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GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

**(I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS;
(II) EXEMPTED CONTINUING CONNECTED TRANSACTIONS;
AND
(III) EXEMPTED CONNECTED TRANSACTIONS**

Financial Adviser to Geely Automobile Holdings Limited



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

BALLAS

C A P I T A L

A subsidiary of Crosby

(I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) Automobile Components Sales and Purchase Agreement

References are made to (i) the Company's announcement dated 2 July 2021 in relation to the Automobile Components Sales Agreement; (ii) the Company's announcement dated 15 October 2021 in relation to the Automobile Components Procurement Agreement; and (iii) the Company's announcements dated 2 July 2021 and 9 September 2022 in relation to the ZEEKR Automobile Components Procurement Agreement and the ZEEKR Supplemental Automobile Components Procurement Agreement, respectively.

In light of (i) the annual cap under the Automobile Components Procurement Agreement for the year ending 31 December 2023 is expected to be exceeded due to the increase in demand for Geely brand vehicles; and (ii) the upcoming expiry of the existing master agreements in relation to the sales and purchase of automobile components, on 15 September 2023 (after

trading hours), the Company, Geely Holding, LYNK & CO and ZEEKR entered into the Automobile Components Sales and Purchase Agreement to streamline the continuing connected transactions in relation to the sale and purchase of automobile components for a term from the effective date of the agreement to 31 December 2024. Pursuant to the Automobile Components Sales and Purchase Agreement, the Group (i) conditionally agreed to sell automobile components to the Geely Holding Group and the LYNK & CO Group; and (ii) conditionally agreed to purchase automobile components from the Geely Holding Group and the ZEEKR Group. The Existing Automobile Components Sales and Procurement Agreements will be terminated upon the Automobile Components Sales and Purchase Agreement becoming effective.

The proposed annual caps for the sale of automobile components by the Group under the Automobile Components Sales and Purchase Agreement are approximately RMB14,874.1 million and RMB17,645.2 million, respectively for the two years ending 31 December 2024. The proposed annual caps for the purchase of automobile components by the Group under the Automobile Components Sales and Purchase Agreement are approximately RMB17,691.2 million and RMB38,358.6 million, respectively for the two years ending 31 December 2024.

(B) CBUs and CKDs Procurement Cooperation Agreement

References are made to the Company's announcements dated 4 November 2020 and 15 October 2021 in relation to the Existing Master CKDs and Automobile Components Purchase Agreement and the Supplemental Master CKDs and Automobile Components Purchase Agreement, respectively, both of which will expire on 31 December 2023.

In light of the upcoming expiry of the aforesaid agreements, on 15 September 2023 (after trading hours), the Company and Geely Holding entered into the CBUs and CKDs Procurement Cooperation Agreement for a term of three years from 1 January 2024 to 31 December 2026, pursuant to which the Group conditionally agreed to purchase the CBUs and CKDs that are mainly used for the ZEEKR brand vehicles from the Geely Holding Group. The Geely Holding Group is designated by the Group as a partner in manufacturing of the CBUs and CKDs, mainly under the ZEEKR brand.

The proposed annual caps for the purchase of the CBUs and CKDs by the Group under the CBUs and CKDs Procurement Cooperation Agreement are approximately RMB70,380.0 million, RMB116,082.7 million and RMB154,897.7 million, respectively, for the three years ending 31 December 2026.

(C) R&D Services and Technology Licensing Agreement

In light of the upcoming expiry of the Existing R&D Services and Technology Licensing Agreement, on 15 September 2023 (after trading hours), the Company, Geely Holding, LYNK & CO, ZEEKR, Lotus Technology, Polestar AB, Polestar China, JIDU, LEVC and smart entered into the R&D Services and Technology Licensing Agreement, pursuant to which (i) the Group conditionally agreed to provide to the Geely Holding and Related Party Groups the R&D and related technological support services, including the R&D for automobiles and key automobile parts, technical verification and testing, technical consultation services, technical support services, technology licensing, etc.; and (ii) the Group conditionally agreed to procure from the Geely Holding Group and the ZEEKR Group the R&D and related technological support services, including the R&D of the NEV technologies and intelligent drive technologies, technical verification and testing, technical consultation services, technical support services and technology licensing, etc. for a term from 1 January 2024 to 31 December 2026.

The proposed annual caps for the R&D service and licensing fees receivable by the Group under the R&D Services and Technology Licensing Agreement are approximately RMB12,601.4 million, RMB9,845.7 million and RMB8,243.8 million, respectively, for the three years ending 31 December 2026.

The proposed annual caps for the R&D service and licensing fees payable by the Group under the R&D Services and Technology Licensing Agreement are approximately RMB1,891.3 million, RMB2,413.1 million and RMB2,468.7 million, respectively, for the three years ending 31 December 2026.

(D) Automobile Financing Arrangements

In light of the upcoming expiry of the Existing Finance Cooperation Agreements, on 15 September 2023 (after trading hours), Genius AFC respectively entered into (i) the LYNK & CO Finance Cooperation Agreement with LYNK & CO Sales; (ii) ZEEKR Finance Cooperation Agreement with ZEEKR; (iii) the Geely Holding Finance Cooperation Agreement with Geely Holding; and (iv) the smart Finance Cooperation Agreement with smart Sales. Also, on the same date, Genius AFC entered into the Lotus Finance Cooperation Agreement with Lotus Sales.

The aggregated annual caps for the Wholesale Financing are approximately RMB581.6 million, RMB845.5 million and RMB1,139.3 million, respectively, for the three years ending 31 December 2026.

The aggregated annual caps for the Retail Financing are approximately RMB14,021.3 million, RMB20,106.9 million and RMB23,734.9 million, respectively, for the three years ending 31 December 2026.

(II) EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Powertrain Sales Agreement

References are made to (i) the Company's announcement dated 4 November 2020 in relation to the Existing Powertrain Sales Agreement, pursuant to which the Group conditionally agreed to sell Powertrain Products to the Geely Holding Group and the LYNK & CO Group; and (ii) the Company's announcement dated 11 July 2023 (the "**July 2023 Announcement**") in relation to the Powertrain Purchase Agreement, pursuant to which the Group conditionally agreed to purchase the Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group.

The Group currently sells Powertrain Products to the Geely Holding Group and the LYNK & CO Group under the Existing Powertrain Sales Agreement. As disclosed in the July 2023 Announcement, the Group will purchase the Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group commencing on the closing of the Transaction (as defined in the July 2023 Announcement) or 1 January 2024 (whichever is later). Upon the commencement of the Powertrain Purchase Agreement, the Geely Holding Group and the LYNK & CO Group will purchase Powertrain Products from the JV Company Group instead of from the Group. Meanwhile, the Group will discontinue the sale of Powertrain Products to the Geely Holding Group and the LYNK & CO Group. As such, the continuing connected transactions in relation to the sale of Powertrain Products to the Geely Holding Group and the LYNK & CO Group by the Group will be terminated upon the commencement of the transactions contemplated under the Powertrain Purchase Agreement.

Considering that the commencement date of the transactions contemplated under the Powertrain Purchase Agreement is not yet confirmed as at the date of this announcement, on 15 September 2023 (after trading hours), the Company, Geely Holding and LYNK & CO entered into a one-year Powertrain Sales Agreement to ensure the stable supply of Powertrain Products during the transitional period from 1 January 2024 to 31 December 2024. The Powertrain Sales Agreement will be terminated upon the commencement of the transactions contemplated under the Powertrain Purchase Agreement.

The proposed annual cap for the sale of Powertrain Products by the Group under the Powertrain Sales Agreement is approximately RMB1,960.9 million for the year ending 31 December 2024.

(III) EXEMPTED CONNECTED TRANSACTIONS

Assets Transfer Agreement

On 15 September 2023 (after trading hours), the Company and Geely Holding entered into the Assets Transfer Agreement, pursuant to which (i) the Group agreed to purchase Target Assets I from the Geely Holding Group for a maximum cash consideration of approximately RMB508.5 million; and (ii) the Group agreed to sell Target Assets II to the Geely Holding Group for a maximum cash consideration of approximately RMB168.4 million.

IMPLICATIONS UNDER THE LISTING RULES

(a) Non-exempt Continuing Connected Transactions

Automobile Components Sales and Purchase Agreement, CBUs and CKDs Procurement Cooperation Agreement and R&D Services and Technology Licensing Agreement

As at the date of this announcement, Geely Holding is a substantial shareholder of the Company holding 4,019,391,000 Shares, representing approximately 40% of the total issued share capital of the Company. As such, Geely Holding is a connected person of the Company under the Listing Rules. LYNK & CO is owned as to 50%, 20% and 30% by Ningbo Geely, Geely Holding and VCI, respectively. VCI is an indirect non wholly-owned subsidiary of Geely Holding. As such, LYNK & CO is an associate of Geely Holding and a connected person of the Company under the Listing Rules. ZEEKR is owned as to approximately 54.7% (on an as-converted basis) and approximately 51.3% (on a fully-diluted and as-converted basis) by the Company, and is owned as to approximately 13.2% (on an as-converted basis) and approximately 12.4% (on a fully-diluted and as-converted basis) by Geely Holding. Therefore, ZEEKR is a connected subsidiary of the Company under the Listing Rules.

Lotus Technology is indirectly owned as to more than 30% by Mr. Li and his associate. As such, Lotus Technology is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Each of Polestar AB and Polestar China is indirectly owned as to 48.3% by Geely Holding and as to 39.2% by Mr. Li. As such, Polestar AB and Polestar China are associates of Geely Holding and Mr. Li and connected persons of the Company under the Listing Rules. JIDU is owned as to 40.26% by Geely Holding. As such, JIDU is an associate of Geely Holding and a connected person of the Company under the Listing Rules. LEVC is owned as to 50% by Geely Holding and 50% by Geely Ningbo, which is in turn wholly-owned by Mr. Li and his associate. As such, LEVC is a connected person of the Company under the Listing Rules. smart is ultimately owned as to 50% by Mr. Li and his associates and as to 50% by an independent third party. As such, smart is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

The transactions contemplated under the Automobile Components Sales and Purchase Agreement, the CBUs and CKDs Procurement Cooperation Agreement and the R&D Services and Technology Licensing Agreement constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios of the proposed annual caps for each of (i) the Automobile Components Sales and Purchase Agreement; (ii) the CBUs and CKDs Procurement Cooperation Agreement; and (iii) the R&D Services and Technology Licensing Agreement exceed 5% on an annual basis, the transactions contemplated under each of the aforesaid agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Automobile Financing Arrangements

As at the date of this announcement, (i) LYNK & CO Sales is a wholly-owned subsidiary of LYNK & CO and as such, LNNK & CO Sale is an associate of Geely Holding and a connected person of the Company under the Listing Rules; (ii) smart Sales is a wholly-owned subsidiary of smart and as such, smart Sales is an associate of Mr. Li and a connected person of the Company under the Listing Rules; and (iii) Lotus Sales is indirectly owned as to more than 30% by Mr. Li and his associate and as such, Lotus Sales is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

Under the automobile financing arrangements, Genius AFC will provide financing services to different parties, including but not limited to the dealers, after-sales service providers, other sellers or retail customers who will purchase vehicles or auto accessories or services from the vehicle brands of LYNK & CO, ZEEKR, Geely Holding, Geely, smart and Lotus during the term of the Finance Cooperation Agreements. The respective transactions with Genius AFC are deemed to be connected transactions of the Company under Rule 14A.23 of the Listing Rules on the grounds that the dealers, after-sales service providers, other sellers or retail customers will use the financing provided by Genius AFC to purchase vehicles or auto accessories or services from the connected persons of the Company. On the other hand, since the Connected Geely Dealers are connected persons of the Company, transactions between Genius AFC and the Connected Geely Dealers contemplated under the Geely Holding Finance Cooperation Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps of the continuing connected transactions contemplated under the Finance Cooperation Agreements, exceed(s) 5% on an aggregated and annual basis, the continuing connected transactions contemplated under the Finance Cooperation Agreements are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(b) Exempted Continuing Connected Transactions

As Geely Holding is a connected person of the Company, the transactions contemplated under the Powertrain Sales Agreement constitutes continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the proposed annual cap under the Powertrain Sales Agreement on an annual basis are over 0.1% but less than 5%, the transactions contemplated under the Powertrain Sales Agreement are subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(c) Exempted Connected Transactions

As Geely Holding is a connected person of the Company, the transactions contemplated under the Assets Transfer Agreement constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transfers of Target Assets I and Target Assets II contemplated under the Assets Transfer Agreement, are over 0.1% but less than 5%, respectively, the transactions contemplated under the Assets Transfer Agreement are subject to the reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

Mr. Li and Mr. Li Dong Hui, Daniel, each an executive Director, are considered to be interested in the Non-exempt Continuing Connected Transactions, the Exempted Continuing Connected Transactions, and the Exempted Connected Transactions by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li and Mr. Li Dong Hui, Daniel has abstained from voting on the Board resolutions for approving the Non-exempt Continuing Connected Transactions, the Exempted Continuing Connected Transactions and the Exempted Connected Transactions.

In addition, Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei and Mr. Gan Jia Yue, each an executive Director, are considered to be interested in the Automobile Components Sales and Purchase Agreement, the R&D Services and Technology Licensing Agreement and the ZEEKR Finance Cooperation Agreement by virtue of their interests in ZEEKR. As a result, each of Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei and Mr. Gan Jia Yue has abstained from voting on the Board resolutions for approving the Automobile Components Sales and Purchase Agreement, the R&D Services and Technology Licensing Agreement and the ZEEKR Finance Cooperation Agreement.

The Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Non-Exempt Continuing Connected Transactions. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Non-Exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

A circular containing, among other things, (i) further information of the Non-Exempt Continuing Connected Transactions; (ii) the recommendation of the Independent Board Committee in respect of the Non-Exempt Continuing Connected Transactions; (iii) the advice of the Independent Financial Adviser on the Non-Exempt Continuing Connected Transactions; and (iv) other information as required under the Listing Rules together with the notice of the EGM, will be despatched to the Shareholders on or before 31 October 2023 (which is more than 15 business days after the publication of this announcement) after taking into account the time required for preparing and gathering the relevant information to be contained in the circular.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) Automobile Components Sales and Purchase Agreement

References are made to (i) the Company's announcement dated 2 July 2021 in relation to the Automobile Components Sales Agreement; (ii) the Company's announcement dated 15 October 2021 in relation to the Automobile Components Procurement Agreement; and (iii) the Company's announcements dated 2 July 2021 and 9 September 2022 in relation to the ZEEKR Automobile Components Procurement Agreement and the ZEEKR Supplemental Automobile Components Procurement Agreement, respectively.

In light of (i) the annual cap under the Automobile Components Procurement Agreement for the year ending 31 December 2023 is expected to be exceeded due to the increase in demand for Geely brand vehicles; and (ii) upcoming expiry of the existing master agreements in relation to the sales and purchase of automobile components, on 15 September 2023 (after trading hours), the Company, Geely Holding, LYNK & CO and ZEEKR entered into the Automobile Components Sales and Purchase Agreement to streamline the continuing connected transactions in relation to the sale and purchase of automobile components for a term from the effective date of the agreement to 31 December 2024.

Subject matter

Pursuant to the Automobile Components Sales and Purchase Agreement, the Group conditionally agreed to (i) sell automobile components to the Geely Holding Group and the LYNK & CO Group; and (ii) purchase automobile components for mainly use in Geely brand vehicles, smart brand vehicles from the Geely Holding Group and the ZEEKR Group.

The automobile components to be sold by the Group are distinct from the automobile components to be purchased by the Group under the Automobile Components Sales and Purchase Agreement. The automobile components to be sold by the Group mainly consist of battery products, including battery packs, electric drives, chargers, etc. The automobile components to be purchased by the Group mainly include auto parts such as electronic control system products, display screens, seats and battery products. The battery products to be sold by the Group will be mainly used in Volvo brand vehicles, LYNK & CO brand vehicles and ZEEKR brand vehicles, whereas the battery products to be purchased by the Group will be mainly used in Geely brand vehicles and smart brand vehicles.

The sales and purchase of automobile components by the Group, the Geely Holding Group, the LYNK & CO Group and the ZEEKR Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than those offered to the Group by other independent third parties.

Term

The Automobile Components Sales and Purchase Agreement has a term from the effective date of the agreement to 31 December 2024.

Condition precedent to the Automobile Components Sales and Purchase Agreement

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

If the above condition has not been fulfilled on or before 31 December 2023 (or such later date as the parties may agree in writing), the Automobile Components Sales and Purchase Agreement will lapse and all the obligations and liabilities of the parties under the agreement will cease and terminate.

Pricing basis

The pricing basis will be determined on an arm's length basis and on normal commercial terms. For the sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group, the selling price of the automobile components will be determined with reference to the prevailing market price of similar products.

For the purchase of automobile components by the Group where such automobile components are procured by the Geely Holding Group or the ZEEKR Group from other suppliers for onward selling to the Group, the selling price will be based on the actual costs incurred by the Geely Holding Group or the ZEEKR Group in procuring such automobile components. For automobile components that are manufactured by the Geely Holding Group or the ZEEKR Group, the selling price will be based on the prevailing market price of similar products. If such market

price is not available, the selling price will be calculated on a cost-plus basis according to the actual manufacturing costs (including related taxes) plus an agreed margin rate which is within the lower quartile and upper quartile of the three-year weighted average cost-plus-margin of the comparable companies as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification. The margin rate will be revised and adjusted on an annual or as-needed basis by the relevant parties taking into account the fact that the margin rate of comparable companies may change over time.

Historical transaction amounts and proposal annual caps

The table below sets out (i) the historical transaction amounts for the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for sales and purchase of automobile components under each of the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Automobile Components Procurement Agreement for the three years ending 31 December 2023.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Announced annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)	<i>RMB million</i> (Unaudited)	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Sale of automobile components by the Group under the Automobile Components Sales Agreement	642.0	11,011.6	7,582.2	1,398.2	13,750.9	24,644.7
Utilisation rate of annual caps				45.9%	80.1%	30.8% ^(Note)
Procurement of automobile components by the Group under the Automobile Components Procurement Agreement	868.7	4,575.6	3,141.1	33,591.6	6,779.3	7,930.1
Utilisation rate of annual caps				2.6%	67.5%	39.6% ^(Note)
Procurement of automobile components under the ZEEKR Automobile Components Procurement Agreement	328.9	1,910.9	1,287.7	628.1	3,749.4	3,941.6
Utilisation rate of annual caps				52.4%	51.0%	32.7% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the announced annual cap for the full financial year ending 31 December 2023.

The relatively low utilisation rate of the annual cap for the sale of automobile components by the Group to the Geely Holding Group under the Automobile Components Sales Agreement in 2021 was due to the fact that the term of the agreement only commenced in the second half of 2021. The utilisation rate ramped up in 2022 but decreased to a lower level for the six months ended 30 June 2023 due to lower-than-expected sales volume in the first half of 2023.

The relatively low utilisation rate of the annual cap for the purchase of automobile components by the Group under the Automobile Components Procurement Agreement in 2021 when compared with 2022 was due to the Group purchasing most of the automobile parts and components under such agreement from independent third party suppliers in 2021.

Proposed annual caps

The table below sets out the proposed annual caps for the sale and purchase of automobile components by the Group under the Automobile Components Sales and Purchase Agreement for the two years ending 31 December 2024.

	Proposed annual caps for the year ending 31 December	
	2023	2024
	<i>RMB million</i>	<i>RMB million</i>
Sale of automobile components by the Group	14,874.1	17,645.2
Purchase of automobile components by the Group	17,691.2	38,358.6

Basis of determination of the proposed annual caps

The proposed annual caps for the sale of automobile components by the Group to the Geely Holding Group and the LYNK & CO Group were determined with reference to (i) the projected units of each model of automobile components for use in the LYNK & CO brand vehicles, the ZEEKR brand vehicles and the Geely Holding-owned brand vehicles for the two years ending 31 December 2024; (ii) the projected unit sales of the LYNK & CO brand vehicles, the ZEEKR brand vehicles and the Geely Holding-owned brand vehicles which are manufactured with the aforesaid automobile components for the two years ending 31 December 2024; and (iii) the estimated unit selling price for each type of automobile components which are determined with reference to the historical price and/or the prevailing market price of similar products for the two years ending 31 December 2024.

The proposed annual caps for the purchase of automobile components by the Group from the Geely Holding Group and the ZEEKR Group were determined with reference to (i) the projected number of units of each type of automobile components for use in the Geely brand vehicles, and the smart brand vehicles; (ii) the projected purchase price for each type of automobile components with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; and (iii) the margin rate which is within the lower quartile and upper quartile of the three-year weighted average cost-plus-margin of the comparable companies as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification for the sole purpose of calculating the annual cap amounts.

The increase in the proposed annual caps for the purchase of automobile components by the Group for the two years ending 31 December 2024 as compared with the historical transaction amount for the year ended 31 December 2022 and the announced annual cap for the year ending 31 December 2023 is due to the expected increase in demand for automobile components such as batteries and components for charging station for use in the Geely brand vehicles. The proposed annual cap for the purchase of automobile components by the Group continues to surge in 2024 as a result of the ongoing electrification efforts in the PRC.

The decrease in the proposed annual caps for the sale of automobile components by the Group for the two years ending 31 December 2024 as compared with the announced annual cap for the year ending 31 December 2023 is due to the lower demand for automobile components to be used by the Geely Holding Group.

The Directors (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) are of the view that the proposed annual caps under the Automobile Components Sales and Purchase Agreement for the two years ending 31 December 2024 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Reasons for and Benefits of Entering into the Automobile Components Sales and Purchase Agreement

Prior to entering into the Automobile Components Sales and Purchase Agreement, the Group had continuing connected transactions with the Geely Holding Group, the LYNK & CO Group and the ZEEKR Group in respect of (i) the sales of automobile components by the Group for the onward assembling of the ZEEKR brand vehicles and the LYNK & CO brand vehicles pursuant to the Automobile Components Sales Agreement; and (ii) the procurement of automobile components by the Group for mainly use in the Geely brand vehicles and the smart brand vehicles under the Automobile Components Procurement Agreement and the ZEEKR Automobile Components Procurement Agreement.

By entering into the Automobile Components Sales and Purchase Agreement, the Company aims to streamline the continuing connected transactions in relation to the sales and purchase of automobile components and therefore reduce the number of continuing connected transactions agreements. Meanwhile, the Group seeks to secure a stable and reliable source of raw materials for manufacturing automobile components (including electric batteries) by leveraging on its longstanding relationships with the Geely Holding Group, the LYNK & CO Group and the ZEEKR Group. The Automobile Components Sales and Purchase Agreement will facilitate the manufacturing of the Geely brand vehicles, the ZEEKR brand vehicles and the LYNK & CO brand vehicles.

Having considered the foregoing, the Directors (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) are of the view that the Automobile Components Sales and Purchase Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps of the Automobile Components Sales and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Internal Control Measures in relation to Pricing for Automobile Components Sales and Purchase Agreement

For the sale of automobile components to the Geely Holding Group and the LYNK & CO Group, the Group will determine the selling price with reference to the prevailing market price of similar products. The Group will obtain price information of similar products on best effort basis for comparison in order to determine the selling price of the automobile components.

For the purchase of automobile components from the Geely Holding Group and the ZEEKR Group (collectively, the “**Suppliers Group**”), if such automobile components are manufactured by the Suppliers Group, the Group will (i) obtain quotation of similar products from one or two independent third-party supplier(s) or (ii) will obtain price information from publicly available source to compare the prices offered by the Suppliers Group. The Group and the Suppliers Group will negotiate the terms of such transactions to ensure that the prices properly reflect the level of market prices of the automobile components in such transactions. If such automobile components are procured by the Suppliers Group from other suppliers for onward selling to the Group, the Group and the Suppliers Group will review the cost components on an annual basis to ensure that the prices properly reflect the level of actual costs incurred by those parties in such transactions.

The internal audit department of the Group will also conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to confirm whether the internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on the continuing connected transactions annually and confirm whether the transactions have been entered into in the

ordinary and usual course of business of the Group; on normal commercial terms or better; and whether the transactions are carried out according to the principal terms of the agreements and are in the interests of the Company and the Shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

(B) CBUs and CKDs Procurement Cooperation Agreement

References are made to the Company's announcements dated 4 November 2020 and 15 October 2021 in relation to the Existing Master CKDs and Automobile Components Purchase Agreement and the Supplemental Master CKDs and Automobile Components Purchase Agreement, respectively, all of which will expire on 31 December 2023.

In light of the upcoming expiry of the aforesaid agreements, on 15 September 2023 (after trading hours), the Company and Geely Holding entered into the CBUs and CKDs Procurement Cooperation Agreement.

Subject matter

Pursuant to the CBUs and CKDs Procurement Cooperation Agreement, the Group conditionally agreed to purchase the CBUs and CKDs that are mainly used for ZEERK brand vehicles from the Geely Holding Group. The Geely Holding Group is designated by the Group as a partner in manufacturing of the CBUs and CKDs, mainly under the ZEEKR brand.

The purchase of CBUs and CKDs by the Group under the CBUs and CKDs Procurement Cooperation Agreement will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Company than terms available from (as applicable) the independent third parties.

Term

The CBUs and CKDs Procurement Cooperation Agreement has a term of three years from 1 January 2024 to 31 December 2026.

Condition precedent to the CBUs and CKDs Procurement Cooperation Agreement

The CBUs and CKDs Procurement Cooperation Agreement is subject to the Company having complied with the relevant requirements of the Listing Rules with regard to the continuing connected transactions contemplated under the agreement.

If the above condition has not been fulfilled on or before 31 December 2023 (or such later date as the parties may agree in writing), the CBUs and CKDs Procurement Cooperation Agreement will lapse and all the obligations and liabilities of the parties under the agreement will cease and terminate.

Pricing basis

Pursuant to the CBUs and CKDs Procurement Cooperation Agreement, the CBUs and CKDs will be sold to the Group at prices calculated on a cost-plus basis according to the actual costs of manufacturing the products by the Geely Holding Group plus an agreed margin rate.

The margin rate will be determined by the Company and Geely Holding after arm's length negotiation with reference to the lower quartile and upper quartile of the three-year weighted average cost-plus-margin of comparable companies as stated in a transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification. According to the transfer pricing analysis report issued on 31 July 2023 (the "**Purchase Pricing Analysis Report**"), the lower quartile and upper quartile of the three-year weighted average cost-plus-margin is in the range of cost-plus-margin as stated in the Purchase Pricing Analysis Report. As advised by an internationally renowned independent certified public accountant, it is in line with the industry norm to determine the cost-plus-margin with reference to the lower quartile and upper quartile of the weighted average cost-plus-margin of the comparable companies.

Having considered the pricing basis with reference to the Purchase Pricing Analysis Report, the Directors (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) consider that the pricing basis under the CBUs and CKDs Procurement Cooperation Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Historical transaction amounts and proposed CBUs and CKDs procurement annual caps

The table below sets out (i) the historical transaction amounts for the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for the purchase of CKDs and automobile components by the Group from the Geely Holding Group under the Existing Master CKDs and Automobile Components Purchase Agreement and the Supplemental Master CKDs and Automobile Components Purchase Agreement for the three years ending 31 December 2023.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Announced annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Audited)	(Audited)	(Unaudited)			
Purchase of CKDs and automobile components from the Geely Holding Group by the Group	4,173.8	36,046.9	17,435.7	13,042.1	44,855.6	58,836.5
Utilisation rate of annual caps				32.0%	80.4%	29.6% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the announced annual cap for the full financial year ending 31 December 2023.

The low utilisation rate of the annual cap under the Existing Master CKDs and Automobile Components Purchase Agreement in 2021 was due to the relatively low production volume of the ZEEKR brand vehicles as it had just commenced production in the same year. The utilisation rates achieved relatively higher levels in 2022 and 2023 due to the increased production volume of the ZEEKR brand vehicles and other Geely brand vehicles.

The table below sets out the proposed annual caps for the purchase of CBUs and CKDs under the CBUs and CKDs Procurement Cooperation Agreement for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Purchase of CBUs and CKDs by the Group from the Geely Holding Group	70,380.0	116,082.7	154,897.7

The significant increase in the proposed annual cap for the purchase of CBUs and CKDs in 2025 is due to the expected increase in purchase of the CBUs and CKDs under the ZEEKR brand as a result of the surge in demand for new models that are expected to be launched in 2025. The proposed annual cap for the purchase of CBUs and CKDs will continue to increase in 2026 due to the expected increase in sale volume of the ZEEKR brand vehicles.

Basis of determination of the proposed annual caps

The proposed annual caps for the purchase of CBUs and CKDs by the Group from the Geely Holding Group were determined with reference to: (i) the estimated number of units of CBUs and CKDs in relation to the existing and new vehicle models under the ZEEKR brand, which were in turn determined based on the projected unit sales of these vehicles for the three years ending 31 December 2026 after taking into consideration the strong market demand for the ZEEKR brand vehicles and the expected introduction of new vehicle models in the coming years; (ii) the estimated costs of manufacturing CBUs and CKDs by the Geely Holding Group in relation to the existing and expected new vehicle models under the ZEEKR brand for the three years ending 31 December 2026; and (iii) the margin rates calculated on top of the cost of raw materials and other operating expenses, respectively with reference to the lower quartile and upper quartile of three-year weighted average of cost-plus-margin of the comparable companies as stated in the Purchase Pricing Analysis Report. Such margin rates are only for the purpose of calculating the proposed annual caps and should not be regarded as fixed rates for the transactions throughout the term of the CBUs and CKDs Procurement Cooperation Agreement.

The Directors (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) are of the view that the proposed annual caps under the CBUs and CKDs Procurement Cooperation Agreement for the three years ending 31 December 2026 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CBUs and CKDs PROCUREMENT COOPERATION AGREEMENT

Pursuant to the CBUs and CKDs Procurement Cooperation Agreement, the Group will acquire the CBUs and CKDs from the Geely Holding Group, which will be manufactured by the Geely Holding Group, based on the instructions given by the Group. Such CBUs and CKDs are mainly under the ZEEKR brand. Since ZEEKR adopts an asset-light operational model and does not own the automobile catalog to manufacture automobiles in the PRC, the Group's strategy involves direct purchasing of CBUs and CKDs from the Geely Holding Group. This approach ensures a stable supply of the ZEEKR brand vehicles.

Having considered the foregoing, the Directors (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) are of the view that the CBUs and CKDs Procurement Cooperation Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps under the CBUs and CKDs Procurement Cooperation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES IN RELATION TO PRICING FOR THE CBUs and CKDs PROCUREMENT COOPERATION AGREEMENT

The Group will monitor the relevant costs and expenses to ensure that the purchase price of the CBUs and CKDs will follow the pricing policy as set out in the CBUs and CKDs Procurement Cooperation Agreement. The Company will also negotiate the terms of such transactions with Geely Holding, to ensure the purchase price properly reflect the actual costs incurred by Geely Holding in such transactions. The Company and Geely Holding will review on an annual basis (or more frequently if it is determined necessary) to determine whether an updated transfer pricing analysis report should be obtained for the determination of the margin rate. The margin rate will be determined with reference to the lower quartile and upper quartile of the three-year weighted average cost-plus-margin of the comparable companies as stated in such updated transfer pricing analysis report.

The internal audit department of the Group will also conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to confirm whether the internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on the continuing connected transactions annually and confirm whether the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and whether the transactions are carried out according to the principal terms of the agreements and are in the interests of the Company and the Shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

(C) R&D Services and Technology Licensing Agreement

In light of the upcoming expiry of the Existing R&D Services and Technology Licensing Agreement, on 15 September 2023 (after trading hours), the Company, Geely Holding, LYNK & CO, ZEEKR, Lotus Technology, Polestar AB, Polestar China, JIDU, LEVC and smart entered into the R&D Services and Technology Licensing Agreement.

Subject matter

Pursuant to the R&D Services and Technology Licensing Agreement, (i) the Group conditionally agreed to provide to the Geely Holding and Related Party Groups the R&D and related technological support services, including the R&D for automobiles and key automobile parts, technical verification and testing, technical consultation services, technical support services, technology licensing, etc.; and (ii) the Group conditionally agreed to procure from the Geely Holding Group and the ZEEKR Group the R&D and related technological support services, including the R&D of the NEV technologies and intelligent drive technologies, technical verification and testing, technical consultation services, technical support services and technology licensing, etc.

Pricing basis

The services or licensing fees under the R&D Services and Technology Licensing Agreement shall be determined based on (i) market rates for comparable R&D services or technology licensing services; or (ii) cost-plus basis if there are no comparable market rates. For R&D services which have no market price, the pricing will be determined based on the costs of providing the relevant service plus a margin rate with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margin rate of the comparable companies providing similar services as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification (the “**R&D Services Pricing Analysis Report**”). For technology licensing services, the pricing will be determined based on a percentage of revenue of each vehicle utilising the relevant vehicle platform technology sold based on a licensing fee rate with reference to the range between the lower quartile and the upper quartile of the three-year weighted average licensing fee rates of the comparable companies providing similar services as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification (the “**Licensing Fees Pricing Analysis Report**”).

Term

From 1 January 2024 to 31 December 2026

Condition precedent

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

If the above condition has not been fulfilled on or before 31 December 2023 (or such later date as the parties may agree in writing), the R&D Services and Technology Licensing Agreement will lapse and all the obligations and liabilities of the parties under the agreement will cease and terminate.

Historical transactions amounts and proposed annual caps

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Approved annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)	<i>RMB million</i> (Unaudited)	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Service fees receivable from the Geely Holding Group and LYNK & CO Group for the R&D services and technology licensing provided by the Group	4,262.6	8,449.1	2,629.4	8,868.7	9,568.2	10,053.1
Utilisation rate of annual caps				48.1%	88.3%	26.2% <i>(Note)</i>
Service fees payable to the Geely Holding Group for the R&D services and technology licensing provided by the Geely Holding Group	2,144.0	3,924.9	2,058.5	2,709.2	4,027.9	4,364.0
Utilisation rate of annual caps				79.1%	97.4%	47.2% <i>(Note)</i>

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The relatively low utilisation rate of the R&D services and technology licensing provided by the Group for the year ended 31 December 2021 was primarily due to the lower-than-expected demand for R&D services since the ZEEKR brand vehicles was still in the development stage. It is expected that the demand for R&D services and technology licensing will increase in the second half of 2023 due to accelerated R&D activities for the development of electric batteries and power system.

The table below sets out the proposed annual caps for the R&D services and technology licensing fees receivable and payable by the Group pursuant to the R&D Services and Technology Licensing Agreement for a term from 1 January 2024 to 31 December 2026.

	Proposed annual cap for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Services and licensing fees receivable from the Geely Holding and Related Party Groups for the R&D services and technology licensing provided by the Group	12,601.4	9,845.7	8,243.8
Services and licensing fees payable to the Geely Holding Group and the ZEEKR Group for the R&D services and technology licensing provided by the Geely Holding Group and the ZEEKR Group	1,891.3	2,413.1	2,468.7

Basis of determination of the proposed annual caps

The proposed annual caps for R&D services and technology licensing services were determined by the Directors with reference to (i) projected total staff hours required for each R&D and technology support project; (ii) projected hourly cost for the R&D staff based on historical cost or current market hourly wages; (iii) other relevant costs incurred for the R&D and technology support projects; (iv) estimated stage of completion of the R&D and technology support projects for the period from 1 January 2024 to 31 December 2026; (v) the range of margin rates as stated in the R&D Services Pricing Analysis Report over the estimated cost; (vi) the projected unit sales of vehicles utilising relevant vehicle platform technologies licensed to the Group and the ZEEKR Group; (vii) the range of licensing fee rates as stated in the Licensing Fees Pricing Analysis Report for relevant vehicle platform technologies; and (viii) the estimated average platform rate for relevant vehicle platform technologies licensed to the Group for manufacturing of Geely brand vehicles. The aforementioned margin rate, licensing fee rate and the estimated platform rate are solely for the purpose of calculating the proposed annual caps and should not be regarded as fixed rates for the transactions throughout the term of the R&D Services and Technology Licensing Agreement.

The decrease in the proposed annual cap for service and licensing fees receivable from the Geely Holding and Related Party Groups for the years ending 31 December 2025 and 2026 is due to expected decrease in R&D and technology support projects relating to the development of the Geely Holding-owned brand vehicles, the LYNK & CO brand vehicles, the ZEEKR brand vehicles, the Lotus brand vehicles, the Polestar brand vehicles, the JIDU brand vehicles, the LEVC brand vehicles and the smart brand vehicles.

The increase in the proposed annual cap for services and licensing fees payable to the Geely Holding Group and the ZEEKR Group for the years ending 31 December 2025 and 2026 is driven by the projected rise in vehicle platform technologies licensed by the Geely Holding Group. Such increase aligns with the expected increase in the sales volume of Geely brand vehicles and ZEEKR brand vehicles.

The Directors (excluding the independent non-executive Directors, who will provide their views after taking into account the advice from the Independent Financial Adviser) are of the view that the R&D Services and Technology Licensing Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms and the proposed annual caps of the R&D Services and Technology Licensing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE R&D SERVICES AND TECHNOLOGY LICENSING AGREEMENT

The Group primarily offers R&D and technology licensing services to the Geely Holding and Related Party Groups. These services are mainly directed towards vehicle engines, transmissions and other automobile-related products to be used by the models under brands like LYNK & CO, ZEEKR, Lotus, Polestar, JIDU, LEVC, smart and other brands owned by the Geely Holding Group. These services also generate additional income for the Group. The Group's technology licensing services rendered by the Geely Holding Group are aimed at supporting the development of electric batteries, power and control system for utilisation in ZEEKR brand vehicles and Geely brand vehicles. Moreover, the R&D and technology licensing services provided by the Geely Holding Group and the ZEEKR Group to the Group grant the Group access to global R&D resources and the vehicle platform technology maintained by the Geely Holding Group.

The Directors (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) are of the view that the entering into of the R&D Services and Technology Licensing Agreement is beneficial to the Group as it (i) enhances synergy and co-sharing of technology among the parties, thereby increasing the efficiency of the Group's R&D efforts; and (ii) facilitates technology upgrade that further enhance the Group's development, which in turn bolsters the competitiveness of both Geely brand vehicles and ZEEKR brand vehicles.

INTERNAL CONTROL MEASURES IN RELATION TO PRICING FOR THE R&D SERVICES AND TECHNOLOGY LICENSING AGREEMENT

In terms of the R&D and technology licensing services provided by the Group to the Geely Holding and Related Party Groups, the finance department of the Group will compare the scope of the services and rates with the existing similar transactions with the independent suppliers of the Group (if any) or make reference to transfer pricing analysis reports prepared by an independent certified public accountant or institution with the same qualification to determine the market rates for the R&D services or technology licensing services. If there are no such market rates, the finance department of

the Group will review the relevant cost items incurred by the Group for the relevant R&D services and technology licensing services performed on an annual basis (or more frequently if it is determined necessary) and ensure the accuracy of such costs.

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

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

The internal audit department of the Group will also conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to confirm whether the internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on the continuing connected transactions annually and confirm whether the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and whether the transactions are carried out according to the principal terms of the agreements and are in the interests of the Company and the Shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

(D) Automobile Financing Arrangements

The original term of each of the Existing Finance Cooperation Agreements will expire on 31 December 2023. On 15 September 2023 (after trading hours), Genius AFC respectively entered into (i) the LYNK & CO Finance Cooperation Agreement with LYNK & CO Sales; (ii) ZEEKR Finance Cooperation Agreement with ZEEKR; (iii) the Geely Holding Finance Cooperation Agreement with Geely Holding; and (iv) the smart Finance Cooperation Agreement with smart Sales. Also, on the same date, Genius AFC entered into the Lotus Finance Cooperation Agreement with Lotus Sales.

Principal Terms of the Finance Cooperation Agreements

The Principal terms of the Finance Cooperation Agreements are set out below:

(a) Term of the Finance Cooperation Agreements

The Finance Cooperation Agreements shall have an initial term of three years subject to early termination by the parties serving at least a 6-month prior written notice. The term of the Finance Cooperation Agreements may be renewed and extended subject to the compliance with the Listing Rules.

(b) Conditions precedent to the Finance Cooperation Agreements

The Finance Cooperation Agreements and the transactions contemplated thereunder are conditional upon obtaining the approvals of the Independent Shareholders and the Stock Exchange (if required).

(c) Principal terms of the business cooperation mode under the Finance Cooperation Agreements

(i) Cooperation

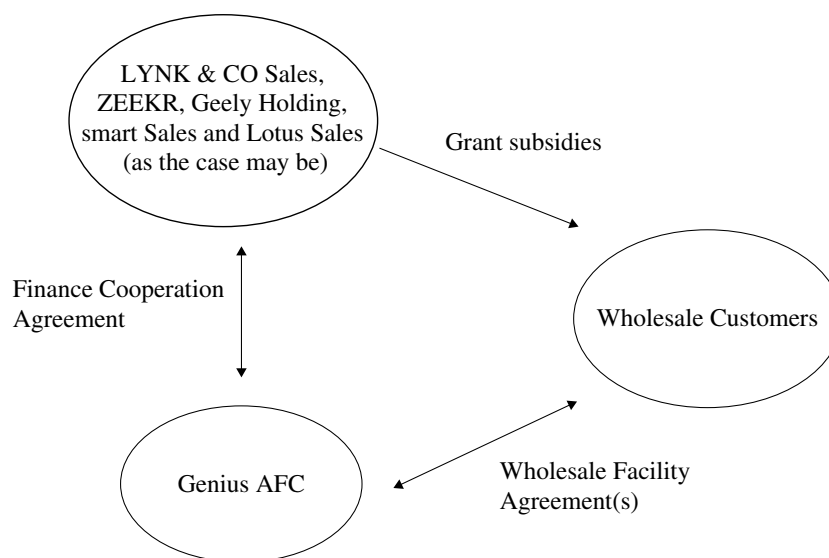
The relevant Automobile Sales Company shall use its reasonable endeavours to (a) procure different parties, including but not limited to dealers, after-sales service providers and other sellers (collectively, the “**Wholesale Customers**”) to use the Wholesale Financing and recommend their retail customers (the “**Retail Customers**”) to use the Retail Financing; (b) grant subsidies to the Wholesale Customers for the purpose of promoting the Wholesale Financing Business; and (c) grant subsidies to the Retail Customers for the purpose of promoting the Retail Financing Business; provided that the Wholesale Customers and the Retail Customers shall have the sole and absolute discretion to determine whether to use the Wholesale Financing and/or the Retail Financing.

Pursuant to the Finance Cooperation Agreements, Genius AFC is not the exclusive provider of the automobile and other financing services to the relevant Automobile Sales Company, the Wholesale Customers and the Retail Customers. Notwithstanding the foregoing, should an independent automobile financing company offer the same financing services under the same terms and conditions, Genius AFC shall be the preferred partner of the relevant Automobile Sales Company, which shall be firstly recommended to the Wholesale Customers and/or the Retail Customers.

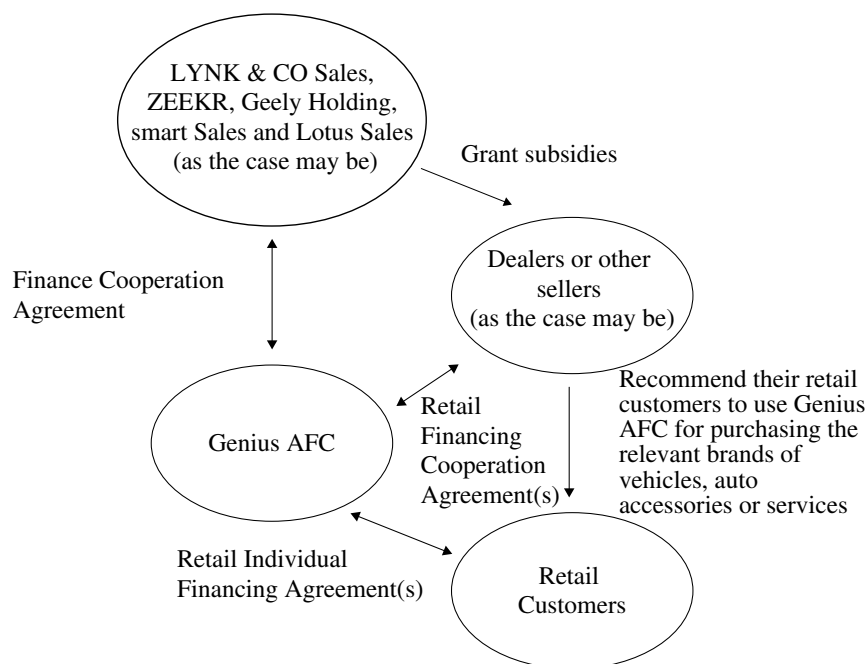
For carrying out the Wholesale Financing Business and the Retail Financing Business, Genius AFC will enter into separate agreements with the Wholesale Customers or the Retail Customers. Please see paragraph headed “*Principal terms of the Wholesale Facility Agreements, the Retail Financing Cooperation Agreements and the Retail Individual Financing Agreements*” below for more information.

Set out below are the flow charts summarising the Wholesale Financing Business and the Retail Financing Business:

(1) Wholesale Financing Business



(2) Retail Financing Business



(ii) Pricing policy

Given that Genius AFC is not the exclusive automobile financing service provider to the relevant Automobile Sales Company, the Wholesale Customers and the Retail Customers and also taking into account the fierce competition of the automobile financing industry in the PRC, the sales and marketing department of Genius AFC will communicate with the Wholesale Customers and/or the Retail Customers (as the case may be) on an ongoing basis to ensure that the terms of the Wholesale Facility Agreements and the Retail Individual Financing Agreements are competitive during the term of the Finance Cooperation Agreements but shall always be in line with the market practice of the automobile financing industry in the PRC. All automobile financing and related product pricing proposals of Genius AFC are prepared in accordance with its internal control procedures. Please see the paragraph headed “*Internal Control Measures in relation to the Automobile Financing Arrangements – Internal Control of Genius AFC*” below for more information.

Genius AFC has the sole and absolute discretion in determining the final pricing of the automobile financing services under the Wholesale Facility Agreements and the Retail Individual Financing Agreements (the “**Final Pricing**”). The Final Pricing will be determined by Genius AFC after taking into account various factors, including, its cost of funds, the lending rates offered by its competitors and the borrowers’ risk profile, which will be assessed by Genius AFC in accordance with its risk management procedures. For details of Genius AFC’s risk management, please see the paragraph headed “*(iii) Risk management*” below.

Subject to the compliance with the applicable PRC laws and regulations, the interest rates of the financing to be provided by Genius AFC under the Wholesale Facility Agreements and the Retail Individual Financing Agreements are higher than the base lending rates published by the PBOC for the similar types of financing under similar terms and conditions.

(iii) Risk management

Genius AFC is responsible for the lending risk assessment and making decisions on providing the Wholesale Financing to the Wholesale Customers and the Retail Financing to the Retail Customers. The extension of the term of financing to the Wholesale Customers or the Retail Customers is subject to the satisfactory of the credit risk assessment in accordance with Genius AFC’s credit risk management procedures and its internal risk and management policies.

In relation to the credit risk assessment procedures of the Wholesale Financing Business, the risk control department of Genius AFC will review the credit applications with supporting materials submitted by the Wholesale Customers and will prepare proposals of granting credit lines. The risk control committee of Genius

AFC will appraise and decide on whether or not to grant such credit lines. If the credit lines exceed certain internal threshold, such credit application(s) shall be approved by the board of Genius AFC. When considering an application, the following factors will be considered with respect to the Wholesale Customers: the debt-to-asset ratios, the Wholesale Customers' background information, companies' profile, relevant experience in the automobile industry as well as the automobile brand, the capital structure, the track record period and financial performance of the Wholesale Customers. The Wholesale Customers who have been granted with credit lines are required to submit to Genius AFC their financial reports monthly and audited accounts annually (if any). The risk control department of Genius AFC will review and assess the aforesaid financial information. If there is any substantial change in the financial and operating performance of the Wholesale Customers, Genius AFC will consider to adjust the granted credit lines.

In relation to the credit risk assessment procedures of the Retail Financing Business, Genius AFC has utilized a computerized internal risk assessment expert system (the "**Risk Assessment System**"), which enables Genius AFC to perform credit risk assessment procedures using big data analysis. The risk control department of Genius AFC will set specifications for the retail products to determine whether to accept the financing applications of the Retail Customers based on their incomes, credit history and repayment capability. The risk control committee of Genius AFC will then review and approve the specifications rules for the retail products. Based on the evaluation by the Risk Assessment System, which is configured and modified by the risk control department of Genius AFC from time to time, the decisions on whether to grant the financing to the Retail Customers will be made by the Risk Assessment System and the retail underwriting team of the operation department of Genius AFC (the "**Underwriting Team**"). The Underwriting Team's primarily responsibilities also include verifying the information and materials submitted by the Retail Customers and assessing the Retail Customers' credibility in order to make final credit decisions on the applications. After granting the automobile financing to the Retail Customers, the collection team of the operation department of Genius AFC will monitor the performance of the Retail Customers on repaying the financing installments and follow up with default payment and/or delinquency (if any).

(iv) Terms of the financing

For the Wholesale Financing Business, the maximum term of a financing granted to the Wholesale Customers is 360 days. If the payment date is a non Business Day, the payment date will be postponed to the next Business Day. For the Retail Financing Business, the maximum term of a financing granted to the Retail Customers is 60 months. The aforesaid terms are subject to amendments as determined by Genius AFC depending on its future business conditions.

(v) Subsidies

The relevant Automobile Sales Company may provide subsidies to the Wholesale Customers and the Retail Customers according to the sales objectives and regional coverage.

The relevant Automobile Sales Company may from time to time offer support to the relevant Wholesale Customers in relation to the automobile financing and stocking costs; and may pay the interests accrued under the relevant Wholesale Facility Agreement on behalf of the Wholesale Customers for an agreed period of time. The terms and period of such subsidies will be determined by the relevant Automobile Sales Company according to its quarterly sales incentive policy. In practice, subject to the final assessment of the market situation (e.g. sales performance of the relevant automobile brands) by the relevant Automobile Sales Company, (i) for the Wholesale Financing Business, the relevant Automobile Sales Company will provide subsidies to the relevant Wholesale Customers who enter into the Wholesale Facility Agreements; and (ii) for the Retail Financing Business, the relevant Automobile Sales Company will provide subsidies to the relevant Retail Customers who enter into the Retail Individual Financing Agreements.

(vi) Principal terms of the Wholesale Facility Agreements, the Retail Financing Cooperation Agreements and the Retail Individual Financing Agreements

For conducting the Wholesale Financing Business, Genius AFC will enter into the Wholesale Facility Agreements with the Wholesale Customers, pursuant to which Genius AFC will provide the Wholesale Financing to such Wholesale Customers to facilitate their purchase of the relevant brand of vehicles and/or auto accessories and/or services.

For carrying out the Retail Financing Business, Genius AFC will enter into the Retail Financing Cooperation Agreements with the relevant dealers or other sellers (as the case maybe), pursuant to which the relevant dealers or other sellers shall recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of the relevant brand of automobiles, auto accessories and services. Also, Genius AFC will enter into the Retail Individual Financing Agreements with the Retail Customers, pursuant to which Genius AFC will directly provide financing to such Retail Customers to facilitate their purchase of the relevant brand of vehicles and/or auto accessories and/or services.

Under the Wholesale Facility Agreements, the Retail Financing Cooperation Agreements and the Retail Individual Financing Agreements, acceptable securities may include security deposits, pledge over the Wholesale Customers' or the Retail Customers' vehicles and/or other types of guarantees.

The terms of the Wholesale Facility Agreements, the Retail Financing Cooperation Agreements and the Retail Individual Financing Agreements, including among others, the pricing policy, the term of financing, the credit limits, etc., shall be consistent with the terms of the Finance Cooperation Agreements.

Annual Caps under the Finance Cooperation Agreements

(a) Annual Caps under the LYNK & CO Finance Cooperation Agreement

LYNK & CO Wholesale Annual Caps

The table below sets out (i) the historical transaction amounts of LYNK & CO Wholesale Financing for each of the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the approved annual caps for the LYNK & CO Wholesale Financing for each of the three years ending 31 December 2023 and their respective utilisation rates.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Approved annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)	<i>RMB million</i> (Unaudited)	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts provided by Genius AFC under the LYNK & CO Wholesale Financing	2.5	-	-	450.0	675.0	1,125.0
Utilisation rate of annual caps				0.6%	Nil	Nil ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The low utilisation rate of the annual caps for the two years ended 31 December 2022 and the six months ended 30 June 2023 was primarily due to (i) the discontinuance of some of the LYNK & CO Dealers which were affected by the COVID-19 outbreak; (ii) decrease in demand of vehicles caused by the COVID-19 outbreak which led to lower demand for LYNK & CO Wholesale Financing; and (iii) the lower-than-expected wholesale finance coverage as a result of intense competition from other financial institutions of providing automobile wholesale financing services. As a result, the penetration rate of the LYNK &

CO Wholesale Financing was lower than originally expected. In this regard, Genius AFC revised the annual caps of LYNK & CO Wholesale Financing downward for the three years ending 31 December 2026.

The table below sets out the LYNK & CO Wholesale Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the LYNK & CO Wholesale Financing	332.3	424.3	509.8

Basis of determination of the LYNK & CO Wholesale Annual Caps

For determining the LYNK & CO Wholesale Annual Caps, Genius AFC took into account (i) the sales volume of LYNK & CO brand vehicles, auto accessories and services to be purchased by the Wholesale Customers for each of the three years ending 31 December 2026, which was determined by the LYNK & CO Group with reference to the sales volume projection of the LYNK & CO brand vehicles, auto accessories and services after considering the expected increase in demand of the existing LYNK & CO brand vehicles following the gradual recovery from the effect of the pandemic and the introduction of the new LYNK & CO brand vehicles; (ii) the estimated average selling price of the LYNK & CO brand vehicles, auto accessories and services to the relevant Wholesale Customers which was determined with reference to the historical selling price and estimated selling price of the LYNK & CO brand vehicles for each of the three years ending 31 December 2026; and (iii) the estimated average selling price of the spare auto parts for each of the three years ending 31 December 2026.

The increase in the LYNK & CO Wholesale Annual Caps for the two years ending 31 December 2026 is primarily due to the estimated increase in the number of LYNK & CO brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers. The growth is expected to stem from the estimated increase in the number of relevant Wholesale Customers, driven by the planned expansion of their network.

LYNK & CO Retail Annual Caps

The table below sets out (i) the historical transaction amounts for each of the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for the LYNK & CO Retail Financing for each of the three years ending 31 December 2023 and their respective utilisation rates.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Approved annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)	<i>RMB million</i> (Unaudited)	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts provided by Genius AFC under the LYNK & CO Retail Financing	6,304.7	5,207.7	1,664.0	10,153.9	13,303.5	17,149.7
Utilisation rate of annual caps				62.1%	39.1%	9.7% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The low utilisation rate of the annual caps for the two years ended 31 December 2022 and the six months ended 30 June 2023 was mainly due to the lower-than-expected demand of LYNK & CO brand vehicles in China throughout the years of 2021 and 2022 as a result of (i) the intense competition with other automobile brands in the market and (ii) the COVID-19 outbreak which affected the distribution network of LYNK & CO which was located in first and second tier cities in China; and (iii) the LYNK & CO brand was in the early stage of new energy transformation. As a result, the penetration rate of the LYNK & CO Retail Financing was lower than originally expected. In this regard, Genius AFC revised the annual caps of LYNK & CO Retail Financing downward for the three years ending 31 December 2026.

The table below sets out the LYNK & CO Retail Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the LYNK & CO Retail Financing	5,467.9	5,799.5	6,149.4

Basis of determination of the LYNK & CO Retail Annual Caps

When determining the LYNK & CO Retail Annual Caps, Genius AFC took into account (i) the projected sales volume of LYNK & CO brand vehicles, auto accessories and services to the LYNK & CO retail customers for each of the three years ending 31 December 2026 by the LYNK & CO Dealers and other sellers; (ii) the projected average retail selling price of LYNK & CO brand vehicles, auto accessories and services for each of the three years ending 31 December 2026; and (iii) the estimated retail financing penetration rate of the LYNK & CO Retail Financing of 43.7%, 44.1% and 44.5%, respectively for each of the three years ending 31 December 2026. The above retail financing penetration represents the estimated percentage of the LYNK & CO retail customers' purchases which will be financed by Genius AFC.

When determining the aforesaid retail financing penetration rate of the LYNK & CO Retail Financing, Genius AFC made reference to the historical average retail financing penetration rate of 43.4% and 37.6% for the year ended 31 December 2022 and the six months ended 30 June 2023, respectively and the expectation that more LYNK & CO retail customers will choose to use LYNK & CO Retail Financing in light of the increased level of promotional activities, incentives and training to be undertaken by Genius AFC and LYNK & CO Sales to increase penetration rate.

(b) Annual Caps under the ZEEKR Finance Cooperation Agreement

ZEEKR Wholesale Annual Caps

There was no historical transaction amount for the ZEEKR Wholesale Financing Business as the financing business is only expected to commence in 2024. The table below sets out the ZEEKR Wholesale Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the ZEEKR Wholesale Financing	7.9	10.0	10.0

Basis of determination of the ZEEKR Wholesale Annual Caps

For determining the ZEEKR Wholesale Annual Caps, Genius AFC took into account (i) the projected sales volume of ZEEKR brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers for each of the three years ending 31 December 2026, which was determined by the ZEEKR Group with reference to the sales

volume projection of the ZEEKR brand vehicles, auto accessories and services after taking into account the new models of ZEEKR brand vehicles; and (ii) the estimated average selling price of the ZEEKR brand vehicles, auto accessories and services to the relevant Wholesale Customers for each of the three years ending 31 December 2026.

The increase in the ZEEKR Wholesale Annual Cap for the year ending 31 December 2025 is primarily due to the expected increase in the purchase of ZEEKR brand vehicles arising from the introduction of new models for the year ending 31 December 2025.

ZEEKR Retail Annual Caps

The table below sets out (i) the historical transaction amounts for each of the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for the ZEEKR Retail Financing for each of the three years ending 31 December 2023 and their respective utilisation rates.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Approved annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	RMB million (Audited)	RMB million (Audited)	RMB million (Unaudited)	RMB million	RMB million	RMB million
New financing amounts provided by Genius AFC under the ZEEKR Retail Financing	92.7	3,646.9	3,404.9	144.0	4,977.0	12,715.9
Utilisation rate of annual caps				64.4%	73.3%	26.8% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The table below sets out the ZEEKR Retail Annual Caps for each of the three years ending 31 December 2026.

**Proposed annual caps for the year
ending 31 December**

	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the ZEEKR Retail Financing	5,029.3	9,055.4	10,322.9

Basis of determination of the ZEEKR Retail Annual Caps

When determining the ZEEKR Retail Annual Caps, Genius AFC took into account (i) the projected sales volume of ZEEKR brand vehicles, auto accessories and services for the three years ending 31 December 2026; (ii) the projected average retail selling price for each unit of ZEEKR brand vehicles, auto accessories and services for the three years ending 31 December 2026; and (iii) the estimated retail financing penetration rate of the ZEEKR Retail Financing business of 7.5% for each of the three years ending 31 December 2026, respectively. The above retail financing penetration rate represents the estimated percentage of the ZEEKR retail customers' purchases which will be financed by Genius AFC. It is expected that the ZEEKR's provision of subsidies, which would be converted into purchase price discount on the ZEEKR brand vehicles, will encourage ZEEKR retail customers to choose Genius AFC for the provision of vehicle financing services.

(c) Annual Caps under the Geely Holding Finance Cooperation Agreement

Geely Holding Wholesale Annual Caps

There was no historical transaction amount for the Geely Holding Wholesale Financing as the financing business is only expected to commence in 2024. The table below sets out the Geely Holding Wholesale Annual Caps for each of the three years ending 31 December 2026.

**Proposed annual caps for the year
ending 31 December**

	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the Geely Holding Wholesale Financing	54.5	101.2	142.5

Basis of determination of the Geely Holding Wholesale Annual Caps

For determining the Geely Holding Wholesale Annual Caps, Genius AFC took into account (i) the projected units of the Geely Holding-owned brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers for each of the three years ending 31 December 2026; and (ii) the estimated average selling price of the Geely Holding-owned brand vehicles, auto accessories and services to the relevant Wholesale Customers for each of the three years ending 31 December 2026.

The increase in the Geely Holding Wholesale Annual Caps for the two years ending 31 December 2026 is primarily due to the estimated increase in the number of the Geely Holding-owned brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers. The growth is expected to stem from the estimated increase in the number of relevant Wholesale Customers, driven by the planned expansion of their network.

Geely Holding Retail Annual Caps

The table below sets out (i) the historical transaction amounts for each of the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for the Geely Holding Retail Financing for each of the three years ending 31 December 2023 and their respective utilisation rates.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Approved annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)	<i>RMB million</i> (Unaudited)	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts provided by Genius AFC under the Geely Holding Retail Financing	31.1	75.7	186.1	279.8	377.9	606.5
Utilisation rate of annual caps				11.1%	20.0%	30.7% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The low utilisation rate of the annual caps for the two years ended 31 December 2022 and the six months ended 30 June 2023 were mainly due to the lower-than-expected demand of the Geely Holding-owned brand vehicles and Geely brand vehicles in China as a result of the intense competition with other automobile brands in the market and the COVID-19 outbreak which led to lower demand for the Geely Holding-owned brand vehicles and Geely brand vehicles.

The table below sets out the Geely Holding Retail Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the Geely Holding Retail Financing	564.5	881.6	1,307.1

Basis of determination of the Geely Holding Retail Annual Caps

When determining the Geely Holding Retail Annual Caps, Genius AFC took into account (i) the projected sales volume of the Geely Holding-owned brand vehicles, auto accessories and services to be sold by the Geely Holding Dealers and other sellers to the Geely retail customers for the three years ending 31 December 2026; (ii) the projected sales volume of the Geely brand vehicles, auto accessories and services to be sold by the Connected Geely Dealers and other sellers for the three years ending 31 December 2026; (iii) the projected average retail selling price of the Geely Holding-owned brand vehicles and Geely brand vehicles for each of the three years ending 31 December 2026; (iv) the estimated retail financing penetration rate of Geely brand vehicles of 43.7%, 45.5% and 46.2%, respectively for each of the three years ending 31 December 2026; and (v) the estimated average retail financing penetration rate of the major auto brand of the Geely Holding-owned brand vehicles of 22.0%, 24.2% and 26.6%, respectively for each of the three years ending 31 December 2026.

When determining the said retail financing penetration rate of the Geely brand vehicles, Genius AFC made reference to the historical average retail penetration rate of the Geely brand vehicles sold by the Connected Geely Dealers which is 38.6% for the six months ended 30 June 2023. Genius AFC expects the estimated retail financing penetration rate of Geely brand vehicles to grow annually for the two years ending 31 December 2026 provided that the Connected Geely Dealers will be procured by the Geely Holding Group to undertake more promotional activities for the retail financing services offered by Genius AFC.

(d) Annual Caps under the smart Finance Cooperation Agreement

smart Wholesale Annual Caps

There was no historical transaction amount for the smart Wholesale Financing as the financing business is only expected to commence in 2024. The table below sets out the smart Wholesale Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual cap for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the smart Wholesale Financing	165.0	288.0	455.0

Basis of determination of the smart Wholesale Annual Caps

For determining the smart Wholesale Annual Caps, Genius AFC took into account (i) the projected units of smart brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers for each of the three years ending 31 December 2026; and (ii) the estimated average selling price of smart brand vehicles, auto accessories and services to the relevant Wholesale Customers for each of the three years ending 31 December 2026.

The increase in the smart Wholesale Annual Caps for the two years ending 31 December 2026 is primarily due to the estimated increase in the number of smart brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers. The growth is expected to stem from the estimated increase in the number of relevant Wholesale Customers, driven by the planned expansion of their network.

smart Retail Annual Caps

The table below sets out (i) the historical transaction amounts for the year ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for the smart Retail Financing for each of the two years ending 31 December 2023 and their respective utilisation rates.

	Historical transaction amount for the year ended 31 December 2022	Historical transaction amount for the six months ended 30 June 2023	Approved annual caps for the year ended/ending 31 December	
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Unaudited)	2022 <i>RMB million</i>	2023 <i>RMB million</i>
New financing amounts provided by Genius AFC under the smart Retail Financing	101.4	320.0	134.0	670.0
Utilisation rate of annual caps			75.7%	47.8% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The table below sets out the smart Retail Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the smart Retail Financing	2,037.0	3,206.3	4,141.2

Basis of determination of the smart Retail Annual Caps

When determining the smart Retail Annual Caps, Genius AFC took into account (i) the projected sales volume of smart brand vehicles, auto accessories and services to the smart retail customers for each of the three years ending 31 December 2026; (ii) the projected average retail selling price of smart brand vehicles, auto accessories and services for each of the three years ending 31 December 2026; and (iii) the estimated retail financing penetration rate of the smart Retail Financing business of 15%, 20% and 25%, respectively for each of the three years ending 31 December 2026. The above retail financing penetration represents the estimated percentage of the smart retail customers' purchases which will be financed by Genius AFC.

When determining the aforesaid retail financing penetration rate of the smart Retail Financing, Genius AFC made reference to the historical average retail financing penetration rate of 9.8% and 10.2% for the year ended 31 December 2022 and the six months ended 30 June 2023, respectively and the expectation that more smart retail customers will choose to use smart Retail Financing in light of the increased level of promotional activities, incentives and training to be undertaken by Genius AFC and smart Sales to increase penetration rate.

(e) Annual Caps under the Lotus Finance Cooperation Agreement

Lotus Wholesale Annual Caps

There was no historical transaction amount for the Lotus Wholesale Financing as the financing business is only expected to commence in 2024. The table below sets out the Lotus Wholesale Annual Caps for each of the three years ending 31 December 2026.

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the Lotus Wholesale Financing	22.0	22.0	22.0

Basis of determination of the Lotus Wholesale Annual Caps

For determining the Lotus Wholesale Annual Caps, Genius AFC took into account (i) the projected sales volume of Lotus brand vehicles, auto accessories and services to be purchased by the relevant Wholesale Customers for each of the three years ending 31 December 2026; and (ii) the projected average selling price of the Lotus brand vehicles, auto accessories and services to the relevant Wholesale Customers for the three years ending 31 December 2026.

Lotus Retail Annual Caps

There was no historical transaction amount for the Lotus Retail Financing as such financing business is only expected to commence in 2024. The table below sets out the Lotus Retail Annual Caps for each of the three years ending 31 December 2026.

**Proposed annual caps for the year
ending 31 December**

	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC under the Lotus Retail Financing	922.7	1,164.1	1,814.3

Basis of determination of the Lotus Retail Annual Caps

When determining the Lotus Retail Annual Caps, Genius AFC took into account (i) the projected sales volume of Lotus brand vehicles, auto accessories and services to the Lotus retail customers for each of the three years ending 31 December 2026; (ii) the projected average retail selling price of Lotus brand vehicles, auto accessories and services for each of the three years ending 31 December 2026; and (iii) the estimated retail financing penetration rate of the Lotus Retail Financing business of 13%, for each of the three years ending 31 December 2026. The above retail financing penetration represents the estimated percentage of the Lotus retail customers' purchases which will be financed by Genius AFC.

Reasons for and Benefits of the Automobile Financing Arrangements

Genius AFC is principally engaged in the provision of auto retail financing solutions to end customers, mainly supporting the key auto brands of the Group. As a professional auto financing company, Genius AFC has been striving to improve the sales of the different auto brands, increasing the purchasing power and customer loyalty through providing financing services to customers. By vigorously widening the customer base and service scope, Genius AFC has maintained rapid profit growth since 2017. The entering into the Finance Cooperation Agreements will allow Genius AFC to extend its financing services to various automobile brands, thereby allowing it to gain a larger market share in the PRC auto finance industry.

In terms of provision of financing services, as at 30 June 2023, Genius AFC successfully launched 20 asset-backed securities (“**ABS**”) issuances in total with cumulative amount of approximately RMB80.3 billion, one of which was green ABS, with an issuance amount of RMB1.2 billion. With the steady increase in funding sources and assets scale, Genius AFC has been striving for continuing business growth and expanding its wholesale and retail financing services by widening the customer base and service scope with priority of fulfilling the financing needs for the Geely brand vehicles. At the same time, Genius AFC continues improving its profitability through cooperation with other vehicle manufacturers for maximising profits for the Group.

The Directors consider that the provision of financing under the Finance Cooperation Agreements by Genius AFC would not result in a deprivation of funds available for financing applications for purchasing vehicles of the Group. To ensure proper allocation of its resources such that the Group's interest will be safeguarded, Genius AFC has undertaken to the Company that, in the event that there is a shortage of funds experienced by Genius AFC, priority will be given to financing applications for purchasing vehicles of the Group.

The Board (excluding the independent non-executive Directors, who will provide their views after taking advice from the Independent Financial Adviser) is of the view that the Finance Cooperation Agreements are negotiated on an arm's length basis and are on normal commercial terms, and the terms and the proposed annual caps of the Finance Cooperation Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Internal Control Measures in relation to the Automobile Financing Arrangements

Internal control of Genius AFC

Based on customers' requirements, all financing and product pricing proposals (including any subsequent modifications) are prepared by Genius AFC's sales and marketing department. In order to ensure that the aforesaid pricing basis for the Finance Cooperation Agreements are adhered to, the finance department of Genius AFC will monitor the fluctuations of the interest rates in the market at least on a monthly basis (or more frequently if it is determined necessary), which include, among others, the PBOC lending base rates, so as to ensure that the interest rates offered for the financing proposals will be higher than the PBOC lending base rates for similar types of financing under similar terms and conditions. In addition, Genius AFC's sales and marketing department communicates with the respective dealers, other sellers and after-sales service providers covered by the Finance Cooperation Agreements on an ongoing basis to ensure the terms of the respective wholesale facility agreement and the retail financing cooperation agreement covered by the Finance Cooperation Agreements are in line with the general auto finance market practice. The finance department of Genius AFC will prepare reports on financing market interest rates and review these reports at least monthly (or more frequently if it is determined necessary). These reports are distributed to departments including the sales and marketing department, the operation department, the risk control department, the legal and compliance department and the information and technology department of Genius AFC for review whenever necessary. The product pricing proposals will then be submitted to the sales and marketing committee for final approval. All financing and product pricing proposals prepared by Genius AFC's sales and marketing department must be validated by other departments of Genius AFC, such as the finance department and the risk control department.

To ensure the actual new financing amounts will not exceed the respective wholesale annual caps and the retail annual caps, Genius AFC will prepare specific monthly reports to show the actual transaction volumes and amounts as compared with the respective wholesale annual caps and the retail annual caps. Once the actual transaction amounts reached certain levels (being 70% of the annual caps for the relevant year), it will trigger an alert to the management to either

control the volume for the related business to ensure the respective wholesale annual caps and the retail annual caps would not be exceeded or to commence necessary procedures to revise the aforementioned annual caps in accordance with the relevant requirements under Chapter 14A of the Listing Rules.

Further, to ensure the transactions contemplated under the Geely Holding Finance Cooperation Agreement involving the Connected Geely Dealers to be entered into on normal commercial terms and on terms no less favourable to the Genius AFC than terms available to and from (as applicable) the independent third parties, the legal department of Genius AFC will ensure that the principal terms of the Geely Wholesale Facility Agreements and Geely Retail Financing Cooperation Agreements to be entered with the Connected Geely Dealers and the Independent Geely Dealers are the same. Genius AFC will monitor the wholesale financing business and retail financing business in relation the transactions with the Connected Geely Dealers are on normal commercial terms and on terms no less favourable to the Genius AFC than terms available to and from (as applicable) the independent third parties.

Internal control of the Group

The internal audit department of the Group will also conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to confirm whether the internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on the continuing connected transactions annually and confirm whether the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and whether the transactions are carried out according to the principal terms of the agreements and are in the interests of the Company and the Shareholders as a whole. The Company also engages its independent auditor to report on the continuing connected transactions every year. The independent auditor reviews and confirms whether the continuing connected transactions have been approved by the Board; have been conducted in accordance with the pricing policies of the relevant agreement governing the transactions; and have not exceeded the relevant annual caps.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Powertrain Sales Agreement

References are made to (i) the Company's announcement dated 4 November 2020 in relation to the Existing Powertrain Sales Agreement, pursuant to which the Group conditionally agreed to sell Powertrain Products to the Geely Holding Group and the LYNK & CO Group; and (ii) the July 2023 Announcement in relation to the Powertrain Purchase Agreement, pursuant to which the Group will purchase the Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group.

The Group currently sells Powertrain Products to the Geely Holding Group and the LYNK & Group under the Existing Powertrain Sales Agreement. As disclosed in the July 2023 Announcement, the Group will purchase the Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group commencing on the closing of the Transaction (as defined in the July 2023 Announcement) or 1 January 2024 (whichever is later). Upon the commencement of the Powertrain Purchase Agreement, the Geely Holding Group and the LYNK & CO Group will purchase Powertrain Products from the JV Company Group instead of from the Group. Meanwhile, the Group will discontinue the sale of Powertrain Products to the Geely Holding Group and the LYNK & CO Group. As such, the continuing connected transactions in relation to the sale of Powertrain Products to the Geely Holding Group and LYNK & CO Group by the Group will be terminated upon the commencement of the transactions contemplated under the Powertrain Purchase Agreement.

Considering that the commencement date of the transactions contemplated under the Powertrain Purchase Agreement is not yet confirmed as at the date of this announcement, on 15 September 2023 (after trading hours), the Company, Geely Holding and LYNK & CO entered into a one-year Powertrain Sales Agreement to ensure the stable supply of Powertrain Products during the transitional period from 1 January 2024 to 31 December 2024. The Powertrain Sales Agreement will be terminated upon the commencement of the transactions contemplated under the Powertrain Purchase Agreement.

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

Date

15 September 2023 (after trading hours)

Subject matter

Pursuant to the Powertrain Sales Agreement, the Group conditionally agreed to sell Powertrain Products manufactured by the Group to the LYNK & CO Group and the Geely Holding Group.

Pricing basis

Pursuant to the Powertrain Sales Agreement, the selling price of the Powertrain Products will be determined on an arm's length basis and on normal commercial terms. The selling price will be calculated on a cost-plus basis according to the actual manufacturing costs (including related taxes) plus an agreed margin rate.

The margin rate will be determined by the Company, LYNK & CO and Geely Holding after arm's length negotiation with reference to the lower quartile and upper quartile of the three-year weighted average cost-plus-margin rate of the comparable companies providing similar powertrain products as stated in the transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification. Such margin rate is in the range of cost-plus-margin rate according to the transfer pricing analysis report issued on 31 May 2023 (the "**Powertrain Pricing**

Analysis Report”). The aforementioned margin rate is solely for the purpose of calculating the proposed annual cap. Such margin rate may change from time to time and should not be regarded as the fixed rate for the transactions during the term of the Powertrain Sales Agreement.

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

Term

From 1 January 2024 to 31 December 2024

Condition precedent

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

If the above condition has not been fulfilled on or before 31 December 2023 (or such later date as the parties may agree in writing), the Powertrain Sales Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

Historical transactions amounts and proposed annual cap

The table below sets out (i) the historical transaction amounts for the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the annual caps for the sale of Powertrain Products by the Group to the Geely Holding Group and the LYNK & CO Group pursuant to the Existing Powertrain Sales Agreement for the three years ending 31 December 2023.

	Historical transaction amounts for the year ended 31 December		Historical transaction amount for the six months ended 30 June	Approved annual caps for the year ended/ending 31 December		
	2021	2022	2023	2021	2022	2023
	RMB million (Audited)	RMB million (Audited)	RMB million (Unaudited)	RMB million	RMB million	RMB million
Sales of Powertrain Products	5,201.1	6,395.1	1,691.6	9,047.2	15,527.6	18,232.5
Utilisation rate of annual caps				57.5%	41.2%	9.3% ^(Note)

Note: The utilisation rate of the annual cap for the year ending 31 December 2023 was calculated by dividing the historical transaction amount for the six months ended 30 June 2023 by the approved annual cap for the full financial year ending 31 December 2023.

The low utilisation rates of the annual cap for the two years ended 31 December 2022 was primarily attributed to the reduced sales of Powertrain Products to the Geely Holding Group and the LYNK & CO Group. This downturn was the result of the decline in overall demand in China's passenger vehicle market due to the COVID-19 outbreak and global shortage of chips. These factors affected the supply chain of motor vehicles, subsequently diminishing the demand for Powertrain Products. The additional decline in the utilisation rate for the six months ended 30 June 2023 stemmed from lower demand for fossil fuel vehicles, which in turn led to decreased demand for Powertrain Products.

The table below sets out the Powertrain Sales Annual Cap for the year ending 31 December 2024.

	Proposed annual cap for the year ending 31 December 2024 <i>RMB million</i>
Sales of Powertrain Products	1,960.9

Basis of determination of the proposed annual cap

The Powertrain Sales Annual Cap was determined with reference to (i) the estimated number of units of Powertrain Products to be sold by the Group to the LYNK & CO Group and the Geely Holding Group for use in LYNK & CO brand vehicles and Geely Holding-owned brand vehicles for the year ending 31 December 2024, which in turn were determined based on the projected sales volume of the respective vehicles for the same period; (ii) the estimated costs of manufacturing the respective Powertrain Products for the year ending 31 December 2024; and (iii) the margin rate over such projected manufacturing costs with reference to the Powertrain Pricing Analysis Report.

The Directors (including the independent non-executive Directors) are of the view that the Powertrain Sales Annual Cap for the year ending 31 December 2024 is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE POWERTRAIN SALES AGREEMENT

The Powertrain Products will mainly be sold to the LYNK & CO Group for use in the LYNK & CO brand vehicles and the Geely Holding Group for use in the commercial vehicles under the Geely Holding Group. As disclosed in the July 2023 Announcement, the Company, Aurobay Technology and Geely Changxing entered into the Powertrain Purchase Agreement which shall commence on the closing date of the Transaction (as defined in the July 2023 Announcement) or 1 January 2024 (whichever is later). Upon the commencement of the Powertrain Purchase Agreement, the Geely

Holding Group and the LYNK & CO Group will purchase the Powertrain Products from the JV Company Group. Meanwhile, the Group will discontinue the sale of the Powertrain Products to the Geely Holding Group and the LYNK & CO Group.

As noted above, the term of the Existing Powertrain Sales Agreement will expire on 31 December 2023 and the commencement date of the Powertrain Purchase Agreement is uncertain. The Powertrain Sales Agreement is being entered into as a transitional measure to ensure a stable supply of Powertrain Products.

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

For the sale of Powertrain Products to the Geely Holding Group and the LYNK & CO Group, the finance department of the Group will monitor the manufacturing costs to ensure that the selling price of the vehicle engines, transmissions and related after-sales parts are determined in accordance with the pricing policy. The Company, Geely Holding, and LYNK & CO will negotiate the terms of such transactions to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred by in such transactions. The margin rate will be determined by the Company, Geely Holding, and LYNK & CO after arm's length negotiation with reference to a transfer pricing analysis report prepared by an independent certified public accountant or institution with the same qualification. The Company, LYNK & CO, and Geely Holding will review the scope of the Powertrain Products to be sold by the Group to the LYNK & CO Group and the Geely Holding Group on an annual basis (or more frequently if it is determined necessary) to determine whether updated transfer pricing analysis report should be obtained for the determination of the margin rate. The margin rate will be determined with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margin of the comparable companies as stated in such updated transfer pricing analysis report.

The internal audit department of the Group will also conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to confirm whether the internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on the continuing connected transactions annually and confirm whether the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and whether the transactions are carried out according to the principal terms of the agreements and are in the interests of the Company and the Shareholders as a whole. The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps thereof.

EXEMPTED CONNECTED TRANSACTIONS

Assets Transfer Agreement

On 15 September 2023 (after trading hours), the Company and Geely Holding entered into the Assets Transfer Agreement. The terms of the Assets Transfer Agreement are summarized below:

Subject matter

Pursuant to the Assets Transfer Agreement, (i) the Group conditionally agreed to purchase and the Geely Holding Group agreed to sell Target Assets I; and (ii) the Group conditionally agreed to sell and the Geely Holding Group agreed to purchase Target Assets II.

Target Assets I

Target Assets I comprises predominantly equipment to be used in the Group's R&D for the automobile parts and components under the LYNK & CO brand, the ZEEKR brand and the Geely brand, as well as small amount of other equipment and software system.

Consideration for Target Assets I

The consideration for the acquisition of Target Assets I will equal to the carrying value of Target Assets I as at the date of delivery of Target Assets I to the Group, but in any event will not exceed RMB508.5 million, which was determined after arm's length negotiations between the Company and Geely Holding and was equivalent to the carrying value of Target Assets I as at 31 July 2023. The consideration will be payable in cash by the Group as to (i) 50% within 15 Business Days upon the delivery of Target Assets I to the Group; and as to (ii) 50% within 15 Business Days upon completion of the final inspection and acceptance procedures by the Group.

It is expected that the consideration for the acquisition of Target Assets I will be funded by the internal resources of the Group.

Target Assets II

Target Assets II to be sold by the Group to the Geely Holding Group comprises vehicle testing-related machinery and equipment.

Consideration for Target Assets II

The consideration for Target Assets II will equal to the carrying value of Target Assets II as at the date of delivery of Target Assets II to the Geely Holding Group, but in any event will not exceed RMB168.4 million which was determined arm's length negotiations between the Company and Geely Holding and was equivalent to the carrying value of Target Assets II as at 31 July 2023. The consideration will be payable in cash by the Geely Holding Group as to (i) 50% within 15 Business

Days upon the delivery of Target Assets II to the Geely Holding Group; and as to (ii) 50% within 15 Business Days upon completion of the final inspection and acceptance procedures by the Geely Holding Group.

Condition precedent

Completion of the Assets Transfer Agreement is conditional upon the Company having complied with the relevant requirements of the Listing Rules with regard to the connected transactions contemplated under the Assets Transfer Agreement.

If the above condition has not been fulfilled on or before 31 December 2023 (or such later date as the parties may agree in writing), the Assets Transfer Agreement will lapse and all the obligations and liabilities of the parties thereto will cease and terminate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSETS TRANSFER AGREEMENT

As the Group has undertaken automobile parts and components related R&D activities, the acquisition of Target Assets I by the Group will facilitate the R&D efforts for automobile parts and components in relation to the vehicles under the LYNK & CO brand, the ZEEKR brand and the Geely brand. The acquisition will also contribute to the enhancement of the Group's R&D hardware, software, and overall capabilities.

As Target Assets II are idle and underutilized, the Company believes that such transfer will reduce the depreciation and maintenance costs to be borne by the Group, and will convert idle equipment into working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that, although the Assets Transfer Agreement is not entered into in the ordinary and usual course of business of the Group, the Assets Transfer Agreement is on normal commercial terms and the terms of the Assets Transfer Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION REGARDING THE PARTIES

The Company

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

Geely Holding

Geely Holding is principally engaged in the sales of automobiles and related parts and components wholesale and retail business. As at the date of this announcement, Geely Holding is beneficially wholly-owned by Mr. Li and his associate. Mr. Li is an executive Director and a substantial shareholder holding approximately 40% of the issued share capital of the Company. Accordingly, Geely Holding is an associate of Mr. Li and a connected person of the Company for the purpose of the Listing Rules.

JIDU

JIDU is a company incorporated in the Cayman Island. As at the date of this announcement, JIDU is owned as to 40.26% by Geely Holding, which is ultimately beneficially wholly-owned by Mr. Li and his associate. JIDU is principally engaged in the R&D, procurement, sale of electric mobility related products, including intelligent electric vehicles, and the provision of related services.

LEVC

LEVC is a limited liability company established in the PRC and is owned as to 50% by Geely Holding and 50% by Geely Ningbo, which is in turn wholly-owned by Mr. Li and his associate as at the date of this announcement. LEVC is principally engaged in the R&D, procurement, sale of electric mobility related products, including its intelligent pure electric vehicles, and provide related services.

Lotus Sales and Lotus Technology

Lotus Sales and Lotus Technology are limited liability companies established in the PRC. As at the date of this announcement, each of them is indirectly owned as to more than 30% by Mr. Li and his associate. Lotus Sales is principally engaged in the sales and marketing of Lotus brand vehicles and provision of after-sales services. Lotus Technology is principally engaged in the R&D, procurement and sales of Lotus brand sports vehicles and life-style vehicles, and offering related services.

LYNK & CO and LYNK & CO Sales

LYNK & CO is a Chinese-foreign equity joint venture of the Company established in the PRC. As at the date of this announcement, it is owned as to 50% by Ningbo Geely, 20% by Geely Holding and 30% by VCI, which is an indirect non wholly-owned subsidiary of Geely Holding. LYNK & CO is principally engaged in the manufacture and sale of LYNK & CO brand vehicles, and the provision of after-sales services in the PRC. As at the date of this announcement, LYNK & CO Sales is a wholly-owned subsidiary of LYNK & CO. LYNK & CO Sales is a limited liability company established in the PRC and is principally engaged in the sales and marketing of LYNK & CO brand vehicles and provision of after-sale services.

Polestar AB and Polestar China

Polestar AB is a limited liability company incorporated in Sweden and Polestar China is a limited liability company established in the PRC. Each of Polestar AB and Polestar China is indirectly owned as to 48.3% by Geely Holding and as to 39.2% by Mr. Li as at the date of this announcement. The Polestar Group is primarily engaged in the R&D, manufacturing and sale of high-end electric performance cars under Polestar brand.

smart and smart Sales

smart is a limited liability company established in the PRC. As at the date of this announcement, it is ultimately owned as to 50% by Mr. Li and his associates and as to 50% by an independent third party. smart is principally engaged in the R&D, sales, and export of electric vehicle and parts etc. As at the date of this announcement, smart Sales is a wholly-owned subsidiary of smart. smart Sales is principally engaged in the sales and marketing of smart brand vehicles and provision of after-sales services.

ZEEKR

ZEEKR is a limited liability company established in the Cayman Islands and as at the date of this announcement, ZEEKR is owned as to approximately 54.7% (on an as-converted basis) and approximately 51.3% (on a fully-diluted and as-converted basis) by the Company, and is owned as to approximately 13.2% (on an as-converted basis) and approximately 12.4% (on a fully-diluted and as-converted basis) by Geely Holding. ZEEKR is principally engaged in the research and development, purchase and sale of the electric mobility related products such as the premium intelligent electric vehicles under the ZEEKR brand and the provision of service relating thereto.

Genius AFC

Genius AFC is a vehicle financing company established in the PRC, and is beneficially owned as to 75% by the Company, as to 20% by BNPP PF and as to 5% by Cofiplan, respectively as at the date of this announcement. Genius AFC is principally engaged in the provision of vehicle financing services in the PRC. Following the implementation of the Administrative Measures for Automotive Finance Companies (汽車金融公司管理辦法) as promulgated under NAFR 2023 No.1 on 11 August 2023, Genius AFC has broadened its business scope to cover the financing related to auto accessories and auto financing services for after-sales service providers. As certain key corporate matters of Genius AFC require a positive vote from BNPP PF or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC, Genius AFC is treated as a jointly controlled entity of the Company. Genius AFC is primarily regulated by the NAFR. In addition, PBOC, the Ministry of Finance of the PRC also have regulatory authority over the automobile financing industry. NAFR and PBOC enacted the Measures for the Administration of Automotive Loans and the Measures for the Administration of Automotive Finance Companies, respectively to standardize the management of automobile financing business.

IMPLICATIONS UNDER THE LISTING RULES

(a) Non-exempt Continuing Connected Transactions

Automobile Components Sales and Purchase Agreement, CBUs and CKDs Procurement Cooperation Agreement and R&D Services and Technology Licensing Agreement

As at the date of this announcement, Geely Holding is a substantial shareholder of the Company holding 4,019,391,000 Shares, representing approximately 40% of the total issued share capital of the Company. As such, Geely Holding is a connected person of the Company under the Listing Rules. LYNK & CO is owned as to 50%, 20% and 30% by Ningbo Geely, Geely Holding and VCI, respectively. VCI is an indirect non wholly-owned subsidiary of Geely Holding. As such, LYNK & CO is an associate of Geely Holding and a connected person of the Company under the Listing Rules. ZEEKR is owned as to approximately 54.7% (on an as-converted basis) and approximately 51.3% (on a fully-diluted and as-converted basis) by the Company, and is owned as to approximately 13.2% (on an as-converted basis) and approximately 12.4% (on a fully-diluted and as-converted basis) by Geely Holding. Therefore, ZEEKR is a connected subsidiary of the Company under the Listing Rules.

Lotus Technology is indirectly owned as to more than 30% by Mr. Li and his associate. As such, Lotus Technology is an associate of Mr. Li and a connected person of the Company under the Listing Rules. Each of Polestar AB and Polestar China is indirectly owned as to 48.3% by Geely Holding and as to 39.2% by Mr. Li. As such, Polestar AB and Polestar China are associates of Geely Holding and Mr. Li and connected persons of the Company under the Listing Rules. JIDU is owned as to 40.26% by Geely Holding. As such, JIDU is an associate of Geely Holding and a connected person of the Company under the Listing Rules. LEVC is owned as to 50% by Geely Holding and 50% by Geely Ningbo, which is in turn wholly-owned by Mr. Li and his associate. As such, LEVC is a connected person of the Company under the Listing Rules. smart ultimately owned as to 50% by Mr. Li and his associates and as to 50% by an independent third party. As such, smart is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

The transactions contemplated under the Automobile Components Sales and Purchase Agreement, the CBUs and CKDs Procurement Cooperation Agreement and the R&D Services and Technology Licensing Agreement constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios of the proposed annual caps for each of (i) the Automobile Components Sales and Purchase Agreement; (ii) the CBUs and CKDs Procurement Cooperation Agreement; and (iii) the R&D Services and Technology Licensing Agreement exceed 5% on an annual basis, the transactions contemplated under each of the aforesaid agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Automobile Financing Arrangements

As at the date of this announcement, (i) LYNK & CO Sales is a wholly-owned subsidiary of LYNK & CO and as such, LNNK & CO Sales is an associate of Geely Holding and a connected person of the Company under the Listing Rules; (ii) smart Sales is a wholly-owned subsidiary of smart and as such, smart Sales is an associate of Mr. Li and a connected person of the Company under the Listing Rules; and (iii) Lotus Sales is indirectly owned as to more than 30% by Mr. Li and his associate and as such, Lotus Sales is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

Under the automobile financing arrangements, Genius AFC will provide financing services to different parties, including but not limited to the dealers, after-sales service providers, other sellers or retail customers who will purchase vehicles or auto accessories or services from the vehicle brands of LYNK & CO, ZEEKR, Geely Holding, Geely, smart and Lotus during the term of the Finance Cooperation Agreements. The respective transactions with Genius AFC are deemed to be connected transactions of the Company under Rule 14A.23 of the Listing Rules on the grounds that the dealers, after-sales service providers, other sellers or retail customers will use the financing provided by Genius AFC to purchase vehicles or auto accessories or services from the connected persons of the Company. On the other hand, since the Connected Geely Dealers are connected persons of the Company, transactions between Genius AFC and the Connected Geely Dealers contemplated under the Geely Holding Finance Cooperation Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps of the continuing connected transactions contemplated under the Finance Cooperation Agreements exceed(s) 5% on an aggregated and annual basis, the continuing connected transactions contemplated under the Finance Cooperation Agreements are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(b) Exempted Continuing Connected Transactions

As Geely Holding is a connected person of the Company, the transactions contemplated under the Powertrain Sales Agreement constitutes continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the proposed annual cap under the Powertrain Sales Agreement on an annual basis are over 0.1% but less than 5%, the transactions contemplated under the Powertrain Sales Agreement are subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(c) Exempted Connected Transactions

As Geely Holding is a connected person of the Company, the transactions contemplated under the Assets Transfer Agreement constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transfers of Target Assets I and Target Assets II contemplated under the Assets Transfer Agreement, are over 0.1% but less than 5%, respectively, the transactions contemplated under the Assets Transfer Agreement are subject to the reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

Mr. Li and Mr. Li Dong Hui, Daniel, each an executive Director, are considered to be interested in the Non-exempt Continuing Connected Transactions, the Exempted Continuing Connected Transactions and the Exempted Connected Transactions by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li and Mr. Li Dong Hui, Daniel has abstained from voting on the Board resolutions for approving the Non-exempt Continuing Connected Transactions, the Exempted Continuing Connected Transactions and the Exempted Connected Transactions.

In addition, Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei and Mr. Gan Jia Yue, each an executive Director, are considered to be interested in the Automobile Components Sales and Purchase Agreement, the R&D Services and Technology Licensing Agreement, and the ZEEKR Finance Cooperation Agreement by virtue of their interests in ZEEKR. As a result, each of Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei and Mr. Gan Jia Yue has abstained from voting on the Board resolutions for approving the Automobile Components Sales and Purchase Agreement, the R&D Services and Technology Licensing Agreement, and the ZEEKR Finance Cooperation Agreement.

The Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Non-Exempt Continuing Connected Transactions, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Non-Exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

A circular containing, among other things, (i) further information about the Non-Exempt Continuing Connected Transactions; (ii) the recommendation of the Independent Board Committee in respect of the Non-Exempt Continuing Connected Transactions; (iii) the advice of the Independent Financial Adviser on the Non-Exempt Continuing Connected Transactions; and (iv) other information as required under the Listing Rules together with the notice of the EGM, will be despatched to the Shareholders on or before 31 October 2023 (which is more than 15 business days after the publication of this announcement) after taking into account the time required for preparing and gathering the relevant information to be contained in the circular.

DEFINITIONS

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

“Assets Transfer Agreement”	the master assets transfer agreement dated 15 September 2023 entered into between the Company and Geely Holding for the purchase of the Target Assets I by the Group from the Geely Holding Group and the sales of Target Assets II by the Group to the Geely Holding Group
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Aurobay Technology”	極光灣科技有限公司 (Aurobay Technology Co., Ltd.*), a limited liability company established in the PRC, which is an indirectly wholly-owned subsidiary of the Company as at the date of this announcement
“Aurobay Technology Group”	Aurobay Technology and its subsidiaries
“Automobile Components Procurement Agreement”	the master procurement agreement dated 15 October 2021 entered into between the Company and Geely Holding for the procurement of automobile components by the Group from the Geely Holding Group
“Automobile Components Sales Agreement”	the master sales agreement dated 2 July 2021 entered into among the Company, Geely Holding and LYNK & CO for the sale of the automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) by the Group to the Geely Holding Group and the LYNK & CO Group
“Automobile Components Sales and Purchase Agreement”	the master automobile components sales and purchase agreement entered into among the Company, Geely Holding, LYNK & CO and ZEEKR on 15 September 2023, pursuant to which the Group conditionally agreed to (i) sell automobile components to the Geely Holding Group and LYNK & CO Group; and (ii) purchase automobile components from the Geely Holding Group and the ZEEKR Group
“Automobile Sales Company”	the LYNK & CO Sales; the ZEEKR; the Geely Holding; smart Sales; and Lotus Sales

“BNPP PF”	BNP Paribas Personal Finance, a wholly-owned subsidiary of BNP Paribas Group, which is principally engaged in consumer credit and mortgage lending activities
“Board”	the board of Directors
“Business Day”	day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong and the PRC
“CBU(s)”	complete buildup unit(s) (整車), a complete vehicle after the final assembly
“CBUs and CKDs Procurement Cooperation Agreement”	the master CBUs and CKDs procurement cooperation agreement dated 15 September 2023 entered into between the Company and Geely Holding for the procurement of CBUs and CKDs that are mainly used for ZEEKR brand vehicles by the Group from the Geely Holding Group
“CKD(s)”	complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle
“Cofiplan”	Cofiplan S.A., a wholly-owned subsidiary of BNP Paribas Group, which is principally engaged in financing activities
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the main board of the Stock Exchange (stock codes: 175 (HKD counter) and 80175 (RMB counter))
“Connected Geely Dealers”	companies, which are controlled by the Geely Holding Group, being authorised by the Group under franchise dealer agreements to sell Geely brand vehicles to retail customers
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company, each a “Director”
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Non-exempt Continuing Connected Transactions
“Exempted Connected Transactions”	the transactions contemplated under the Assets Transfer Agreement

“Exempted Continuing Connected Transactions”	the transactions contemplated under the Powertrain Sales Agreement
“Existing Automobile Components Sales and Procurement Agreements”	collectively, the Automobile Components Sales Agreement, the Automobile Components Procurement Agreement and the ZEEKR Automobile Components Procurement Agreement and the ZEEKR Supplemental Automobile Components Procurement Agreement
“Existing Finance Cooperation Agreements”	collectively, the Existing LYNK & CO Finance Cooperation Agreement, the Existing ZEEKR Finance Cooperation Agreement, the Existing Geely Holding Finance Cooperation Agreement and the Existing smart Finance Cooperation Agreement
“Existing Geely Holding Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and Geely Holding on 4 November 2020, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to retail customers to assist them with purchasing Geely brand vehicles and Geely Holding-owned brand vehicles
“Existing LYNK & CO Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and LYNK & CO Sales on 4 November 2020, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to the LYNK & CO Dealers and retail customers to assist them with purchasing LYNK & CO brand vehicles
“Existing Master CKDs and Automobile Components Purchase Agreement”	the master CKDs and automobile components purchase agreement entered into between the Company and Geely Holding on 4 November 2020 for the purchase of CKDs and automobile components under the Geely brand including Vision X6 vehicle model, etc. by the Group from the Geely Holding Group
“Existing Powertrain Sales Agreement”	the master powertrain sales agreement entered into among the Company, Geely Holding and LYNK & CO on 4 November 2020 for the sale of the Powertrain Products by the Group to the Geely Holding Group and the LYNK & CO Group
“Existing R&D Services and Technology Licensing Agreement”	the master R&D services and technology licensing agreement entered into among the Company, Geely Holding and LYNK & CO on 2 July 2021, pursuant to which the Group conditionally agreed to (i) provide R&D and related technological support services to the Geely Holding Group and the LYNK & CO Group and (ii) procure certain R&D and related technological support services from the Geely Holding Group

“Existing smart Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and smart Sales on 9 September 2022, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to retail customers to assist them with purchasing smart brand vehicles
“Existing ZEEKR Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and ZEEKR on 2 July 2021, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to retail customers to assist them with purchasing ZEEKR brand vehicles
“Finance Cooperation Agreements”	collectively, the LYNK & CO Finance Cooperation Agreement, the ZEEKR Finance Cooperation Agreement, the Geely Holding Finance Cooperation Agreement, the smart Finance Cooperation Agreement and the Lotus Finance Cooperation Agreement
“Geely Changxing”	吉利長興自動變速器有限公司 (Geely Changxing Automatic Transmission Co., Ltd.*), a limited liability company established in the PRC, which is ultimately beneficially approximately 50.68% owned by Mr. Li and his associate as at the date of this announcement
“Geely Changxing Group”	Geely Changxing and its subsidiaries
“Geely Dealers”	companies that are authorised by the Group under franchise dealer agreements to sell Geely brand vehicles including the Independent Geely Dealers and the Connected Geely Dealers
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a limited liability company established in the PRC, which is ultimately beneficially wholly-owned by Mr. Li and his associate as at the date of this announcement
“Geely Holding and Related Party Groups”	collectively, the Geely Holding Group, the ZEEKR Group, the LYNK & CO Group, the Lotus Technology Group, the Polestar Group, the JIDU Group, the LEVC Group and the smart Group
“Geely Holding Dealer(s)”	companies that are authorised by the Geely Holding Group under franchise dealer agreements to sell Geely Holding-owned brand vehicles

“Geely Holding Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and Geely Holding on 15 September 2023, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to the dealers, after-sales service providers, other sellers and retail customers
“Geely Holding Group”	Geely Holding and its subsidiaries
“Geely Holding-owned brand vehicles”	vehicles of automobile brands of the Geely Holding Group excluding Volvo brand vehicles for the purpose of this announcement
“Geely Holding Retail Annual Cap(s)”	the proposed annual cap(s) for the Geely Holding Retail Financing business for each of the financial years ending 31 December 2024, 2025 and 2026
“Geely Holding Retail Financing”	the provision of vehicle financing and other financing services by Genius AFC to retail customers to assist them with purchasing (a) Geely brand vehicles, auto accessories or services from the Connected Geely Dealers; or (b) Geely Holding-owned brand vehicles, auto accessories or services from the Geely Holding Dealers or other sellers
“Geely Holding Retail Financing Agreement(s)”	the financing agreement(s) to be entered into between Genius AFC and retail customers setting out the terms of the financing to be provided by Genius AFC to retail customers for purchasing Geely Holding-owned brand vehicles, auto accessories or services
“Geely Holding Retail Financing Cooperation Agreement”	the retail financing cooperation agreements entered into between Genius AFC and dealers or other sellers, pursuant to which such dealers or other sellers shall recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of Geely Holding-owned brand vehicles, auto accessories or services
“Geely Holding Wholesale Annual Cap(s)”	the proposed annual cap(s) for the Geely Holding Wholesale Financing Business for each of the financial years ending 31 December 2024, 2025 and 2026
“Geely Holding Wholesale Financing”	the provision of vehicle financing and other financing services by Genius AFC to the relevant Wholesale Customers to assist them with purchasing Geely Holding-owned brand vehicles, auto accessories and services

“Geely Holding Wholesale Financing Business”	the provision of the Geely Holding Wholesale Financing by Genius AFC
“Geely Ningbo”	吉利集團(寧波)有限公司 (Geely Group (Ningbo) Co., Ltd.*), a limited liability company established in the PRC, which is ultimately beneficially wholly-owned by Mr. Li and his associate as at the date of this announcement
“Geely Retail Financing Agreement(s)”	the financing agreement(s) to be entered into between Genius AFC and retail customers setting out the terms of the financing to be provided by Genius AFC to retail customers for purchasing Geely brand vehicles, auto accessories or services
“Geely Retail Financing Cooperation Agreements”	the retail financing cooperation agreements to be entered into between Genius AFC and the Connected Geely Dealers, pursuant to which such dealers shall recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of Geely brand vehicles, auto accessories and services
“Geely Wholesale Facility Agreements”	the financing agreements to be entered into between Genius AFC and the relevant Wholesale Customers setting out the terms of the financing to be provided by Genius AFC to the relevant Wholesale Customers to finance their purchase of Geely brand vehicles, auto accessories and services
“Genius AFC”	吉致汽車金融有限公司 (Genius Auto Finance Co., Ltd.*), a limited liability company established in the PRC, which is owned as to 75% by the Company, 20% by BNPP PF and 5% by Cofiplan, respectively, as at the date of this announcement. As certain key corporate matters of Genius AFC require a positive vote from BNPP PF or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC, Genius AFC is treated as a jointly controlled entity of the Company
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board, which comprises all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders on the Non-exempt Continuing Connected Transactions
“Independent Financial Adviser”	Ballas Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions
“Independent Geely Dealers”	companies, which are independent from the Company and its connected persons, being authorised by the Group under franchise dealer agreements to sell Geely brand vehicles to retail customers
“Independent Shareholders”	Shareholders other than Mr. Li, Mr. Li Dong Hui, Daniel, Mr. Gui Sheng Yue, Mr. An Cong Hui, Ms. Wei Mei, Mr. Gan Jia Yue (as the case maybe), and their respective associates
“JIDU”	JIDU Auto Inc. (集度汽車公司*), a company incorporated in the Cayman Islands and is owned as to 40.26% by Geely Holding, which is ultimately beneficially wholly-owned by Mr. Li and his associate as at the date of this announcement
“JIDU Group”	JIDU and its subsidiaries
“JV Company”	a private company to be incorporated in England and Wales, which is limited by shares and will be owned as to 33% by the Company, 17% by Geely Holding and 50% by Renault S.A.S.
“JV Company Group”	the JV Company and its subsidiaries
“LEVC”	浙江翼真新能源汽車有限公司(Zhejiang LEVC New Energy Automobile Co., Ltd.*), a limited liability company established in the PRC, which is owned as to 50% by Geely Holding and 50% by Geely Ningbo as at the date of this announcement
“LEVC Group”	LEVC and its subsidiaries
“Lotus Dealers”	companies that are authorised by Lotus Group under franchise dealer agreements to sell Lotus brand vehicles to retail customers

“Lotus Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and Lotus Sales on 15 September 2023, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to the dealers, after-sales service providers, other sellers and retail customers
“Lotus Group”	Lotus Sales and its subsidiaries as well as the Lotus Technology Group
“Lotus Retail Annual Cap(s)”	the proposed annual cap(s) for the Lotus Retail Financing business for each of the financial years ending 31 December 2024, 2025 and 2026
“Lotus Retail Financing”	the provision of vehicle financing and other financing services by Genius AFC to retail customers to assist them with purchasing Lotus brand vehicles, auto accessories and services
“Lotus Retail Financing Agreement(s)”	the financing agreement(s) to be entered into between Genius AFC and retail customers setting out the terms of the financing to be provided by Genius AFC to retail customers for purchasing Lotus brand vehicles, auto accessories or services
“Lotus Retail Financing Cooperation Agreement”	the retail financing cooperation agreements to be entered into between Genius AFC and the dealers or other sellers, pursuant to which such dealers or other sellers will recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of Lotus brand vehicles, auto accessories and services
“Lotus Sales”	武漢路特斯汽車銷售有限公司 (Wuhan Lotus Automobile Sales Company Limited*), a limited liability company established in the PRC, which is indirectly owned as to more than 30% by Mr. Li and his associate as at the date of this announcement
“Lotus Technology”	武漢路特斯科技有限公司 (Wuhan Lotus Technology Company Limited*), a limited liability company established in the PRC, which is indirectly owned as to more than 30% by Mr. Li and his associate as at the date of this announcement
“Lotus Technology Group”	Lotus Technology and its subsidiaries
“Lotus Wholesale Annual Cap(s)”	the proposed annual cap(s) for the Lotus Wholesale Financing Business for each of the financial years ending 31 December 2024, 2025 and 2026

“Lotus Wholesale Facility Agreements”	the financing agreements to be entered into between Genius AFC and the relevant Wholesale Customers setting out the terms of the financing to be provided by Genius AFC to such Wholesale Customers for purchasing Lotus brand vehicles, auto accessories and services
“Lotus Wholesale Financing”	the provision of vehicle financing and other financing services by Genius AFC to the relevant Wholesale Customers to assist them with purchasing Lotus brand vehicles, auto accessories and services
“Lotus Wholesale Financing Business”	the provision of the Lotus Wholesale Financing by Genius AFC
“LYNK & CO”	領克投資有限公司 (LYNK & CO Investment Co., Ltd.*), a Chinese-foreign equity joint venture of the Company established in the PRC, which is owned as to 50%, 20% and 30% by Ningbo Geely, Geely Holding and VCI as at the date of this announcement
“LYNK & CO Dealers”	companies that are authorised by LYNK & CO Sales under franchise dealer agreements to sell LYNK & CO brand vehicles to retail customers
“LYNK & CO Group”	LYNK & CO and its subsidiaries
“LYNK & CO Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and LYNK & CO Sales on 15 September 2023, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to the dealers, after-sales service providers, other sellers and retail customers
“LYNK & CO Retail Annual Cap(s)”	the proposed annual cap(s) for the LYNK & CO Retail Financing business for each of the financial years ending 31 December 2024, 2025 and 2026
“LYNK & CO Retail Financing”	the provision of vehicle financing and other financing services by Genius AFC to the LYNK & CO retail customers to assist them with purchasing LYNK & CO brand vehicles, auto accessories and services
“LYNK & CO Retail Financing Agreement(s)”	the financing agreement(s) to be entered into between Genius AFC and LYNK & CO retail customers setting out the terms of the financing to be provided by Genius AFC to LYNK & CO retail customers for purchasing LYNK & CO brand vehicles, auto accessories and services

“LYNK & CO Retail Financing Cooperation Agreement”	the retail financing cooperation agreements to be entered into between Genius AFC and the dealers or other sellers, pursuant to which such dealers or other sellers will recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of LYNK & CO brand vehicles, auto accessories and services
“LYNK & CO Sales”	領克汽車銷售有限公司 (LYNK & CO Automobile Sales Co., Ltd.*), a limited liability company established in the PRC, which is a wholly-owned subsidiary of LYNK & CO as at the date of this announcement
“LYNK & CO Wholesale Annual Cap(s)”	the proposed annual cap(s) for the LYNK & CO Wholesale Financing Business for each of the financial years ending 31 December 2024, 2025 and 2026
“LYNK & CO Wholesale Facility Agreements”	the financing agreements to be entered into between Genius AFC and the relevant Wholesale Customers setting out the terms of the financing to be provided by Genius AFC to such Wholesale Customers for purchasing LYNK & CO brand vehicles, auto accessories and services
“LYNK & CO Wholesale Financing”	the provision of vehicle financing and other financing services by Genius AFC to the relevant Wholesale Customers to assist them with purchasing LYNK & CO brand vehicles, auto accessories and services
“LYNK & CO Wholesale Financing Business”	the provision of the LYNK & CO Wholesale Financing by Genius AFC
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial shareholder holding approximately 42.12% of the total issued share capital of the Company as at the date of this announcement
“NAFR”	National Administration of Financial Regulation, which has been newly formed on the basis of China Banking and Insurance Regulatory Commission
“NEV(s)”	new energy vehicle(s)
“Ningbo Geely”	寧波吉利汽車實業有限公司 (Ningbo Geely Auto Industry Company Limited*), a limited liability company established in the PRC, which is an indirectly wholly-owned subsidiary of the Company as at the date of this announcement

“Non-exempt Continuing Connected Transactions”	the transactions contemplated under the Automobile Components Sales and Purchase Agreement; the transactions contemplated under the CBUs and CKDs Procurement Cooperation Agreement; the transactions contemplated under the R&D Services and Technology Licensing Agreement; and the transactions contemplated under the Finance Cooperation Agreements
“PBOC”	the People’s Bank of China
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“Polestar AB”	Polestar Performance AB, a limited liability company incorporated in Sweden, which is indirectly owned as to 48.3% by Geely Holding and is indirectly owned as to 39.2% by Mr. Li as at the date of this announcement
“Polestar China”	極星汽車銷售有限公司 (Polestar Automotive China Distribution Co., Ltd.*), a limited liability company established in the PRC, which is indirectly owned as to 48.3% by Geely Holding and is indirectly owned as to 39.2% by Mr. Li as at the date of this announcement
“Polestar Group”	Polestar AB and its subsidiaries as well as Polestar China and its subsidiaries
“Powertrain Products”	engines, transmissions and relevant after-sale parts and other products as the Group may specify from time to time
“Powertrain Purchase Agreement”	the master powertrain purchase agreement dated 11 July 2023 entered into among the Company, Aurobay Technology and Geely Changxing for the purchase of Powertrain Products from the Aurobay Technology Group and the Geely Changxing Group by the Group
“Powertrain Sales Agreement”	the master powertrain sales agreement dated 15 September 2023 entered into among the Company, LYNK & CO and Geely Holding pursuant to which the Group conditionally agreed to sell Powertrain Products manufactured by the Group to the LYNK & CO Group and the Geely Holding Group

“Powertrain Sales Annual Cap”	the proposed annual cap in relation to the sales of Powertrain Products manufactured by the Group to the LYNK & CO Group and the Geely Holding Group for the financial year ending on 31 December 2024
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“R&D”	research and development
“R&D Services and Technology Licensing Agreement”	the master R&D services and technology licensing agreement entered into among the Company, Geely Holding, LYNK & CO, ZEEKR, Lotus Technology, Polestar AB, Polestar China, JIDU, LEVC and smart on 15 September 2023, pursuant to which (i) the Group conditionally agreed to provide to the Geely Holding and Related Party Groups the R&D and related technological support services, including the R&D for automobiles and key automobile auto parts, technical verification and testing, technical consultation services, technical support services, technology licensing, etc.; and (ii) the Group conditionally agreed to procure from the Geely Holding Group and ZEEKR Group the R&D and related technological support services, including the R&D of the NEV technologies and intelligent drive technologies, technical verification and testing, technical consultation services and technical support services, technology licensing, etc.
“Retail Customer(s)”	retail customers for purchasing the LYNK & CO brand vehicles, ZEEKR brand vehicles, Geely brand vehicles, Geely Holding-owned brand vehicles, smart brand vehicles and/or Lotus brand vehicles
“Retail Financing”	the LYNK & CO Retail Financing; the ZEEKR Retail Financing; the Geely Holding Retail Financing; the smart Retail Financing; and the Lotus Retail Financing
“Retail Financing Cooperation Agreement(s)”	the agreements entered into among Genius AFC with the relevant dealers or other sellers (as the case maybe), pursuant to which the relevant dealers or other sellers shall recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of the relevant brand of vehicles, auto accessories and services

“Retail Financing Business”	the business of the LYNK & CO Retail Financing; the ZEEKR Retail Financing; the Geely Holding Retail Financing; the smart Retail Financing; and the Lotus Retail Financing
“Retail Individual Financing Agreement(s)”	the LYNK & CO Retail Financing Agreement(s); the ZEEKR Retail Financing Agreement(s); the Geely Holding Retail Financing Agreement(s); the Geely Retail Financing Agreement(s); the smart Retail Financing Agreement(s); and the Lotus Retail Financing Agreement(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholders”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“smart”	智馬達汽車有限公司 (smart Automobile Co., Ltd.*), a limited liability company established in the PRC, which is ultimately owned as to 50% by Mr. Li and his associates and owned as to 50% by an independent third party, respectively as at the date of this announcement
“smart Dealers”	companies that are authorised by smart Sales under franchise dealer agreements to sell smart brand vehicles to retail customers
“smart Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and smart Sales on 15 September 2023, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to the dealers, after-sales service providers, other sellers and retail customers
“smart Group”	smart together with its subsidiaries
“smart Retail Annual Cap(s)”	the proposed annual cap(s) for the smart Retail Financing business for each of the financial years ending 31 December 2024, 2025 and 2026

“smart Retail Financing”	the provision of vehicle financing and other financing services by Genius AFC to the smart retail customers to assist them with purchasing smart brand vehicles, auto accessories and services
“smart Retail Financing Agreement(s)”	the financing agreement(s) to be entered into between Genius AFC and retail customers setting out the terms of the financing to be provided by Genius AFC to retail customers for purchasing smart brand vehicles, auto accessories and services
“smart Retail Financing Cooperation Agreement”	the cooperation agreements to be entered into between Genius AFC and the dealers or other sellers, pursuant to which such dealers or other sellers will recommend their retail customers to use Genius AFC for obtaining vehicle financing to finance their purchase of smart brand vehicles, auto accessories and services
“smart Sales”	精靈汽車銷售(南寧)有限公司 (smart Automobile Sales (Nanning) Co., Ltd.*), a limited liability company established in the PRC, which is a wholly-owned subsidiary of smart as at the date of this announcement
“smart Wholesale Annual Cap(s)”	the proposed annual cap(s) for the smart Wholesale Financing Business for each of the financial years ending 31 December 2024, 2025 and 2026
“smart Wholesale Facility Agreements”	the financing agreements to be entered into between Genius AFC and the relevant Wholesale Customers setting out the terms of the financing to be provided by Genius AFC to such Wholesale Customers for purchasing smart brand vehicles, auto accessories and services
“smart Wholesale Financing”	the provision of vehicle financing and other financing services by Genius AFC to the relevant Wholesale Customers to assist them with purchasing smart brand vehicles, auto accessories and services
“smart Wholesale Financing Business”	the provision of the smart Wholesale Financing by Genius AFC
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Master CKDs and Automobile Components Purchase Agreement”	the supplemental master agreement dated 15 October 2021 entered into between the Company and Geely Holding, pursuant to which the parties agreed to increase the annual caps under the Existing Master CKDs and Automobile Components Purchase Agreement

“Target Assets I”	the assets to be purchased by the Group from the Geely Holding Group under the Assets Transfer Agreement
“Target Assets II”	the assets to be sold by the Group to the Geely Holding Group under the Assets Transfer Agreement
“VCI”	沃爾沃汽車(中國)投資有限公司 (Volvo Car (China) Investment Co., Ltd.*), a limited liability company established in the PRC, which is a wholly-owned subsidiary of Volvo as at the date of this announcement
“Volvo”	Volvo Car Corporation, a limited liability company incorporated under the laws of Sweden, which is an indirect non wholly-owned subsidiary of Geely Holding as at the date of this announcement
“Wholesale Customer(s)”	including but not limited to the LYNK & CO Dealer(s); the ZEEKR Dealer(s); the Geely Holding Dealer(s); the Connected Geely Dealer(s); the smart Dealer(s); the Lotus Dealer(s); after-sales services providers; and other sellers
“Wholesale Facility Agreements”	the LYNK & CO Wholesale Facility Agreements; the ZEEKR Wholesale Facility Agreements; the Geely Holding Wholesale Facility Agreements; the Geely Wholesale Facility Agreements; the smart Wholesale Facility Agreements; and the Lotus Wholesale Facility Agreements
“Wholesale Financing”	the LYNK & CO Wholesale Financing; the ZEEKR Wholesale Financing; the Geely Holding Wholesale Financing; the smart Wholesale Financing; and the Lotus Wholesale Financing
“Wholesale Financing Business”	the LYNK & CO Wholesale Financing Business; the ZEEKR Wholesale Financing Business; the Geely Holding Wholesale Financing Business; the smart Wholesale Financing Business; and the Lotus Wholesale Financing Business
“ZEEKR”	ZEEKR Intelligent Technology Holding Limited, a limited liability company incorporated in the Cayman Islands, which is an indirect subsidiary of the Company as at the date of this announcement

“ZEEKR Automobile Components Procurement Agreement”	the automobile components procurement agreement entered into between the Company and ZEEKR on 2 July 2021 for the procurement of the automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) by the Group from the ZEEKR Group
“ZEEKR Dealers”	companies that are authorised by ZEEKR Group under franchise dealer agreements to sell ZEEKR brand vehicles to retail customers
“ZEEKR Finance Cooperation Agreement”	the finance cooperation agreement entered into between Genius AFC and ZEEKR on 15 September 2023, pursuant to which Genius AFC conditionally agreed to provide vehicle financing services to the dealers, after-sales service providers, other sellers and retail customers
“ZEEKR Group”	ZEEKR together with its subsidiaries
“ZEEKR Retail Annual Cap(s)”	the proposed annual cap(s) for the ZEEKR Retail Financing business for each of the financial years ending 31 December 2024, 2025 and 2026
“ZEEKR Retail Financing”	the provision of vehicle financing and other financing services by Genius AFC to retail customers to assist them with purchasing ZEEKR brand vehicles, auto accessories and services
“ZEEKR Retail Financing Agreement(s)”	the financing agreement(s) to be entered into between Genius AFC and retail customers setting out the terms of the financing to be provided by Genius AFC to retail customers for purchasing ZEEKR brand vehicles, auto accessories and services
“ZEEKR Supplemental Automobile Components Procurement Agreement”	the supplemental agreement to the ZEEKR Automobile Components Procurement Agreement entered into between the Company and ZEEKR dated 9 September 2022 for the revised automobile components procurement annual caps
“ZEEKR Wholesale Annual Cap(s)”	the proposed annual cap(s) for the ZEEKR Wholesale Financing Business for each of the financial years ending 31 December 2024, 2025 and 2026

“ZEEKR Wholesale Facility Agreements”	the financing agreements to be entered into between Genius AFC and the relevant Wholesale Customers setting out the terms of the financing to be provided by Genius AFC to such Wholesale Customers for their purchase of ZEEKR brand vehicles, auto accessories and services
“ZEEKR Wholesale Financing”	the provision of vehicle financing and other financing services by Genius AFC to the relevant Wholesale Customers to assist them with purchasing ZEEKR brand vehicles, auto accessories and services
“ZEEKR Wholesale Financing Business”	the provision of the ZEEKR Wholesale Financing by Genius AFC
“%”	per cent

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

Hong Kong, 15 September 2023

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

* *For identification purposes only*