will not be affected even before the completion of transfer of the legal titles of the GY Properties.

Pursuant to the GY Acquisition Agreement, subject to completion of the GY Acquisition, in the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed during the GY Grace Period, Guizhou New Energy shall (i) indemnify Zhejiang Jirun and the Company for the loss arising therefrom (the “**GY Indemnity Provision**”), which shall equal the then valuation of the GY Properties prepared by a third party valuer approved by the parties to the GY Acquisition Agreement (the “**GY Indemnification Amount**”); and (ii) pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of the GY Indemnification Amount (the “**GY Penalty Provision**”, together with the GY Indemnity Provision, hereinafter collectively referred to as the “**GY Compensation Arrangement**”). As confirmed by the Directors, notwithstanding that the amount of the potential loss arising from not being able to complete the obtaining and transfer of the legal titles of the GY Properties within the GY Grace Period which is currently uncertain has not been taken into account in determining the consideration of the GY Acquisition, the GY Compensation Arrangement provides financial security to the Company and Zhejiang Jirun should such a situation arise. Nevertheless, it is noted from the Letter from the Board that (i) reference was made by the Directors to the consideration of the GY Acquisition when considering the basis for determining the GY Indemnification Amount; and (ii) the basis for determining the GY Indemnification Amount is considered by the Directors to be fair and reasonable and in the interest of the Company and the Shareholders as a whole given that both the GY Indemnification Amount and the portion of the consideration attributable to the GY Properties payable by Zhejiang Jirun to Guizhou New Energy under the GY Acquisition are based on the then valuation of the GY Properties prepared by an independent valuer. Further, the Directors also confirmed that the aforesaid annual interest rate of 4.35% under the GY Penalty Provision was determined after arm’s length negotiations between the parties to the GY Acquisition Agreement with reference to the prevailing interest rate of 4.35% on a short term loan (within one year) offered by a commercial bank in the PRC, and the penalty payable by Guizhou New Energy to Zhejiang Jirun under the GY Penalty Provision is having retrospective effect from the completion date of the GY Acquisition. In this regard, we have reviewed the respective short term loans offered by the People’s Bank of China and several other independent domestic major state-owned commercial banks in the PRC, and noted that their prevailing interest rates are all 4.35%. Having considered that (i) the penalty period to be taken into account when determining the actual amount of the penalty under the GY Penalty Provision is currently uncertain and could be equal to or shorter than the GY Grace Period; and (ii) the 4.35% annual interest rate adopted under the GY Penalty Provision is no less favourable than those prevailing annual interest rates of each of the abovementioned reference loans and is higher than the Group’s weighted average effective

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

interest rates of bank borrowings (with repayment term within one year or more than one year but less than two years) of 2.62% for the year ended 31 December 2017 and 3.15% for the six months ended 30 June 2018, we concur with the view of the Directors that the rate for calculating the penalty under the GY Penalty Provision of 4.35% per annum is fair and reasonable.

As stated in the Letter from the Board, in the event that the obtaining and transfer of the legal titles of the GY Properties cannot be completed during the GY Grace Period, it is the intention of the parties to the GY Acquisition Agreement to appoint an independent valuer as soon as practicable to determine the then valuation of the GY Properties, and the GY Indemnification Amount together with the penalty under the GY Penalty Provision, which shall be calculated with retrospective effect since the date of completion of the GY Acquisition, shall be indemnified and paid in full by Guizhou New Energy in cash as soon as practicable but in any event not later than 30 calendar days upon the issuance of the then valuation of the GY Properties prepared by the independent valuer.

The Company confirmed that as at the Latest Practicable Date, no independent professional valuer had been identified and/or appointed by any parties to the GY Acquisition Agreement for the purpose of performing the said valuation.

Further, it is also disclosed in the Letter from the Board that Guizhou New Energy, being the existing holder of the real estate rights certificates and the relevant permits for the GY Properties, has undertaken to Zhejiang Jirun and the GY Target that, subject to completion of the GY Acquisition, the GY Target can continue to occupy and use the GY Properties free of charge regardless of whether the obtaining and/or transfer of the legal titles of the GY Properties can be completed during the GY Grace Period or at all. The Directors confirmed that after taking into account the opinions of the PRC legal adviser and the undertaking given by Guizhou New Energy as abovementioned, the operation of the GY Target is not expected to be impacted even if the obtaining and/or transfer of the legal titles of the GY Properties cannot be completed during the GY Grace Period.

We noted that the GY Indemnity Provision and the GY Penalty Provision serve to safeguard the Company and/or Zhejiang Jirun against, and also compensate for, any loss associated with the failure to obtain the legal titles of the GY Properties during the GY Grace Period. Given this and after taking into account other factors as discussed above including (i) the basis for determining each of the GY Indemnification Amount and the penalty under the GY Penalty Provision that is considered to be fair and reasonable; and (ii) the GY Indemnification Amount together with the penalty under the GY Penalty Provision will be paid in the form of cash in full, we consider the GY Compensation Arrangement to be fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Having considered the forgoing, in particular (i) the GY PRC Legal Opinion as detailed above; (ii) the GY Compensation Arrangement which is considered to be fair and reasonable based on the factors discussed above has been put in place against the potential risk of failing to complete the obtaining and transfer of the legal titles of the GY Properties within the GY Grace Period (subject to completion of the GY Acquisition); and (iii) the undertaking given by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Guizhou New Energy to assure continuous occupation and use of the GY Properties by the GY Target on a no-charge basis regardless of whether the obtaining and/or transfer of the legal titles of the GY Properties can be completed during the GY Grace Period or at all (subject to completion of the GY Acquisition), we consider that the current lack of the legal titles of the GY Properties with its inherent risks of loss borne by the Company and Zhejiang Jirun would not affect the fairness and reasonableness of the GY Acquisition and the consideration relating thereto.

(iii) DMA Acquisition

Date

18 July 2018 (after trading hours)

Parties

Vendor: Zhejiang Geely

Purchaser: Zhejiang Jirun

Subject matter

Pursuant to the DMA Acquisition Agreement, Zhejiang Jirun conditionally agreed to acquire, and Zhejiang Geely conditionally agreed to sell, the entire registered capital of the DMA Target.

Consideration

The consideration for the DMA Acquisition is RMB1,169,398,629.60, which will be payable in cash within 30 calendar days from the date of completion of the DMA Acquisition.

As set out in the Letter from the Board, the consideration for the DMA Acquisition was determined after arm's length negotiations between Zhejiang Jirun and Zhejiang Geely with reference to (i) the net asset value of the DMA Target prepared under the HKFRS as at 31 May 2018 of approximately RMB1,141.02 million; and (ii) the valuation premium of the DMA Properties of approximately RMB28.38 million (the "**DMA Valuation Premium**"), being the difference between the DMA Property Value of approximately RMB898.04 million and the carrying value of the DMA Properties of approximately RMB869.66 million. It is expected that the consideration for the DMA Acquisition will be funded by internal resources of the Group.

Having considered that the unaudited net asset value of the DMA Target as at 31 May 2018 did not take into account the DMA Valuation Premium which represents the excess in value that JLL estimated for the DMA Properties compared to its carrying value as at 31 May 2018, we concurred with the Directors' view that it is fair and reasonable for the Company to make reference to, among others, the DMA Valuation Premium when determining the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

consideration for the DMA Acquisition. Please refer to the subsection headed “Basis of consideration – Valuation” below and the Valuation Report as set out in Appendix I to the Circular for details of the valuation of the DMA Properties.

DMA Shareholder’s Loan

Pursuant to the DMA Acquisition Agreement, the outstanding DMA Shareholder’s Loan in the amount of up to a maximum of RMB2,740.10 million will be repaid by the Group to the Geely Holding Group within three months from the completion of the DMA Acquisition. As stated in the Letter from the Board, the DMA Shareholder’s Loan is interest free, conducted on normal commercial terms and is not secured by the assets of the Group.

Undertaking in respect of the DMA Properties

As set out in the Letter from the Board, as at the Latest Practicable Date, the DMA Target held one real estate rights certificate and two construction land planning permits, one construction work planning permit and three construction work commencement permits for the DMA Properties. According to the legal opinions from the PRC legal adviser to the Company in respect of the DMA Properties (the “**DMA PRC Legal Opinion**”), (i) the certificates and permits for the DMA Properties are true, legal and valid; and (ii) the DMA Properties are free from guarantee, pledge and encumbrances, and are not subject to seizure by the court.

As confirmed by the Company, as at the Latest Practicable Date, the DMA Construction-In-Progress is still under construction which is expected to complete in the third quarter of 2018. Upon completion of construction, the DMA Construction-In-Progress is subject to the construction completion inspection and acceptance procedures as described below.

Notwithstanding the above, according to the DMA PRC Legal Opinion, (i) the DMA Construction-In-Progress is in compliance with the requirements of the relevant laws; (ii) according to the “Explanatory Note Regarding the Status of the Undertaking of the Application Procedures for Real Estate Rights Certificates” (關於不動產權證手續辦理的情況說明) issued by Ningbo Hangzhou Bay New District Real Estate Registration Service Centre (寧波杭州灣新區不動產登記服務中心) on 1 August 2018, upon completing the statutory procedures for obtaining real estate rights certificates, including the completion inspection and acceptance procedure, and the inspection and acceptance, archive, quality inspection filing and property survey procedures for fire safety, greening, public security etc. with the relevant authorities, there are no legal impediments to the obtaining of the title certificates for the DMA Construction-In-Progress.

Pursuant to the DMA Acquisition Agreement, subject to completion of the DMA Acquisition, in the event that the legal titles of the DMA Properties cannot be obtained on or before 31 December 2020 (the “**DMA Grace Period**”), Zhejiang Geely shall (i) indemnify Zhejiang Jirun and the Company for the loss arising therefrom (the “**DMA Indemnity Provision**”), which shall be equal the then valuation of the DMA Properties prepared by a third party valuer approved by the parties to the DMA Acquisition Agreement (the “**DMA**

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Indemnification Amount”); and (ii) pay to Zhejiang Jirun a penalty calculated based on an annual interest rate of 4.35% of the DMA Indemnification Amount (the “**DMA Penalty Provision**”, together with the DMA Indemnity Provision, hereinafter collectively referred to as the “**DMA Compensation Arrangement**”). As confirmed by the Directors, notwithstanding that the amount of the potential loss arising from not being able to obtain the legal titles of the DMA Properties within the DMA Grace Period which is currently uncertain has not been taken into account in determining the consideration of the DMA Acquisition, the DMA Compensation Arrangement provides financial security to the Company and Zhejiang Jirun should such a situation arise. Nevertheless, it is noted from the Letter from the Board that (i) reference was made by the Directors to the consideration of the DMA Acquisition when considering the basis for determining the DMA Indemnification Amount; and (ii) the basis for determining the DMA Indemnification Amount is considered by the Directors to be fair and reasonable and in the interest of the Company and the Shareholders as a whole given that both the DMA Indemnification Amount and the portion of the consideration attributable to the DMA Properties payable by Zhejiang Jirun to Zhejiang Geely under the DMA Acquisition are based on the then valuation of the DMA Properties prepared by an independent valuer. Further, the Directors also confirmed that the aforesaid annual interest rate of 4.35% under the DMA Penalty Provision was determined after arm’s length negotiations between the parties to the DMA Acquisition Agreement with reference to the prevailing interest rate of 4.35% on a short term loan (within one year) offered by a commercial bank in the PRC, and the penalty payable by Zhejiang Geely to Zhejiang Jirun under the DMA Penalty Provision is having retrospective effect from the completion date of the DMA Acquisition. In this regard, we have reviewed the respective short term loans offered by the People’s Bank of China and several other independent domestic major state-owned commercial banks in the PRC, and noted that their prevailing interest rates are all 4.35%. Having considered that (i) the penalty period to be taken into account when determining the actual amount of the penalty under the DMA Penalty Provision is currently uncertain and could be equal to or shorter than the DMA Grace Period; and (ii) the 4.35% annual interest rate adopted under the DMA Penalty Provision is no less favourable than those prevailing annual interest rates of each of the abovementioned reference loans and is higher than the Group’s weighted average effective interest rates of bank borrowings (with repayment term within one year or more than one year but less than two years) of 2.62% for the year ended 31 December 2017 and 3.15% for the six months ended 30 June 2018, we concur with the view of the Directors that the rate for calculating the penalty under the DMA Penalty Provision of 4.35% per annum is fair and reasonable.

As stated in the Letter from the Board, in the event that the obtaining of the legal titles of the DMA Properties cannot be completed during the DMA Grace Period, it is the intention of the parties to the DMA Acquisition Agreement to appoint an independent valuer as soon as practicable to determine the then valuation of the DMA Properties, and the DMA Indemnification Amount together with the penalty under the DMA Penalty Provision, which shall be calculated with retrospective effect since the date of completion of the DMA Acquisition, shall be indemnified and paid in full by Zhejiang Geely in cash as soon as practicable but in any event not later than 30 calendar days upon the issuance of the then valuation of the DMA Properties prepared by the independent valuer. The Company confirmed

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

that as at the Latest Practicable Date, no independent professional valuer had been identified and/or appointed by any parties to the DMA Acquisition Agreement for the purpose of performing the said valuation.

We noted that the DMA Indemnity Provision and the DMA Penalty Provision serve to safeguard the Company and/or Zhejiang Jirun against, and also compensate for, any loss associated with the failure to obtain the legal titles of the DMA Properties during the DMA Grace Period. Given this and after taking into account other factors as discussed above including (i) the basis for determining each of the DMA Indemnification Amount and the penalty under the DMA Penalty Provision that is considered to be fair and reasonable; and (ii) the DMA Indemnification Amount together with the penalty under the DMA Penalty Provision will be paid in the form of cash in full, we consider the DMA Compensation Arrangement to be fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Having considered the forgoing, in particular (i) the DMA PRC Legal Opinion as detailed above; and (ii) the DMA Compensation Arrangement which is considered to be fair and reasonable based on the factors discussed above has been put in place against the potential risk of failing to obtain the legal titles of the DMA Properties within the DMA Grace Period (subject to completion of the DMA Acquisition), we consider that the current lack of the legal titles of the DMA Properties with its inherent risks of loss borne by the Company and Zhejiang Jirun would not affect the fairness and reasonableness of the DMA Acquisition and the consideration relating thereto.

(iv) ***Basis of consideration***

Valuation

The Company has appointed a qualified appraisal company in Hong Kong, namely JLL, to perform valuation of the DJD Properties, the GY Properties and the DMA Properties as at 31 May 2018 and issue the Valuation Report. To ascertain JLL is suitably qualified possessing related experiences and competence to undertake the Valuation, we have reviewed and enquired into (i) the terms of engagement stipulated under the mandate letter entered into between JLL and the Company in relation to the Valuation that comply with the Listing Rules and the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; (ii) JLL's qualifications and experiences that are relevant to the Valuation; and (iii) the due diligence measures taken by JLL in respect of the Valuation mainly including (a) site inspection (including the exterior and, where possible, the interior of the properties); (b) making relevant enquiries on copies of the title documents relating to the property interests which were shown to JLL; (c) examination of original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment; and (d) reference made to the DJD PRC Legal Opinion, the GY PRC Legal Opinion and the DMA PRC Legal Opinion. JLL has also confirmed that it is independent from any member of the Group or the Geely Holding Group. Based on the aforesaid due diligence review and enquiry and given the fact that (i) JLL is an independent professional valuer which has completed various assignments for companies listed on the Stock Exchange; (ii) the person in charge of the Valuation (including preparation of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Valuation Report) (a) has 25 years' experience in the valuation of various types of properties in more than 10 provinces, including Shandong Province, Guizhou Province, Zhejiang Province and Shaanxi Province, in the PRC; and (b) is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors, we are satisfied with the scope of work of JLL as well as JLL's qualifications and experiences that are sufficient and relevant to the Valuation, and therefore consider that JLL is experienced and competent in performing the Valuation and preparing the Valuation Report.

According to the Valuation Report and as confirmed by JLL, the GY Properties Value and the DMA Properties Value was approximately RMB934,310,000 and RMB898,040,000 as at 31 May 2018 respectively.

For the valuation of the DJD Properties, according to the Valuation Report and as confirmed by JLL, the market value of the land and the industrial complex under construction of DJD Properties was RMB663,750,000 as at 31 May 2018. In the valuation of the DJD Properties, JLL has been provided with the DJD PRC Legal Opinion and attributed no commercial value to the 14 buildings comprising the DJD Construction-In-Progress with a gross floor area of 88,643.86 sq.m. (the "**CIP Without Permit**"). However, for reference purpose, JLL was of the opinion that the market value of the CIP Without Permit as at the valuation date would be RMB140,230,000 (the "**DJD Property Reference Value**") assuming all relevant construction permits had been obtained and they could be freely transferred, leased and mortgaged. JLL has valued the 14 buildings of the CIP by using the cost approach.

We have reviewed the Valuation Report and discussed with JLL regarding the methodology adopted and the basis and assumptions used in the Valuation Report. As to the methodology adopted, in the course of our discussion with JLL, and based on the Valuation Report, there are no readily available relevant market comparable sales due to the nature of the buildings and structures of the properties and the particular location in which they are situated, thus the DJD Properties, the GY Properties and the DMA Properties cannot be valued on the basis of direct comparison. Therefore, in valuing the DJD Construction-In-Progress, the GY Construction-In-Progress and the DMA Construction-In-Progress, JLL has applied the cost approach by taking into account the construction cost and professional fees relevant to the stage of construction measured by the physical working process as at the valuation date. In arriving at the value of the land portions of the DJD Properties, the GY Properties and the DMA Properties, JLL advised that the market approach was considered as appropriate after considering the availability of the market information. JLL further advised that it has applied the market approach by taking reference to the sales evidence as available in the locality (the "**Comparable Sales Transactions**") which were identified and selected based on the criteria including (i) location; and (ii) usage of lands. We noted that eight Comparable Sales Transactions (consisting of two Comparable Sales Transactions for the DJD Properties and three Comparable Sales Transactions for each of the GY Properties and the DMA Properties) which met the aforesaid selection criteria have been selected by JLL for the purpose of the Valuation and the underlying properties of such eight Comparable Sales Transactions were (i) located in the same districts of the DJD Properties, the GY Properties and the DMA Properties respectively; (ii) industrial-used land which were considered to be relevant in nature to the DJD Properties, the GY Properties and the DMA Properties; and (iii) related to a site area

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ranging from approximately 21,797 sq.m. to 191,145 sq.m. We also noted that the average unit price per square meter of the Comparable Sales Transactions were computed based on their respective site area and transaction amount, and has been further adjusted by JLL after taking into account the date of transaction, plot ratio and land use term of the Comparable Sales Transactions. Such adjusted average unit price per square meter of the Comparable Sales Transactions has been used as the basis to determine the Valuation by multiplying the site areas of the DJD Properties, the GY Properties and the DMA Properties. It is also noted that JLL has relied upon China Real Estate Index System (“**CREIS**”) (中國房地產指數系統) as the source of sales evidence information on the Comparable Sales Transactions. As further confirmed by JLL, (i) the cost approach for valuing the DJD Construction-In-Progress, the GY Construction-In-Progress and the DMA Construction-In-Progress; and (ii) the market approach for valuing the land portions of the DJD Properties, the GY Properties and the DMA Properties, are commonly adopted for valuation of properties in the PRC and is also consistent with normal market practice.

We noted that the Valuation Report was prepared based on the key assumptions that (i) the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement; (ii) no allowance has been made in JLL’s report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation; (iii) the properties are free from encumbrances, restrictions and outgoings of an onerous nature; and (iv) the ground conditions and services for any development thereon are satisfactory and that no unexpected cost and delay will be incurred during construction.

Further details of the basis and assumptions of the Valuation Report are included in the Valuation Report as contained in Appendix I to the Circular. Apart from having our discussion with JLL during which we have not identified any major factors which cause us to doubt the fairness and reasonableness of the aforesaid valuation methodology, the principal basis and assumptions adopted for or the information used in the Valuation Report and performed our independent reviews as detailed above, we, on a best effort basis, had also conducted independent research on the valuation reports (including those prepared and issued by JLL) that (i) contained in various circulars or the prospectus of other listed companies in Hong Kong issued in 2017 and 2018 pursuant to the Listing Rules; and (ii) related to valuation of properties (comprising construction in progress and lands) located in the PRC whereby we noted that the methodology as well as the principal basis and assumptions adopted in the Valuation Report have been commonly adopted in the valuations of properties located in PRC of other listed companies in Hong Kong. In light of the above, we are of the view that the methodology, the basis and assumptions adopted in the Valuation Report are fair and reasonable, and in line with the market practice. Nevertheless, Shareholders should note that valuation of assets or properties usually involves assumptions and therefore the Valuation Report may or may not reflect the true value of the DJD Properties, the GY Properties and the DMA Properties accurately.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) *Trading multiples analysis*

Commonly adopted price multiples analyses include the price to book ratio (“**PBR(s)**”) and the price to earnings ratio (“**PER**”). Given that the Target Companies have not generated any profit since incorporation, we consider the PER analysis to be impractical. For the purpose of assessing the fairness and reasonableness of the considerations for the Acquisitions, we have performed the PBR analysis. We have searched for companies listed on the Stock Exchange which are engaged in similar line of business as the Target Companies as detailed in the subsection headed “Principal businesses of the Target Companies” above, we have endeavored to find but were unable to identify any companies that are engaged in manufacture and sale of full range of automobile components. Given the limited search results for our comparative analysis, we have broadened our search to cover companies principally engaged in the automobile industry in the PRC with the total amount of their turnover or the majority (i.e. more than 50%) of their total turnover being derived from manufacturing and sale of automobile related components according to their respective latest published financial information (for details, please refer to the below table) (the “**Selection Criteria**”). To the best of our knowledge and endeavour, we found six listed companies (the “**Market Comparables**”) which met the Selection Criteria and they are exhaustive as far as we are aware of. We have not subjectively excluded any of the Market Comparables which met the Selection Criteria. Given that setting additional selection criteria (such as place of operation, history of operation and size of the Market Comparables) will narrow down the number of the Market Comparables, we have not considered and included the aforesaid additional selection criteria for our analysis. Shareholders should note that the respective businesses, operations and prospects of the Target Companies are not the same as the Market Comparables.

Set out below are the PBRs of the Market Comparables based on their closing prices as at 18 July 2018, being the date of the Acquisition Agreements, and their latest published financial information:

Company name (Stock code)	Principal business	Year-end date	PBR (times) <i>(Note 1)</i>	Percentage of revenue generated from the manufacturing and sales of automobile related components <i>(Note 2)</i>
Johnson Electric Holdings Limited 德昌電機控股有限公司 (179)	Supply of precision motors, motion subsystems and related electro-mechanical components	31 March 2018	1.07	77%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock code)	Principal business	Year-end date	PBR (times) <i>(Note 1)</i>	Percentage of revenue generated from the manufacturing and sales of automobile related components <i>(Note 2)</i>
Wuling Motors Holdings Limited 五菱汽車集團控股有限公司 (305)	Manufacture and sale of: (i) engines and related parts; (ii) automotive components and other industrial services; (iii) specialised vehicles; and (iv) others	31 December 2017	0.27	100%
Minth Group Limited 敏實集團有限公司 (425)	Design, manufacture and sales of the auto parts	31 December 2017	2.43	100%
Xin Point Holdings Limited 信邦控股有限公司 (1571)	Research and development, manufacturing and sales of automotive and electronic components	31 December 2017	2.02	100%
BeijingWest Industries International Limited 京西重工國際有限公司 (2339)	Manufacture and sale of automotive parts and components	31 December 2017	0.65	95%
Huazhong In-Vehicle Holdings Company Limited 華眾車載控股有限公司 (6830)	Design and manufacture of moulds and tooling for mass production of specific products and the development and manufacture of new products	31 December 2017	2.30	100%
		Maximum	2.43	
		Minimum	0.27	
		Average	1.46	
Consideration for the DJD Acquisition			1.04	<i>(Note 3)</i>
Consideration for the GY Acquisition			1.03	<i>(Note 4)</i>
Consideration for the DMA Acquisition			1.02	<i>(Note 5)</i>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The price to book value ratio refers to a comparison of the market value as at 18 July 2018 (using the respective share prices in the case of the Market Comparables) with the attributable net asset to the equity holders based on the latest published full year financial statements.
2. Revenue of the Market Comparables was based on their respective latest published annual results.
3. The implied PBR were calculated based on (i) the consideration for the DJD Acquisition; and (ii) the unaudited net asset value of the DJD Target as at 31 May 2018.
4. The implied PBR were calculated based on (i) the consideration for the GY Acquisition; and (ii) the unaudited net asset value of the GY Target as at 31 May 2018.
5. The implied PBR were calculated based on (i) the consideration for the DMA Acquisition; and (ii) the unaudited net asset value of the DMA Target as at 31 May 2018.

The above table illustrates that the PBRs of the Market Comparables ranged from approximately 0.27 times to 2.43 times, with an average of approximately 1.46 times. The implied PBRs of the Acquisitions are within the said PBR range of the Market Comparables and below the average PBR of the Market Comparables.

Having considered the above, we are of the view that the terms of the Acquisition Agreements are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

1.2 Possible financial effects of the Acquisitions

Earnings

Following completion of the Acquisitions, the Target Companies will become 99% owned subsidiaries of the Company and their financial results will be fully consolidated into the financial statements of the Company. The management of the Company advised that no significant effect on the Group's consolidated statement of profit or loss is expected to be resulted from the Acquisitions immediately upon completion of the Acquisitions.

Net asset value

Based on the 2017 Annual Report, the audited consolidated net asset value of the Group as at 31 December 2017 was approximately RMB34.8 billion. As confirmed by the Directors, the Acquisitions would have no material impact on the net asset value of the Group.

Cash flow

Since the considerations of the Acquisitions will be satisfied by cash of approximately RMB3,174.3 million by the Company, the cash level of the Group will decrease immediately upon completion of the Acquisitions. In addition, the Group have to repay the DJD Shareholder's Loan, the GY Shareholder's Loan and the DMA Shareholder's Loan, which will not exceed RMB2,387.2

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

million, RMB2,455.0 million and RMB2,740.1 million respectively, within three months after the completion of the Acquisitions. Given the bank balances and cash of approximately RMB13,415 million (audited) and RMB16,658 million (unaudited) as at 31 December 2017 and 30 June 2018 respectively, and based on the assumption that there is no material adverse change in such position since 30 June 2018 and up to the end of the three-month period after completion of the Acquisitions, the management of the Company expected that there would not be material adverse effect on the cash flow of the Group as a result of the Acquisitions.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position/results of the Group will be upon completion of the Acquisitions.

OPINION AND RECOMMENDATION

Having taken into account the principal factors and reasons discussed above, we consider that although the Acquisition Agreements and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, they are conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreements.

Yours faithfully,
for and on behalf of
DAKIN CAPITAL LIMITED
Kinson Li
Managing Director

Note: Mr. Kinson Li is a licensed person and a responsible officer of Dakin Capital Limited registered with the Securities and Futures Commission of Hong Kong to carry out type 6 (advising on corporate finance) regulated activities under the SFO. He has over 20 years of experience in corporate finance industry.

*The English translation of the Chinese name(s) in this letter, where indicated with * is included for information purpose only and should not be regarded as the official English name(s) of such Chinese names.*

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 31 May 2018 of the property interests to be acquired by the Company.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

16 August 2018

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

Dear Sirs,

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**” or “**we**”) is instructed to provide valuation service on the properties in which Guizhou Geely New Energy Automobile Company Limited (“**Guizhou New Energy**”), Hangzhou Geely Automobile Components Company Limited (“**Hangzhou Components**”) and Ningbo Jirun Automobile Components Company Limited (“**DMA Target**”) respectively (Herein together refer to the “**Target Companies**”) have interests for disclosure purpose. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 May 2018 (the “**valuation date**”).

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

In valuing the properties in Group I which are under construction as at the valuation date, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Target Companies. In arriving at our opinion of values, we have taken into account the land value, construction cost and professional fees relevant to the stage of construction as at the valuation date. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality.

We have valued the property interest in Group II, which is held for future development by the Target Companies by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Target Companies and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates, Construction Work Planning Permits, Construction Work Commencement Permits and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment.

We have relied considerably on the advice given by the Company's PRC legal adviser – Zhejiang Xingtao Law Firm concerning the validity of the property interests in the PRC.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also sought confirmation from the Company and the Target Companies that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in the period from 21 May 2018 to 20 June 2018 by Le Yu, Xueli Zang and Ran Wang. Yu Le and Xueli Zang are China Public Valuers and have 7 and 6 years' experiences respectively in property valuation in the PRC. Ran Wang graduates with property development courses and has 2 years' experience in the valuation of properties in the PRC.

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Gilbert C.H. Chan
MRICS MHKIS RPS (GP)
Director

Note:

Gilbert C.H. Chan is a Chartered Surveyor who has 25 years' experience in the valuation of various types of properties in more than 10 provinces in the PRC, such as Shandong, Guizhou, Zhejiang and Shaanxi, etc.

SUMMARY OF VALUES

Group I: Property interests held under development by the Target Companies in the PRC.

No.	Property	Market value in existing state as at 31 May 2018 RMB
1.	An industrial complex under construction located at No. 999 Guanqing Road, Heguan County, Guanshanhu District Guiyang City Guizhou Province the PRC	934,310,000
2	An industrial complex under construction located at No. 1555 Fengyue Street, Dajiangdong Industrial Cluster, Xiaoshan District Hangzhou City Zhejiang Province the PRC	572,820,000
3	An industrial complex under construction located at No. 888 Binhai Second Road, Hangzhou Bay New District Cixi City Zhejiang Province the PRC	898,040,000
Sub-total:		<u>2,405,170,000</u>

Group II: Property interest held for future development by the Target Companies in the PRC.

4	A parcel of land located at No. 1555 Fengyue Street, Dajiangdong Industrial Cluster, Xiaoshan District Hangzhou City Zhejiang Province the PRC	90,930,000
Sub-total:		<u>90,930,000</u>
Grand total:		<u>2,496,100,000</u>

Note:

1. We have attributed no commercial value to some buildings of the CIP of property no. 2 as relevant construction permits have not been obtained. However, for reference purpose, we are of the opinion that the total market value of the CIP (excluding the land portions) as at the valuation date would be RMB140,230,000 assuming all relevant construction permits have been obtained and they could be freely transferred, leased and mortgaged. (Please refer to page I-8 for details)

VALUATION CERTIFICATE

Group I: Property interests held under development by the Target Companies in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2018 RMB
1.	An industrial complex under construction located at No. 999 Guanqing Road, Heguan County, Guanshanhu District Guiyang City Guizhou Province The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 685,052 sq.m. and an industrial complex under construction (the “CIP”) erected thereon.</p> <p>The CIP will be developed into 32 industrial and ancillary buildings with a total planed gross floor area of approximately 477,994.33 sq.m. It is scheduled to be completed in August 2018.</p> <p>As advised by Guizhou New Energy, the total construction cost of the CIP is estimated to be approximately RMB702,314,000 of which RMB506,954,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for terms expiring on 13 January 2066 and 30 November 2067 for industrial use.</p>	<p>The property is currently under construction. Main structure of the industrial and ancillary buildings have been completed, while the interior decoration work, equipment’s installation work and landscaping work are in process.</p>	934,310,000

Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 25 November 2015 and 29 September 2016 respectively, the land use rights of 2 parcels of land with a total site area of approximately 685,052 sq.m. were contracted to be granted to Guizhou New Energy for a term of 50 years for industrial use. The total land premium was RMB204,350,000. As advised by Guizhou New Energy, the land premium has been fully paid.
- Pursuant to 2 Real Estate Title Certificates – Qian (2016) Guan Shan Hu Qu Bu Dong Chan Quan Di No. 0000147 and Qian (2018) Guan Shan Hu Qu Bu Dong Chan Quan Di No. 0000026, the land use rights of 2 parcels of land with a total site area of approximately 685,052 sq.m. have been granted to Guizhou New Energy for terms expiring on 13 January 2066 and 30 November 2067 for industrial use.

3. Pursuant to a Construction Work Planning Permit – Zhu Gui Jian Zi No.2017-0043 in favour of Guizhou New Energy, 32 buildings with a total gross floor area of approximately 477,994.33 sq.m. have been approved for construction.
4. Pursuant to 3 Construction Work Commencement Permits – 5201151709060111-SX-001, 5201151806290140-SX-001 and 5201151806290130-SX-001 in favour of Guizhou New Energy, permissions by the relevant local authority was given to commence the construction work of the property with a total gross floor area of approximately 477,994.33 sq.m.
5. The market value of the property when completed is estimated to be RMB1,024,500,000.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. the Real Estate Title Certificates stated in note 2 are real, legal and valid, and the land premium and relevant tax have been fully paid;
 - b. the Construction Work Planning Permit and Construction Work Commencement Permits stated in notes 3 and 4 are real, legal and valid; and
 - c. the property is not subject to mortgage, warrant or any other encumbrances.
7. The property will contribute a significant portion of revenue to the Target Companies; we are of the view that the property is the material property.

Details of the material property:

- | | | | |
|-----|--|---|---|
| (a) | General description of location of the property | : | The property is located at No. 999 Guanqing Road, Heguan County, Guanshanhu District, western side of Guiyang City. It is adjacent to Shanghai-Kunming High-speed Road, and about 12 kilometers far from Guiyang North Train Station. |
| (b) | Details of encumbrances, liens, pledges, mortgages against the property | : | The property is not subject to any mortgage or pledges. |
| (c) | Environmental Issue | : | Nil |
| (d) | Details of investigations, notices, pending litigation, breaches of law or title defects | : | Nil |
| (e) | Future plans for construction, renovation, improvement or development of the property | : | As advised by Guizhou New Energy, the CIP is expected to be completed in August 2018 and the capital expenditure required for the development of the plants in the next 12 months from the date of this document would be RMB195,360,000. |

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2018 RMB
2.	An industrial complex under construction located at No. 1555 Fengyue Street, Dajiangdong Industrial Cluster, Xiaoshan District, Hangzhou City, Zhejiang Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 409,960 sq.m. and an industrial complex under construction (the “CIP”) erected thereon.</p> <p>The CIP will be developed into 28 industrial and ancillary buildings with a total planned gross floor area of approximately 277,638.78 sq.m. It is scheduled to be completed in October 2018.</p> <p>As advised by Hangzhou Components, the total construction cost of the CIP is estimated to be approximately RMB445,766,000, of which RMB292,619,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 25 September 2046 for industrial use.</p>	The property is currently under construction. Main structure of the industrial and ancillary buildings have been completed, while the interior decoration work, curtain wall installation work and landscaping work are in process.	572,820,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 25 July 2016, the land use rights of a parcel of land with a total site area of approximately 409,960 sq.m. were contracted to be granted to Hangzhou Components for a term of 30 years for industrial use. The land premium was RMB129,150,000. As advised by Hangzhou Components, the land premium has been fully paid.
2. Pursuant to a Real Estate Title Certificate - Zhe (2016) Hang Zhou (Da Jiang Dong) Bu Dong Chan Quan Di No. 0000857, the land use rights of the land parcel with a site area of approximately 409,960.00 sq.m. have been granted to Hangzhou Components for a term expiring on 25 September 2046 for industrial use.
3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 330111201700006 in favour of Hangzhou Components, 21 buildings of the industrial complex (phase I) with a total gross floor area of approximately 232,364.78 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 330111201800026 in favour of Hangzhou Components, 7 buildings of the industrial complex (phase II) with a total gross floor area of approximately 45,274 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit - No. 330190201703060101 in favour of Hangzhou Components, permission by the relevant local authority were given to commence the construction work of 7 buildings of the project stated in note 3 with a total gross floor area of approximately 143,720.92 sq.m.
6. As advised by Hangzhou Components, the Construction Work Commencement Permit for the remaining 14 buildings of the project of the property with a total gross floor area of approximately 88,643.86 sq.m. is in the procedure of application.
7. Pursuant to a Construction Work Commencement Permit – No. 330190201805170101 in favour of Hangzhou Components, permission by the relevant local authority were given to commence the construction work of the 7 buildings stated in note 4 with a total gross floor area of approximately 45,274 sq.m.
8. According to the information provided by the Hangzhou Components, a summary major certificates approvals of the property are set out below:

Type	number	(Planned) GFA (sq.m.)	Construction Work	
			Commencement Permit	Construction Work Planning Permit
CIP	7	143,720.92	Y	Y
	7	45,274.00	Y	Y
	14	88,643.86	N	Y
Total:	<u>28</u>	<u>277,638.78</u>		

9. The market value of the property when completed is estimated to be RMB686,900,000.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. the Real Estate Title Certificate stated in note 2 is real, legal and valid, and the land premium and relevant tax have been fully paid;
 - b. the Construction Work Planning Permits and Construction Work Commencement Permits stated in notes 3, 4, 5 and 7 are real, legal and valid;
 - c. the total gross floor area stipulated in the Construction Work Planning Permit in note 3 has been updated from 143,720.92 sq.m. to 232,364.78 sq.m, and the corresponding Construction Work Commencement Permit is in the procedure of updating; and
 - d. the property is not subject to mortgage, warrant or any other encumbrances.
11. In the valuation of the property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 14 buildings of the CIP with a total gross floor area of approximately 88,643.86 sq.m. stated in note 6 without Construction Work Commencement Permit. However, for reference purpose, we are the opinion that the market value of the buildings of the CIP (excluding the land portion) as at the valuation date would be RMB140,230,000 assuming all relevant construction permits have been obtained and they could be freely transferred, leased and mortgaged. We have valued the 14 buildings of the CIP by using the cost approach.

12. The property will contribute a significant portion of revenue to the Target Companies; we are of the view that the property is the material property.

Details of the material property:

- | | | | |
|-----|--|---|--|
| (a) | General description of location of the property | : | The property is located at No. 1555 Fengyue Street, Dajiangdong Industrial Cluster, Xiaoshan District, Hangzhou City. There are some other automobile and electronic companies around. The property is near Suzhou-Shaoxing High-speed Road and is about 17 kilometers. far away from Hangzhou Xiaoshan International Airport. |
| (b) | Details of encumbrances, liens, pledges, mortgages against the property | : | The property is not subject to any mortgage or pledges. |
| (e) | Environmental Issue | : | Nil |
| (c) | Details of investigations, notices, pending litigation, breaches of law or title defects | : | Hangzhou Components has obtained the Land Use Rights Certificates of the property, but has not obtained Construction Work Commencement Permit for 14 buildings of the CIP of the property. (see note 6). |
| (d) | Future plans for construction, renovation, improvement or development of the property | : | As advised by Hangzhou Components, the CIP is expected to be completed in October 2018, and the capital expenditure required for the development of the plants in the next 12 months from the date of this document would be RMB153,147,000. |

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2018 RMB
3.	An industrial complex under construction located at No. 888 Binhai Second Road, Hangzhou Bay New District Cixi City Zhejiang Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 705,564 sq.m. and an industrial complex under construction (the “CIP”) erected thereon.</p> <p>The CIP will be developed into 23 industrial and ancillary buildings with a total planned gross floor area of approximately 302,056.05 sq.m. It is scheduled to be completed in August 2018.</p> <p>As advised by DMA Target, the total construction cost of the CIP is estimated to be approximately RMB747,226,000, of which RMB528,180,000 had been paid up to the valuation date.</p> <p>The land use rights of the property has been granted for a term expiring on 27 October 2056 for industrial use.</p>	The property is currently under construction. Main structure of the industrial and ancillary buildings have been completed, while the interior finish work, sidewalk construction and landscaping work are in process.	898,040,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 30 September 2016 and 6 March 2018 respectively, the land use rights of 2 parcels of land with a total site area of approximately 705,564 sq.m. were contracted to be granted to DMA Target for a term of 50 years for industrial use. The land premium was RMB177,810,000. As advised by DMA Target, the land premium has been fully paid.
2. Pursuant to a Real Estate Title Certificate - Zhe (2018) Ci Xi (Hang Zhou Wan) Bu Dong Chan Quan Di No. 0004857, the land use rights of a parcel of land with a site area of approximately 705,564 sq.m. has been granted to DMA Target for a term expiring on 27 October 2056 for industrial use.
3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No.330282201801051, in favour of DMA Target, 23 buildings of the CIP of the property with a total gross floor area of approximately 302,056.05 sq.m. has been approved for construction.

4. Pursuant to 3 Construction Work Commencement Permits – Nos.330282201806210501, 330282201806140101 and 330282201806190501 in favour of DMA Target, permissions by the relevant local authority were given to commence the construction work of the CIP with a total gross floor area of approximately 302,056.05 sq.m.
5. The market value of the property when completed is estimated to be RMB984,600,000.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. the Real Estate Title Certificate stated in note 2 is real, legal and valid, and the land premium and relevant tax have been fully paid;
 - b. the Construction Work Planning Permits and Construction Work Commencement Permits stated in notes 3 and 4 are real, legal and valid; and
 - c. the property is not subject to mortgage, warrant or any other encumbrances.
7. The property will contribute a significant portion of revenue to the Target Companies; we are of the view that the property is the material property.

Details of the material property:

- | | | | |
|-----|--|---|--|
| (a) | General description of location of the property | : | The property is located No. 888 Binhai Second Road, Hangzhou Bay New District, the northern side of Cixi City. The property is near Hangzhou Bay and not far from Shenyang-Haikou High-speed Road. |
| (b) | Details of encumbrances, liens, pledges, mortgages against the property | : | The property is not subject to any mortgage or pledges. |
| (c) | Environmental Issue | : | Nil |
| (d) | Details of investigations, notices, pending litigation, breaches of law or title defects | : | Nil |
| (e) | Future plans for construction, renovation, improvement or development of the property | : | As advised by DMA Target, the CIP is expected to be completed in August 2018, and the capital expenditure required for the development of the plants in the next 12 months from the date of this document would be RMB219,046,000. |

VALUATION CERTIFICATE

Group II: Property interest held for future development by the Target Companies in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2018 RMB
4.	A parcel of land located at No.1555 Fengyue Street, Dajiangdong Industrial Cluster, Xiaoshan District, Hangzhou City, Zhejiang Province The PRC	The property comprises a parcel of land with a total site area of approximately 133,332 sq.m. The land use rights of the property has been granted for a term expiring on 13 May 2048 for industrial use.	The property is currently vacant for future development.	90,930,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 14 May 2018, the land use rights of a parcel of land with a site area of approximately 133,332 sq.m. has been granted to Hangzhou Components for a term of 30 years for industrial use. The land premium was RMB42,010,000. As advised by Hangzhou Components, the land premium has been paid in full.
2. Pursuant to a Real Estate Title Certificate - Zhe (2018) Hang Zhou (Da Jiang Dong) Bu Dong Chan Quan Di No. 0006967, the land use rights of the land parcel with a site area of approximately 133,332 sq.m. have been granted to Hangzhou Components for a term expiring on 13 May 2048 for industrial use.
3. Pursuant to a Construction Land Planning Permit – Di Zi Di 330111201800038, permission towards the planning of the land with a site area of approximately 133,332 sq.m. has been granted to Hangzhou Components.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. the Real Estate Title Certificate stated in note 2 is real, legal and valid, and the land premium and relevant tax have been fully paid;
 - b. the Construction Land Planning Permit stated in note 3 is real, legal and valid;
 - c. the Hangzhou Components can use, transfer, lease and dispose of the property in accordance with the PRC Law; and
 - d. the property is not subject to mortgage, warrant or any other encumbrances.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations**

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

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

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding
		Long position	Short position	(%)
Shares				
Mr. Li Shu Fu (<i>Note 1</i>)	Interest in controlled corporations	3,964,448,000	–	44.16
Mr. Li Shu Fu	Personal	23,140,000	–	0.26
Mr. Yang Jian	Personal	14,475,000	–	0.16
Mr. Li Dong Hui, Daniel	Personal	4,200,000	–	0.05
Mr. Gui Sheng Yue	Personal	14,300,000	–	0.16
Mr. An Cong Hui	Personal	16,280,000	–	0.18
Mr. Ang Siu Lun, Lawrence	Personal	4,270,000	–	0.05
Ms. Wei Mei	Personal	4,170,000	–	0.05
Mr. Lee Cheuk Yin, Dannis	Personal	550,000	–	0.006
Mr. Yeung Sau Hung, Alex	Personal	350,000	–	0.004

Note:

1. Proper Glory Holding Inc. (“**Proper Glory**”) and its concert parties in aggregate hold interests of 3,964,448,000 shares, representing approximately 44.16% of the total issued share capital of the Company as at the Latest Practicable Date. Proper Glory is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited.

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

Names of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding
		Long position	Short position	(%)
Share Options				
Mr. Yang Jian	Personal	9,000,000 (Note 1)	–	0.10
Mr. Li Dong Hui, Daniel	Personal	3,500,000 (Note 2)	–	0.04
Mr. Gui Sheng Yue	Personal	11,500,000 (Note 1)	–	0.13
Mr. Gui Sheng Yue	Personal	6,000,000 (Note 3)	–	0.07
Mr. An Cong Hui	Personal	4,700,000 (Note 1)	–	0.05
Mr. Ang Siu Lun, Lawrence	Personal	11,000,000 (Note 1)	–	0.12
Mr. Ang Siu Lun, Lawrence	Personal	5,000,000 (Note 3)	–	0.06
Ms. Wei Mei	Personal	900,000 (Note 1)	–	0.01
Ms. Wei Mei	Personal	5,000,000 (Note 2)	–	0.06
Mr. Carl Peter Edmund Moriz Forster	Personal	1,000,000 (Note 3)	–	0.01
Mr. Lee Cheuk Yin, Dannis	Personal	100,000 (Note 1)	–	0.001
Mr. Lee Cheuk Yin, Dannis	Personal	250,000 (Note 3)	–	0.003
Mr. Yeung Sau Hung, Alex	Personal	100,000 (Note 1)	–	0.001
Mr. Yeung Sau Hung, Alex	Personal	250,000 (Note 3)	–	0.003
Mr. An Qing Heng	Personal	630,000 (Note 3)	–	0.007
Mr. Wang Yang	Personal	1,000,000 (Note 3)	–	0.01

Note:

1. The interest relates to share options granted on 18 January 2010 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$4.07 for each Share during the period from 18 January 2010 to 17 January 2020. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised is the same as that as the Latest Practicable Date.
2. The interest relates to share options granted on 23 March 2012 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$4.07 for each Share during the period from 23 March 2012 to 22 March 2022. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised is the same as that as the Latest Practicable Date.
3. The interest relates to share options granted on 9 January 2015 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$2.79 for each Share during the period from 9 January 2016 to 8 January 2020. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised is the same as that as the Latest Practicable Date.

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

Name of director	Name of the associated corporations	Number of shares in the associated corporations		Approximate percentage of shareholding (%)
		Long position	Short position	
Mr. Li Shu Fu	Proper Glory Holding Inc.	(Note 1)	–	(Note 1)
Mr. Li Shu Fu	Geely Group Limited	50,000	–	60
Mr. Li Shu Fu	Zhejiang Geely Holding Group Company Limited	(Note 2)	–	(Note 2)
Mr. Li Shu Fu	Zhejiang Geely Automobile Company Limited	(Note 3)	–	(Note 3)
Mr. Li Shu Fu	Shanghai Maple Automobile Company Limited	(Note 4)	–	(Note 4)
Mr. Li Shu Fu	Zhejiang Haoqing Automobile Manufacturing Company Limited	(Note 5)	–	(Note 5)
Mr. Li Shu Fu	Zhejiang Jirun Automobile Company Limited	(Note 6)	–	(Note 6)
Mr. Li Shu Fu	Shanghai Maple Guorun Automobile Company Limited	(Note 7)	–	(Note 7)
Mr. Li Shu Fu	Zhejiang Ruhoo Automobile Company Limited	(Note 8)	–	(Note 8)
Mr. Li Shu Fu	Hunan Geely Automobile Components Company Limited	(Note 9)	–	(Note 9)
Mr. Li Shu Fu	Chengdu Gaoyuan Automobile Industries Company Limited	(Note 10)	–	(Note 10)
Mr. Li Shu Fu	Jinan Geely Automobile Company Limited	(Note 11)	–	(Note 11)
Mr. Li Shu Fu	Baoji Geely Automobile Components Company Limited	(Note 12)	–	(Note 12)
Mr. Li Shu Fu	Shanxi Geely Automobile Components Company Limited	(Note 13)	–	(Note 13)
Mr. Li Shu Fu	Zhejiang Jirun Chunxiao Automobile Components Company Limited	(Note 14)	–	(Note 14)

Notes:

- Proper Glory Holding Inc. is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is owned as to 60% by Mr. Li Shu Fu, as to 35.85% by Mr. Li Xu Bing, an elder brother of Mr. Li Shu Fu, and as to 4.15% by Mr. An Cong Hui, an executive director of the Company.
- Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

3. Zhejiang Geely is a private company incorporated in the PRC and is owned as to 88.32% by Geely Holding and as to 11.68% by other Mr. Li's interested entities.
4. Shanghai Maple Automobile Company Limited ("Shanghai Maple Automobile") is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
5. Zhejiang Haoqing Automobile Manufacturing Company Limited ("Zhejiang Haoqing") is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
6. Zhejiang Jirun is a private company incorporated in the PRC and is 1%-owned by Zhejiang Geely.
7. Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple") is a private company incorporated in the PRC and is 1%-owned by Shanghai Maple Automobile.
8. Zhejiang Ruhoo Automobile Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
9. Hunan Geely Automobile Components Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
10. Chengdu Gaoyuan Automobile Industries Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple.
11. Jinan Geely Automobile Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple.
12. Baoji Geely Automobile Components Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Geely.
13. Shanxi Geely Automobile Components Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Geely.
14. Zhejiang Jirun Chunxiao Automobile Components Company Limited is a private company incorporated in the PRC and is 1%-owned by Zhejiang Geely.

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

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

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

Name	Nature of interests	Number of shares held			Approximate percentage of shareholding (%)
		Long position	Short position	Lending pool	
Proper Glory Holding Inc. (Note 1)	Beneficial owner	2,636,705,000	-	-	29.37
Geely Holding (Note 1)	Interest in controlled corporation	3,964,361,000	-	-	44.16
Geely Group Limited (Note 1)	Beneficial owner	87,000	-	-	0.001
	Interest in controlled corporation	2,636,705,000	-	-	29.37
Zhejiang Geely (Note 2)	Beneficial owner	796,562,000	-	-	8.87

Notes:

1. Proper Glory is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is owned as to 60% by Mr. Li Shu Fu, as to 35.85% by Mr. Li Xu Bing, an elder brother of Mr. Li Shu Fu, and as to 4.15% by Mr. An Cong Hui, an executive director of the Company. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
2. Zhejiang Geely is a private company incorporated in the PRC and is owned as to 88.32% by Geely Holding and as to 11.68% by other Mr. Li's interested entities.

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

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

3. FURTHER INFORMATION CONCERNING DIRECTORS

(a) Directors' service agreements

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

(b) Competing interests

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

In August 2010, Geely Holding completed the acquisition of Volvo Car Corporation, which manufactures Volvo cars, a range of family sedans, wagons and sport utility cars, and has 2,500 dealerships in 100 markets (the “**Volvo Acquisition**”). Although the Group is not a party to the Volvo Acquisition nor in any discussions with Geely Holding to cooperate with Geely Holding in relation to the Volvo Acquisition, Geely Holding has provided an irrevocable undertaking to the Company on 27 March 2010 to the effect that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to sell to the Group all or any part of the businesses and related assets of the Volvo Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed. Despite the fact that the Geely Holding Group is principally engaged in similar business activities as the Group, their respective product offerings do not overlap as the Geely Holding Group's product mix consists of premium automobiles (such as the Volvo brand), which cater for consumers with relatively higher spending power and hence, the Geely Holding Group is considered to operate in a different market segment when compared to the Group. Premium automobiles, which mainly represent Geely Holding Group's product mix, generally refer to vehicles with higher quality, better performance, more precise construction, technologically innovative functions, or features that convey prestige and a strong brand name, whereas economy automobiles, which mainly represent the Group's product mix, generally refer to automobiles that are practical, lightweight and relatively inexpensive for consumers when compared to premium automobiles. Although the Group manufactures sport utility vehicles, they are still not yet compatible to premium

automobiles in terms of vehicle class, construction, brand image and pricing. As such, the Competing Businesses of the Geely Holding Group can be defined and delineated from the business of the Group by different products offering (i.e. premium versus economy automobiles) and brand names.

In May 2017, Geely Holding has entered into a heads of agreement for the acquisition of 49.9% equity interests in Proton Holdings Bhd (the “**Proton Acquisition**”). Proton is a producer of a range of family sedans which is active in the Southeast Asia market and is a potential competitor of the Group. The Proton Acquisition has been completed in October 2017. Although the Group is not a party to the Proton Acquisition, to protect the interests of the Group, Geely Holding has provided an irrevocable undertaking to the Company on 29 November 2017 to the effect that upon being notified of any decision by the Company pursuant to a resolution resolved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to transfer to the Group all or any part of the equity/businesses and related assets of the Proton Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed. Although the vehicles being produced by Proton Holdings Bhd occupy the same market segment as that of the Group, they could be distinguished from the products of the Group in that they are right-hand drive vehicles and are primarily being market to right-hand drive markets in Southeast Asia. The Group is currently not producing any right-hand drive vehicles and does not possess any right-hand drive models. As such, Proton is considered to be operating in a different market that can be distinguished from the business of the Group.

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

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

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of or leased to any member of the Group.

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

Services agreement between the Company and Geely Holding (the services agreement has an effective term until 31 December 2020)

- *Sales of complete knock down kits and sedan tool kits from the Group to the Geely Holding Group*

Pursuant to the services agreement dated 27 November 2009 and the Company's announcements dated 27 November 2009, 13 November 2015, 18 October 2016 and 7 November 2017, the Group agreed to supply to the Geely Holding Group the CKDs and sedan tool kits in accordance with the product specifications set out in the services agreement with an aggregate largest annual cap of RMB121,443,520,000 for the three years ending 31 December 2018.

- *Sales of complete buildup units ("CBUs"), automobile parts and components; and provision of process manufacturing services from the Geely Holding Group to the Group*

Pursuant to the services agreement dated 27 November 2009 and the Company's announcements dated 27 November 2009, 13 November 2015, 18 October 2016 and 7 November 2017, the Geely Holding Group agreed to sell to the Group the CBUs, automobile parts and components; and to provide process manufacturing services to the Group in accordance with the product and service specifications set out in the services agreement with an aggregate largest annual cap of RMB153,395,431,000 for the three years ending 31 December 2018.

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

The Shareholders' meeting in respect of the aforesaid services agreement was held on 31 December 2009 and the services agreement was duly approved by the then Independent Shareholders.

Powertrain sales agreement among the Company, 領克投資有限公司 (LYNK & CO Investment Company Limited*) ("LYNK & CO") and Geely Holding (the powertrain sales agreement has an effective term until 31 December 2020)

Pursuant to the powertrain sales agreement dated 7 November 2017, the Group agreed to sell vehicle engines, transmissions and related after-sales parts manufactured by it to LYNK & CO and its subsidiaries and the Geely Holding Group with the largest annual cap being RMB15,661,070,000 for the three years ending 31 December 2020.

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

The Shareholders' meeting in respect of the aforesaid powertrain sales agreement was held on 27 December 2017 and the powertrain sales agreement was duly approved by the then Independent Shareholders.

LYNK & CO finance cooperation agreement among 吉致汽車金融有限公司 (Genius Auto Finance Co., Ltd*) ("Genius AFC") and 領克汽車銷售有限公司 (LYNK & CO Auto Sales Company Limited*) (the LYNK & CO finance cooperation agreement has an effective term until 31 December 2020)

- *Wholesale facility agreements between Genius AFC and the LYNK & CO Dealers (as defined in the circular of the Company dated 8 December 2017) (the wholesale facility agreements have an effective term until 31 December 2020)*

Pursuant to the LYNK & CO finance cooperation agreement dated 3 November 2017, Genius AFC agreed to enter into wholesale facility agreements with the LYNK & CO Dealers to provide vehicle financing to the LYNK & CO Dealers to facilitate their purchase of LYNK & CO-branded vehicles with the largest annual cap being RMB24,450 million for the three years ending 31 December 2020.

- *Retail loan cooperation agreements between Genius AFC and the LYNK & CO Dealers (the retail loan cooperation agreements have an effective term until 31 December 2020)*

Pursuant to the LYNK & CO finance cooperation agreement dated 3 November 2017, Genius AFC agreed to enter into retail loan cooperation agreements with the LYNK & CO Dealers pursuant to which the LYNK & CO Dealers shall recommend the retail consumers to use Genius AFC for the obtaining of vehicle loans to finance their purchase of LYNK & CO-branded vehicles with the largest annual cap being RMB23,295 million for the three years ending 31 December 2020.

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

The Shareholders' meeting in respect of the aforesaid LYNK & CO finance cooperation agreement was held on 27 December 2017 and the LYNK & CO finance cooperation agreement was duly approved by the then Independent Shareholders.

Loan guarantee agreement between the Company and Geely Holding (the loan guarantee agreement has an effective term until 31 December 2018)

Pursuant to the loan guarantee agreement dated 13 November 2015, the Group agreed to provide guarantees (including the pledge of certain lands, buildings and facilities of the Group) on loans obtained or to be obtained by the Geely Holding Group on behalf of the Group's subsidiaries in relation to the manufacture and research and development of sedans of the Group with the largest annual cap being RMB1,500,000,000 for the three years ending 31 December 2018.

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

The Shareholders' meeting in respect of the aforesaid loan guarantee agreement was held on 30 December 2015 and the loan guarantee agreement was duly approved by the then Independent Shareholders.

Electric vehicle agreement and the supplemental electric vehicle agreement between the Company and Geely Holding (the electric vehicle agreement and the supplemental electric vehicle agreement have an effective term until 31 December 2018)

Pursuant to the electric vehicle agreement dated 13 November 2015 and the supplemental electric vehicle agreement dated 5 October 2016, the Group agreed to sell the CBUs for electric vehicles to the Geely Holding Group in accordance with the product and service specifications set out in the electric vehicle agreement with the largest annual cap being RMB9,487,180,000 for the three years ending 31 December 2018.

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

The Shareholders' meetings in respect of the aforesaid electric vehicle agreement and the supplemental electric vehicle agreement were held on 30 December 2015 and 28 November 2016, respectively, and the electric vehicle agreement and the supplemental electric vehicle agreement were duly approved by the then Independent Shareholders.

Information technology services agreement between the Company and Geely Holding (the information technology services agreement has an effective term until 31 December 2018)

Pursuant to the information technology services agreement dated 13 November 2015, the Geely Holding Group agreed to provide certain information technology services to the Group with the largest annual cap being RMB70,827,000 for the three years ending 31 December 2018.

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

Business travel services agreement between the Company and Geely Holding (the business travel services agreement has an effective term until 31 December 2018)

Pursuant to the business travel services agreement dated 13 November 2015, the Geely Holding Group agreed to provide business travel and related services to the Group with the largest annual cap being RMB126,732,000 for the three years ending 31 December 2018.

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

Volvo finance cooperation agreement among Genius AFC, Volvo Car Distribution (Shanghai) Co., Ltd. and 中嘉汽車製造(上海)有限公司 (Zhongjia Automobile Manufacturing (Shanghai) Company Limited*) (currently renamed as 沃爾沃汽車(亞太)投資控股有限公司 (Volvo Car (Asia Pacific) Investment Holding Co., Ltd.)) (the Volvo finance cooperation agreements have an effective term until 31 December 2018)

- *Wholesale facility agreements between Genius AFC and the Volvo Dealers (as defined in the circular of the Company dated 28 January 2016) (the wholesale facility agreements have an effective term until 31 December 2018)*

Pursuant to the Volvo finance cooperation agreement dated 11 December 2015, Genius AFC agreed to enter into wholesale facility agreements with the Volvo Dealers to provide vehicle financing to the Volvo Dealers to facilitate their purchase of Volvo-branded vehicles with the largest annual cap being RMB49,000 million for the three years ending 31 December 2018.

- *Retail loan cooperation agreements between Genius AFC and the Volvo Dealers (the retail loan cooperation agreements have an effective term until 31 December 2018)*

Pursuant to the Volvo finance cooperation agreement dated 11 December 2015, Genius AFC agreed to enter into retail loan cooperation agreements with the Volvo Dealers pursuant to which the Volvo Dealers shall recommend the retail consumers to use Genius AFC for obtaining vehicle loans to finance their purchase of Volvo-branded vehicles with the largest annual cap being RMB11,000 million for the three years ending 31 December 2018.

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

The Shareholders' meeting in respect of the aforesaid Volvo finance cooperation agreement was held on 18 February 2016 and the Volvo finance cooperation agreement was duly approved by the then Independent Shareholders.

Kandi automobile parts supply agreement between the Company and 康迪電動汽車集團有限公司 (Kandi Electric Vehicles Group Co., Ltd.*) (the "Kandi JV") (the Kandi automobile parts supply agreement has an effective term until 31 December 2018)

Pursuant to the Kandi automobile parts supply agreement dated 25 July 2016, the Group agreed to sell automobile parts and components to the Kandi JV with the largest annual cap being RMB317,991,000 for the three years ending 31 December 2018.

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

Electric vehicle CKD supply agreement between the Company and Geely Holding (the electric vehicle CKD supply agreement has an effective term until 31 December 2018)

Pursuant to the electric vehicle CKD supply agreement dated 25 July 2016, the Group agreed to sell to the Geely Holding Group electric vehicle CKDs in accordance with the product specifications set out in the electric vehicle CKD supply agreement with the largest annual cap being RMB1,185,914,000 for the three years ending 31 December 2018.

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

(d) Director's service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited accounts of the Company have been made up.

6. QUALIFICATION OF EXPERTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Dakin Capital Limited	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	an independent professional property valuer

As at the Latest Practicable Date, each of Dakin Capital Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2017, the date to which the latest audited financial statements of the Group was made up; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group during the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the disposal agreement dated 4 August 2017 entered into amongst 浙江福林國潤汽車零部件有限公司 (Zhejiang Fulin Guorun Automobile Parts & Components Company Limited*) (“**Fulin Guorun**”), an indirect wholly owned subsidiary of the Company, and Centurion Industries Limited (“**Centurion**”), a direct wholly owned subsidiary of the Company, and Zhejiang Haoqing pursuant to which Fulin Guorun and Centurion agreed to dispose of and Zhejiang Haoqing agreed to acquire the 99% equity interests in 浙江金剛汽車有限公司 (Zhejiang Kingkong Automobile Company Limited*) for an aggregate cash consideration of RMB1,241,686,840;
- (ii) the joint venture agreement dated 4 August 2017 entered into amongst Zhejiang Jirun, Zhejiang Haoqing and 沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Company Limited*) (“**VCI**”) pursuant to which they agreed to form a joint venture, namely LYNK & CO, to engage in the manufacturing and sale of vehicles under the LYNK & CO-brand, and the provision of after-sale services relating thereto. Pursuant to such joint venture agreement, LYNK & CO is owned as to 50% by Zhejiang Jirun, as to 20% by Zhejiang Haoqing and as to 30% by VCI. The registered capital of the LYNK & CO was RMB7,500,000,000, which was contributed by Zhejiang Jirun, Zhejiang Haoqing and VCI in cash in proportion to their respective equity interests in the LYNK & CO;
- (iii) the disposal agreement dated 26 October 2017 entered into between Zhejiang Jirun and LYNK & CO pursuant to which Zhejiang Jirun agreed to dispose of the entire equity interests in 領克汽車銷售有限公司 (LYNK & CO Auto Sales Company Limited*), to LYNK & CO for a cash consideration of RMB100,000,000;
- (iv) the acquisition agreement dated 7 November 2017 entered into between 浙江吉利羅佑發動機有限公司 (Zhejiang Geely Luoyou Engine Company Limited*) (“**Zhejiang Luoyou**”) and Zhejiang Geely pursuant to which Zhejiang Luoyou agreed to acquire and Zhejiang Geely agreed to sell the entire issued share capital of 寶雞吉利發動機有限公司 (Baoji Geely Engine Company Limited*) for a cash consideration of RMB345,100,000;
- (v) the acquisition agreement dated 7 November 2017 entered into amongst Geely Luoyou, Zhejiang Geely and Shanghai Maple pursuant to which Geely Luoyou agreed to acquire, and Zhejiang Geely and Shanghai Maple agreed to sell the entire issued share capital of 浙江義利汽車零部件有限公司 (Zhejiang Yili Automobile Components Company Limited*) for a cash consideration of RMB495,000,000;

- (vi) the acquisition agreement dated 7 November 2017 entered into between Geely Luoyou and Geely Holding pursuant to which Geely Luoyou agreed to acquire and Geely Holding agreed to sell the entire issued share capital of 寧波上中下自動變速器有限公司 (Ningbo Shangzhongxia Automatic Transmission Company Limited*) for a cash consideration of RMB993,100,000;
- (vii) the joint venture agreement dated 24 April 2018 entered into between Zhejiang Luoyou and AISIN AW Co., Ltd. (愛信AW株式會社* or “AISIN AW”) pursuant to which they agreed to form a joint venture to principally engage in the manufacture and sales of front-wheel drive 6-speed automatic transmissions and related parts and components. Pursuant to such joint venture agreement, the registered capital of the joint venture is US\$117,000,000 (equivalent to RMB733,590,000), and is contributed as to 40% (US\$46,800,000 or equivalent to RMB293,436,000) in cash by Zhejiang Luoyou and as to 60% (US\$70,200,000 or equivalent to RMB440,154,000) in cash by AISIN AW;
- (viii) the acquisition agreement dated 18 July 2018 entered into between Zhejiang Jirun and Hangzhou Components pursuant to which Zhejiang Jirun conditionally agreed to acquire and Hangzhou Components conditionally agreed to sell the entire issued share capital of 杭州吉利汽車有限公司 (Hangzhou Geely Automobile Company Limited*) for a cash consideration of RMB930,620,464.36;
- (ix) the acquisition agreement dated 18 July 2018 entered into between Zhejiang Jirun and Guizhou New Energy pursuant to which Zhejiang Jirun conditionally agreed to acquire and Guizhou New Energy conditionally agreed to sell the entire issued share capital of 貴州吉利汽車部件有限公司 (Guizhou Geely Automobile Components Company Limited*) for a cash consideration of RMB1,074,308,970.43; and
- (x) the acquisition agreement dated 18 July 2018 entered into between Zhejiang Jirun and Zhejiang Geely pursuant to which Zhejiang Jirun conditionally agreed to acquire and Zhejiang Geely conditionally agreed to sell the entire issued share capital of 寧波吉潤汽車部件有限公司 (Ningbo Jirun Automobile Components Company Limited*) for a cash consideration of RMB1,169,398,629.60.

8. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Mr. Cheung Chung Yan, David, a fellow member of the Association of Chartered Certified Accountants.
- (c) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM on Tuesday, 4 September 2018:

- (a) The copies of Acquisition Agreements;
- (b) the memorandum and articles of association of the Company;
- (c) the audited consolidated financial statements of the Group for the financial years ended 31 December 2016 and 31 December 2017;
- (d) the contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (e) the letter from the Independent Board Committee;
- (f) the letter from Independent Financial Adviser;
- (g) the valuation report on the DJD Properties, the GY Properties and the DMA Properties issued by JLL as set out in Appendix I of this circular;
- (h) the written consents from Dakin Capital Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited referred to in the paragraph headed "Qualification of experts" in this appendix; and
- (i) this circular.

NOTICE OF EGM

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Geely Automobile Holdings Limited (the “**Company**”) will be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Tuesday, 4 September 2018 at 5:00 p.m. or at any adjustment thereof for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

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

1. “**THAT:**

the conditional sale and purchase agreement dated 18 July 2018 (the “**DJD Acquisition Agreement**”) entered into between 浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited), an indirect 99% owned subsidiary of the Company, as purchaser and 杭州吉利汽車部件有限公司 (Hangzhou Geely Automobile Components Company Limited), as vendor in relation to the acquisition of the entire registered capital of 杭州吉利汽車有限公司 (Hangzhou Geely Automobile Company Limited), (a copy of which is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one or more directors of the Company be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

2. “**THAT:**

The conditional sale and purchase agreement dated 18 July 2018 (the “**GY Acquisition Agreement**”) entered into between 浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited), an indirect 99% owned subsidiary of the Company, as purchaser and 貴州吉利新能源汽車有限公司 (Guizhou Geely New Energy Automobile Company Limited), as vendor in relation to the acquisition of the entire registered capital of 貴州吉利汽車部件有限公司 (Guizhou Geely Automobile Components Company Limited), (a copy of which is tabled at the meeting and marked “**B**” and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one or more directors of the Company be and is/are hereby

NOTICE OF EGM

authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”; and

3. **“THAT:**

the conditional sale and purchase agreement dated 18 July 2018 (the **“DMA Acquisition Agreement”**) entered into between 浙江吉潤汽車有限公司 (Zhejiang Jirun Automobile Company Limited), an indirect 99% owned subsidiary of the Company, as purchaser and 浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited), as vendor in relation to the acquisition of the entire registered capital of 寧波吉潤汽車部件有限公司 (Ningbo Jirun Automobile Components Company Limited), (a copy of which is tabled at the meeting and marked **“C”** and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one or more directors of the Company be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

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

Hong Kong, 16 August 2018

Notes:

- (1) Any shareholder of the Company (the **“Shareholder”**) entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) In order to be valid, a proxy form in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited at the Company’s Hong Kong share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (3) In case of joint shareholdings, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

As at the date of this notice, the executive directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Yang Jian (Vice Chairman), Mr. Li Dong Hui, Daniel (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence and Ms. Wei Mei, the non-executive

NOTICE OF EGM

director of the Company is Mr. Carl Peter Edmund Moriz Forster and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dennis, Mr. Yeung Sau Hung, Alex, Mr. An Qing Heng and Mr. Wang Yang.