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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 code: 175)

**(I) REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS; AND
(II) EXEMPTED CONTINUING CONNECTED TRANSACTIONS IN
RELATION TO THE AUTOMOBILE FINANCING ARRANGEMENTS**

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) Supplemental Services Agreement

Reference is made to the Company's announcement dated 15 October 2021 in relation to, among others, the Services Agreement. Pursuant to the Services Agreement, (i) the Group conditionally agreed to sell CKDs to the Geely Holding Group; and (ii) the Group conditionally agreed to purchase CBUs from the Geely Holding Group, for a term of three years from 1 January 2022 to 31 December 2024.

Driven primarily by the increase in the production and operational costs within the automobile sector since the first quarter of 2022, and the increased demand for NEV, the Board envisages that the Existing Services Annual Caps will not be sufficient to meet the Group's requirements. Accordingly, the Board resolved on 9 September 2022 (after trading hours) to enter into the Supplemental Services Agreement to revise the annual caps for the sale of CKDs and purchase of CBUs under the Services Agreement for the three years

ending 31 December 2024. The Revised Services Annual Caps for the sale of CKDs are RMB116,226 million, RMB136,387 million and RMB163,930 million, respectively for the financial years ending 31 December 2022, 2023 and 2024. Meanwhile, the Revised Services Annual Caps for purchase of CBUs are RMB117,729 million, RMB141,315 million and RMB169,577 million, respectively for the financial years ending 31 December 2022, 2023 and 2024.

Pursuant to the requirements of the Listing Rules, the Company will seek an approval from the Independent Shareholders at the EGM for the Supplemental Services Agreement. Save for the Revised Services Annual Caps, the other terms of the Services Agreement remain unchanged.

(B) Supplemental Automobile Components Procurement Agreement

Reference is made to the Company's announcement dated 2 July 2021 in relation to, among others, the Automobile Components Procurement Agreement. Pursuant to the Automobile Components Procurement Agreement, the Group conditionally agreed to procure, and ZEEKR conditionally agreed to supply, automobile components for a period from the effective date of the Automobile Components Procurement Agreement to 31 December 2023. Such automobile components procured by the Group are mainly for use in the manufacturing of Geely-Branded vehicles.

Given the continuous increase of production costs in the automobile industry and a surge in demand for NEV, the Board envisages that the Existing Automobile Components Procurement Annual Caps will not be sufficient to meet the Group's requirements. Accordingly, the Board resolved on 9 September 2022 (after trading hours) to enter into the Supplemental Automobile Components Procurement Agreement to revise the annual caps under the Automobile Components Procurement Agreement for the two years ending 31 December 2023. The Revised Automobile Components Procurement Annual Caps are RMB3,749 million and RMB3,942 million, respectively for the financial years ending 31 December 2022 and 2023.

Pursuant to the requirements of the Listing Rules, the Company will seek an approval from the Independent Shareholders at the EGM for the Supplemental Automobile Components Procurement Agreement. Save for the Revised Automobile Components Procurement Annual Caps, the other terms of the Automobile Components Procurement Agreement remain unchanged.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS IN RELATION TO AUTOMOBILE FINANCING ARRANGEMENTS

On 9 September 2022 (after trading hours), Genius AFC and smart Sales entered into the smart Finance Cooperation Agreement, pursuant to which Genius AFC will provide vehicle financing services to the smart Retail Customers to assist them to purchase smart Brand Vehicles.

Under the terms of the smart Finance Cooperation Agreement, Genius AFC will enter into the smart Relevant Business Agreement with the smart Group or smart Cooperation Partners, pursuant to which the smart Group or the smart Cooperation Partners will cooperate with Genius AFC for the provision of auto finance services to the smart Retail Customers on financing their purchase of smart Brand Vehicles. After the commencement of the smart Retail Financing Business, Genius AFC will enter into smart Retail Loan Agreements with the smart Retail Customers.

The smart Financing Annual Caps under the smart Retail Financing Business for the financial years ending 31 December 2022 and 2023 are RMB134.0 million and RMB670.0 million, respectively.

IMPLICATIONS UNDER THE LISTING RULES

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) Supplemental Services Agreement

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 42.15% of the issued share capital of the Company as at the date of this announcement, and is a connected person of the Company for the purpose of the Listing Rules. The transactions contemplated under the Supplemental Services Agreement constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

(B) Supplemental Automobile Components Procurement Agreement

As at the date of this announcement, ZEEKR is owned as to approximately 58.31% (on an As-Converted Basis) and approximately 54.47% (on a Fully Diluted and As-Converted Basis) by the Company, and is owned as to approximately 14.11% (on an As-Converted Basis) and approximately 13.18% (on a Fully-Diluted and As-Converted Basis) by Geely Holding. ZEEKR is hence a connected subsidiary of the Company. As such, the transactions contemplated under the Supplemental Automobile Components Procurement 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 of (i) the proposed annual caps for the Supplemental Services Agreement; and (ii) the proposed annual caps aggregated under the Supplemental Automobile Components Procurement Agreement and the Automobile Components Sales Agreement exceed 5% on an annual basis, the transactions contemplated under the Supplemental Services Agreement and the Supplemental Automobile Components Procurement Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules respectively.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Automobile Financing Arrangements – smart Finance Cooperation Agreement

As at the date of this announcement, smart Sales is a wholly owned subsidiary of smart, which is a joint venture established in the PRC and owned as to 50% each by Geely Holding Automobile and a third party, respectively. Geely Holding Automobile is wholly owned by Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate. As such, smart Sales is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

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

As the applicable percentage ratios in respect of the proposed annual caps for the smart Financing Cooperation Agreement on an annual basis are more than 0.1% but less than 5%, the entering into of the smart Financing Cooperation Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

General

Mr. Li, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui, each an executive Director, are considered to be interested in the Non-Exempt Continuing Connected Transactions and Exempted Continuing Connected Transactions by virtue of their interests and/or directorship in Geely Holding. As a result, each of Mr. Li, Mr. Li Dong Hui, Daniel and Mr. An Cong Hui has abstained from voting on the Board resolutions for approving the Non-Exempt Continuing Connected Transactions and Exempted Continuing Connected Transactions. In addition, Mr. Gui Sheng Yue, Ms. Wei Mei and Mr. Gan Jia Yue, each an executive Director, are considered to be interested in the Supplemental Automobile Components Procurement Agreement by virtue of their

interests and/or directorship in ZEEKR. As a result, each of Mr. Gui Sheng Yue, Ms. Wei Mei and Mr. Gan Jia Yue has abstained from voting on the Board resolution for approving the Supplemental Automobile Components Procurement 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 dispatched to the Shareholders on or before 7 October 2022 (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.

Completion of the transactions contemplated under the Non-Exempt Continuing Connected Transactions is subject to the satisfaction of the condition(s) precedent under the respective agreements and therefore, may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) Supplemental Services Agreement

Reference is made to the Company's announcement dated 15 October 2021 in relation to, among others, the Services Agreement. Pursuant to the Services Agreement, (i) the Group conditionally agreed to sell CKDs to the Geely Holding Group; and (ii) the Group conditionally agreed to purchase CBUs from the Geely Holding Group, for a term of three years from 1 January 2022 to 31 December 2024.

Driven primarily by the increase in the production and operational costs within the automobile sector since the first quarter of 2022, and the increased demand for NEV, the Board envisages that the Existing Services Annual Caps will not be sufficient to meet the Group's requirements. Therefore, on 9 September 2022 (after trading hours), the Company and Geely Holding entered into the Supplemental Services Agreement pursuant to which the parties conditionally agreed to revise the Existing Services Annual Caps for the financial years ending 31 December 2022, 2023 and 2024, to the Revised Services Annual Caps. Save for the Revised Services Annual Caps, the other terms of the Services Agreement remain unchanged.

Principal terms of the Supplemental Services Agreement

Set out below are the principal terms of the Supplemental Services Agreement:

Date

9 September 2022 (after trading hours)

Parties

The Company and Geely Holding

Condition precedent to the Supplemental Services Agreement

The Supplemental Services Agreement is conditional upon the approval by the Independent Shareholders at the EGM.

Subject matter

Save for the Revised Services Annual Caps, the other terms of the Services Agreement remain unchanged. Details of the Services Agreement and the pricing basis were disclosed in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (A) Services Agreement” in the Company’s announcement dated 15 October 2021.

(i) Sale of CKDs by the Group to the Geely Holding Group

Existing Services Annual Caps and Revised Services Annual Caps

The unaudited amount of Existing Services Annual Caps for sale of CKDs by the Group to the Geely Holding Group for the seven months ended 31 July 2022 was RMB52,013 million, which was 56.5% of the Existing Services Annual Caps for sale of CKDs for the financial year ending 31 December 2022.

Set out below are the Existing Services Annual Caps and the Revised Services Annual Caps for sale of CKDs by the Group to the Geely Holding Group:

For the financial years ending
31 December 2022 31 December 2023 31 December 2024
Million

Existing Services Annual Caps	RMB92,052	RMB104,298	RMB120,281
<i>Utilization rate of the Existing Services</i>			
<i>Annual Cap as of 31 July 2022</i>	56.5%	-	-
Revised Services Annual Caps	RMB116,226	RMB136,387	RMB163,930

Basis of determination of the Revised Services Annual Caps

The Revised Services Annual Caps for sale of CKDs by the Group to the Geely Holding Group were determined with reference to the following factors:

- 1) the revised projected unit sales of the Group for the three years ending 31 December 2024 which were determined with reference to the revised annual sales volume target of the Group for the three years ending 31 December 2024 after taking into account the sales prospect of NEV;
- 2) the revised projected average selling price of CBUs to end customers for the three years ending 31 December 2024 after taking into account the increase in the selling price of CKDs due to optimizing the structure of high-value products; and
- 3) the applicable PRC tax rates, the NEV subsidies and the projected distribution costs and other necessary expenses for the three years ending 31 December 2024.

For analysis of the Existing Services Annual Caps for sale of CKDs by the Group to the Geely Holding Group for the year ending 31 December 2022, 2023 and 2024, please refer to “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (A) Services Agreement – (1) Sale of CKDs by the Group to the Geely Holding Group” in the Company’s announcement dated 15 October 2021.

(ii) *Purchase of CBUs by the Group from the Geely Holding Group*

Existing Services Annual Caps and Revised Services Annual Caps

The unaudited amount of the Existing Services Annual Caps for purchase of CBUs by the Group from the Geely Holding Group for the seven months ended 31 July 2022 was RMB52,113 million, which was 54.6% of the Existing Services Annual Caps for purchase of CBUs for the financial year ending 31 December 2022.

Set out below are the Existing Services Annual Caps and the Revised Services Annual Caps for purchase of CBUs by the Group from the Geely Holding Group:

	For the financial years ending		
	31 December 2022	31 December 2023	31 December 2024
	<i>Million</i>		
Existing Services Annual Caps	RMB95,467	RMB108,327	RMB124,705
<i>Utilization rate of the Existing Services</i>			
<i>Annual Cap as of 31 July 2022</i>	54.6%	–	–
Revised Services Annual Caps	RMB117,729	RMB141,315	RMB169,577

Basis of determination of the Revised Services Annual Caps

The Revised Services Annual Caps for purchase of CBUs by the Group from the Geely Holding Group were determined with reference to the following:

- 1) the revised projected unit sales of the Group for the three years ending 31 December 2024 which were determined with reference to the revised annual sales volume target of the Group for the three years ending 31 December 2024 after taking into account the sales prospect of NEV;
- 2) the revised projected average selling price of CBUs to end customers for the three years ending 31 December 2024 after taking into account the increase in the selling price of CBUs due to optimizing the structure of high-value products; and
- 3) the projected distribution costs for the three years ending 31 December 2024.

For analysis of the Existing Services Annual Caps for purchase of CBUs by the Group from the Geely Holding Group for the year ending 31 December 2022, 2023 and 2024, please refer to “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (A) Services Agreement – (2) Purchase of CBUs by the Group from the Geely Holding Group” in the Company’s announcement dated 15 October 2021.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the Revised Services Annual Caps for the three years ending 31 December 2024 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As at the date of this announcement, the transactions amount of the continuing connected transactions under the Services Agreement has not exceeded the Existing

Services Annual Caps. If the aforementioned Revised Services Annual Caps are about to be exceeded, the Company will re-comply with the requirement under Chapter 14A of the Listing Rules.

Reasons for and Benefits of Entering into the Supplemental Services Agreement

As at the date of this announcement, the Group is not in possession of the automobile catalogue issued by the National Development Reform Commission in the PRC (“**Automobile Catalogue**”), which is required to effect payment of the PRC consumption tax. As such, the Directors are of the view that the arrangement under the Services Agreement will ensure smooth operation of the Group as the services to be provided by the Geely Holding Group, which possesses the Automobile Catalogue, will facilitate the payment of the PRC consumption tax. As advised by the PRC legal adviser to the Group, the arrangement under the Services Agreement does not violate the relevant laws and regulations in the PRC.

Though the legal restriction imposed on foreign automobile manufacturers has been lifted since 1 January 2022, the Group is still required to obtain the approval from related authority in the PRC. The Group is uncertain about when the said approval, as well as the Automobile Catalogue, will be obtained. As advised by the Directors, the Group will proactively obtain necessary approval for the Automobile Catalogue from relevant authorities to reduce its reliance on the Geely Holding Group in this regard.

In respect of the manufacturing of CBUs for NEVs, the Group is currently not in possession of the Automobile Catalogue for NEVs as it is impracticable for the Group to separate its own production facilities for fuel-consumption vehicles and NEVs in order to obtain Automobile Catalogue in particular for the NEVs. This is because the production facilities, research and development functions, and other supportive systems for fuel-consumption vehicles and NEVs held by the Group are impartible. If the Group segregates its own production facilities solely for NEVs, it will incur higher production costs which would have a negative financial impact to the Group.

The Supplemental Services Agreement is being entered into to revise and increase the Existing Services Annual Caps, as the Company expects that the Existing Services Annual Caps will not be sufficient for the remaining term of the Services Agreement. The shortfall of the Existing Services Annual Caps is primarily driven by two key factors, notably (i) forward-looking prospect of NEV; and (ii) impact of macroeconomic conditions on the automobile production costs.

Forward looking prospect of NEV:

Subject to market prospect and current macroeconomic conditions, market demand for ICE vehicle has been decreasing, while NEV generally receives market support. Evidently, for the first half of 2022, there were 9.8 million units of passengers’ vehicles being sold, 6.4 million units of those were ICE vehicles, which represented a 27% decrease comparing to the same

period in 2021. Meanwhile, 2.1 million units of NEV have been sold in the same period, recording an increase of 111% comparing to the same period in 2021. Driven by market demand of NEV, sales projection of such in 2022 has exceeded the Group's expectations. Thus, the Group is planning to further revise the sales plan with promotion of more new NEV models as its target.

Impact of macroeconomic conditions on the automobile production costs:

Subject to the impact from macroeconomic conditions, automobile market is beset with pressure on the production costs. Coupled with the effects of industry transition from ICE vehicles to NEV, the market in general is experiencing an elevation for the market planning of high-value products. Hence, there is an uprising trend in the average selling price per vehicle in the PRC.

For reasons for and benefits of entering into the Services Agreement for the year ending 31 December 2022, 2023 and 2024, please refer to “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (A) Services Agreement – REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICES AGREEMENT” in the Company's announcement dated 15 October 2021.

Internal Control Measures in relation to Pricing for the Supplemental Services Agreement

(i) Sale of CKDs from the Group to the Geely Holding Group

For the sale of CKDs by the Group, the operation department of the Group will review the relevant cost and benefit items, which include mainly distribution costs, the applicable PRC taxes, the national NEV subsidies and other necessary expenses, and will coordinate with the sales department of the Group to ensure that the selling price of CKDs are determined properly. The finance department of the Group will review the aforesaid works carried out by the operation department as well as the cost and expenses reports generated by the accounting systems on a quarterly basis to ensure the continuing connected transactions are being implemented in accordance with the pricing policies of the Services Agreement. The Group and the Geely Holding Group will negotiate on a yearly basis (or more frequently if it is determined necessary) the terms of such transactions to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred by the Group in such transactions.

(ii) Purchase of CBUs by the Group from the Geely Holding Group

For the purchase of CBUs by the Group, the sales department of the Group will keep track of the expected selling price of vehicles and relevant cost items, which mainly include distribution costs, and will review such information on a monthly basis and determine the selling price of vehicles on a quarterly basis when the market is stable (or more frequently if it is determined necessary) to ensure the fairness of the selling price of the CBUs. The

finance department of the Group will review the aforesaid works carried out by the sales department on a quarterly basis to ensure that the continuing connected transactions are being implemented in accordance with the pricing policies of the Services Agreement.

The independent non-executive Directors will review the transactions contemplated under the continuing connected transactions and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company and its 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) Supplemental Automobile Components Procurement Agreement

Reference is made to the Company's announcement dated 2 July 2021 in relation to, among others, the Automobile Components Procurement Agreement. Pursuant to the Automobile Components Procurement Agreement, the Group conditionally agreed to procure, and ZEEKR conditionally agreed to supply, automobile components for a period from the effective date of the Automobile Components Procurement Agreement to 31 December 2023. Such automobile components procured by the Group are mainly for use in the manufacturing of Geely-Branded vehicles.

Given the continuous increase of production costs in the automobile industry and a surge in demand for NEV, the Board envisages that the Existing Automobile Components Procurement Annual Caps will not be sufficient to meet the Group's requirements. Therefore, on 9 September 2022 (after trading hours), the Company and ZEEKR entered into the Supplemental Automobile Components Procurement Agreement, pursuant to which the parties conditionally agreed to revise the Existing Automobile Components Procurement Annual Caps for the financial years ending 31 December 2022 and 2023, to the Revised Automobile Components Procurement Annual Caps. Save for the Revised Automobile Components Procurement Annual Caps, the other terms of the Automobile Components Procurement Agreement remain unchanged.

Principal terms of the Supplemental Automobile Components Procurement Agreement

Set out below are the principal terms of the Supplemental Automobile Components Procurement Agreement:

Date

9 September 2022 (after trading hours)

Parties

The Company and ZEEKR

Condition precedent to the Supplemental Automobile Components Procurement Agreement

The Supplemental Automobile Components Procurement Agreement is conditional upon the approval by the Independent Shareholders at the EGM.

Subject matter

Save for the Revised Automobile Components Procurement Annual Caps, the other terms of the Automobile Components Procurement Agreement remain unchanged. Details of the Automobile Components Procurement Agreement and the pricing basis were disclosed in the section headed “(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION – (C) Automobile Components Procurement Agreement” in the Company’s announcement dated 2 July 2021.

Existing Automobile Components Procurement Annual Caps and Revised Automobile Components Procurement Annual Caps

The unaudited amount of the Existing Automobile Components Procurement Annual Caps for the seven months ended 31 July 2022 was RMB915 million, which was approximately 74.8% of the Existing Automobile Components Procurement Annual Caps for the financial year ending 31 December 2022.

Set out below are the Existing Automobile Components Procurement Annual Caps and the Revised Automobile Components Procurement Annual Caps:

	For the financial years ending	
	31 December 2022	31 December 2023
	<i>Million</i>	
Existing Automobile Components Procurement Annual Caps	RMB1,224	RMB1,411
<i>Utilization rate of the Existing Automobile Components Procurement Annual Cap as of 31 July 2022</i>	74.8%	–
Revised Automobile Components Procurement Annual Caps	RMB3,749	RMB3,942

Basis of determination of the Revised Automobile Components Procurement Annual Caps

The Revised Automobile Components Procurement Annual Caps were determined with reference to the following:

- 1) the revised projected number of units of each model of automobile components for use in the Geely-Branded vehicles for the two years ending 31 December 2023 after taking into account the expected increase in battery demand of the Group;
- 2) the revised projected unit sales of the Geely-Branded vehicles which are manufactured with the aforesaid automobile components for the two years ending 31 December 2023 after taking into account the revised sales projection of the Geely-Branded vehicles including the newly introduced vehicle models in the second half of 2022; and
- 3) the revised projected unit selling price for each model of automobile components which are determined with reference to the prevailing selling price of similar automobile components obtained from Independent Third Party suppliers to the Group for the two years ending 31 December 2023.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the Revised Automobile Components Procurement Annual Caps for the two years ending 31 December 2023 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As at the date of this announcement, the transactions amount of the continuing connected transactions under the Automobile Components Procurement Agreement has not exceeded the Existing Automobile Components Procurement Annual Caps. If the aforementioned Revised Automobile Components Procurement Annual Caps are about to be exceeded, the Company will re-comply with the requirement under Chapter 14A of the Listing Rules.

For analysis of the Existing Automobile Components Procurement Annual Caps for the years ending 31 December 2022 and 2023, please refer to “(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE ACQUISITIONS AND THE NINGBO VIRIDI SUBSCRIPTION – (C) Automobile Components Procurement Agreement” in the Company’s announcement dated 2 July 2021.

Reasons for and Benefits of Entering into the Supplemental Automobile Components Procurement Agreement

The Supplemental Automobile Components Procurement Agreement is being entered into to revise and increase the Existing Automobile Components Procurement Annual Caps, as the Company expects that the Existing Automobile Components Procurement Annual Caps will not be sufficient for the remaining term of the Automobile Components Procurement Agreement. The shortfall of the Existing Automobile Components Procurement Annual Caps is primarily

driven by three key factors, namely (i) positive market prospect of NEV arisen from current macroeconomic conditions, (ii) the interrelationship of NEV sales projection and battery demand of the Group, and (iii) surge in cost of automobile battery and chip.

Positive market prospect of NEV arisen from current macroeconomic conditions:

Driven by the macroeconomic conditions, the international oil price responded with a dramatic increase. In addition, given the regulatory discouragement on license applications and shortage of automobile components supply of ICE vehicles, consumers are shifting towards hybrid vehicles and EV for cost consideration. Thus, NEV is foreseen to continue its leading role in the development of automobile industry.

The interrelationship of NEV sales projection and battery demand of the Group:

Considering the increasing market demand for NEV has exceeded the Group's respective sales projection of 2022 and an introduction of new hybrid vehicle model of the Group in the second quarter of 2022, demand for battery and components from major automobile battery suppliers, i.e., Ningbo Viridi in this case, surges accordingly.

Surge in cost of automobile battery and chip:

In terms of automobile battery production, given by (i) the dramatic raising cost on key components for automobile battery production, such as ternary cathode material, precursor, lithium iron phosphate, conductive agent, and (ii) the adverse impact of COVID-19 in the early 2022 and continuous shortage of chips supply in the market, price for chip surges, resulting in the production costs for NEV under an uprising pressure.

Internal Control Measures in relation to Pricing for the Supplemental Automobile Components Procurement Agreement

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

The independent non-executive Directors will review the transactions contemplated under the continuing connected transactions and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company and its 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 CONTINUING CONNECTED TRANSACTIONS

Automobile Financing Arrangements – smart Finance Cooperation Agreement

On 9 September 2022 (after trading hours), Genius AFC and smart Sales entered into the smart Finance Cooperation Agreement. Details of the smart Finance Cooperation Agreement are set out below:

Date

9 September 2022 (after trading hours)

Parties

Genius AFC and smart Sales

Subject matter

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

Term

The smart Finance Cooperation Agreement will have an initial term from 9 September 2022 to 31 December 2023 and will then continue unless and until terminated by either party by giving at least six months prior written notice. Such continuation/renewal will be subject to the approval of (i) the regulators of the Company (that is, the Stock Exchange), if required; and (ii) the Independent Shareholders, if required.

Conditions precedent to the smart Finance Cooperation Agreement

The smart Finance Cooperation Agreement shall take effect upon:

- the approval by the Independent Shareholders of the smart Finance Cooperation Agreement, if required; and

- the approval of the Stock Exchange on the Automobile Financing Arrangements, if required.

Termination

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

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

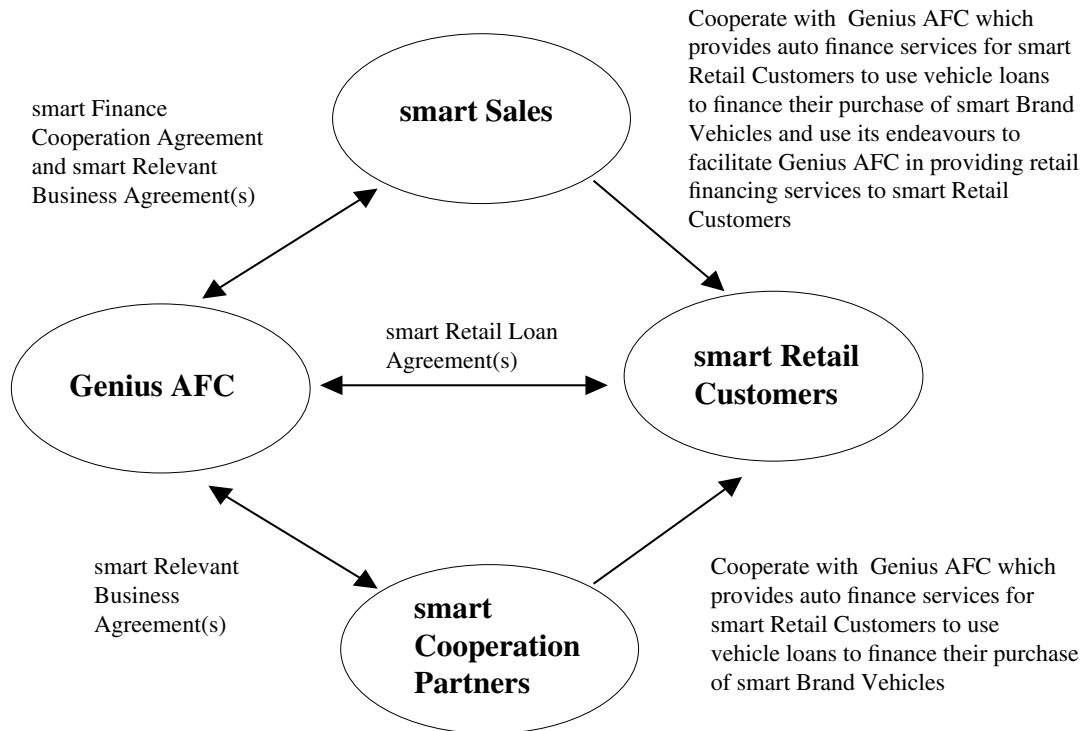
Principal terms regarding the mode of cooperation between Genius AFC and smart Sales

(i) Cooperation

smart Sales will (a) use its reasonable endeavours to facilitate Genius AFC in providing retail financing services to the smart Retail Customers; (b) use its reasonable endeavours to procure the smart Cooperation Partners to cooperate with Genius AFC to provide auto finance services for smart Retail Customers to finance their purchase of smart Brand Vehicles; and (c) on the condition that smart Sales and Genius AFC have reached an agreement on the granting of the subsidies, to use its reasonable endeavours to grant subsidies to those who are covered by the smart Retail Financing Business for the promotional campaigns in relation to the retail financing services offered by Genius AFC to the smart Retail Customers.

Genius AFC will not be the exclusive provider of vehicle loans to the smart Retail Customers. Notwithstanding the foregoing, should another independent vehicle financing company offer vehicle financing services under the same conditions, Genius AFC will be the preferred partner of smart Sales for the provision of vehicle financing services.

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



(ii) Pricing policy

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

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

In practice, given that Genius AFC will not be the exclusive provider of financing services to the smart Retail Customers, the sales and marketing department of Genius AFC will communicate with the smart Group or the smart Cooperation Partners on an ongoing basis to keep abreast of market development and conditions.

(iii) Lending risk

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

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

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

(iv) Term of loan

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

(v) Subsidies

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

(vi) Security

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

Principal terms to be applied to smart Retail Loan Agreements

Genius AFC will enter into the smart Relevant Business Agreement with the smart Sales or the smart Cooperation Partners, pursuant to which the smart Group or the smart Cooperation Partners will cooperate with Genius AFC which provides auto finance services for smart Retail Customers to use vehicle loans to finance their purchase of smart Brand Vehicles.

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

smart Financing Annual Caps

There were no historical transaction amounts for the smart Retail Financing Business as such financing business is only expected to commence in the third quarter of 2022. The table below sets out the proposed smart Financing Annual Caps for each of the two years ending 31 December 2023.

	Proposed annual caps for the year ending 31 December	
	2022	2023
	<i>RMB million</i>	<i>RMB million</i>
New financing amounts to be provided by Genius AFC to the smart Retail Customers under the smart Retail Financing Business	134.0	670.0

Basis of determination of the smart Financing Annual Caps

When determining the proposed smart Financing Annual Caps, Genius AFC has taken into account (i) the projected sales volume of smart Brand Vehicles for the two years ending 31 December 2023 which are determined with reference to the estimated market share; (ii) the projected average retail selling price for each unit of smart Brand Vehicles for the two years ending 31 December 2023; and (iii) the estimated retail financing penetration rate of the smart Retail Financing Business of 10% for each of the two years ending 31 December 2023, respectively. The above retail financing penetration rate represents the estimated percentage of the smart Retail Customers' purchases which will be

financed by loans provided by Genius AFC. It is expected the estimated retail financing penetration of smart Brand Vehicles for the financial years ending 31 December 2022 and 2023 would remain at the same level.

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

In terms of provision of financing services, in the first half of 2022, Genius AFC successfully launched two asset-backed securities (“**ABS**”) issuances, with cumulative amount of approximately RMB9.6 billion. With the steady increase in funding sources and assets scale, Genius AFC has been striving for continuing business growth and expanding its wholesale and retail financing services by widening the customer base and service scope with priority of fulfilling the financing needs for Geely-Branded vehicles. At the same time, Genius AFC continues to improve its profitability through cooperation with other vehicle manufacturers for maximising profits for the Group.

The Automobile Financing Arrangements will allow Genius AFC to expand the brand portfolio. This should enable Genius AFC to expand its market reputation and gain further market share in the PRC auto finance industry, benefiting from the PRC’s fast growing auto finance business.

The Board is of the view that the terms of the Automobile Financing Arrangements were negotiated on an arm’s length basis and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal Control Measures in Relation to the Automobile Financing Arrangements

Internal control within Genius AFC

Based on customer requirements, all loan and product pricing proposals (including any subsequent modifications) are prepared by Genius AFC’s sales and marketing department. In order to ensure that the aforesaid pricing basis for the smart Finance Cooperation Agreement is 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 loan proposals will be higher than the PBOC lending base rates for similar types of loans under similar terms and conditions. In addition, Genius AFC’s sales and marketing department communicates with the smart Group and the smart Cooperation Partners covered by the smart Finance Cooperation Agreement on an ongoing basis to ensure the terms of the smart Retail Loan Agreement covered by smart Finance Cooperation Agreement is in line with the general auto finance market practice. The finance

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

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

Internal control within the Group

The internal audit department of the Group will also conduct assessment on the internal control measures for all continuing connected transactions of the Company at least annually (or more frequently if it is determined necessary) to ensure such internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on all continuing connected transactions every year and confirm that the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company also engages its independent auditor

to report on all continuing connected transactions every year. The independent auditor reviews and confirms whether all continuing connected transactions have been approved by the Board; have been conducted in accordance with the pricing policies of the relevant agreement governing the transactions; and have not exceeded the relevant annual caps.

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 42.15% 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.

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 58.31% (on an As-Converted Basis) and approximately 54.47% (on a Fully Diluted and As-Converted Basis) by the Company, and is owned as to approximately 14.11% (on an As-Converted Basis) and approximately 13.18% (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 80% and 20% by the Company and BNPP PF, respectively as at the date of this announcement. Genius AFC is principally engaged in the provision of vehicle financing services in the PRC. The exercise of call option by BNPP PF to acquire additional 5% interests in Genius AFC with reference to the announcement of the Company dated 11 July 2022 has not yet been completed as at the date of this announcement.

smart Sales

As at the date of this announcement, smart Sales is a wholly owned subsidiary of smart, which is a joint venture established in the PRC and owned as to 50% each by Geely Holding Automobile and a third party, respectively. Geely Holding Automobile is wholly owned by Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate. smart Sales is a private limited company incorporated in the PRC and is principally engaged in the sales and marketing of smart Brand Vehicles and provision of after-sales services.

LISTING RULES IMPLICATIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) Supplemental Services Agreement

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 42.15% of the issued share capital of the Company as at the date of this announcement, and is a connected person of the Company for the purpose of the Listing Rules. The transactions contemplated under the Supplemental Services Agreement constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

(B) Supplemental Automobile Components Procurement Agreement

As at the date of this announcement, ZEEKR is owned as to approximately 58.31% (on an As-Converted Basis) and approximately 54.47% (on a Fully Diluted and As-Converted Basis) by the Company, and is owned as to approximately 14.11% (on an As-Converted Basis) and approximately 13.18% (on a Fully-Diluted and As-Converted Basis) by Geely Holding. ZEEKR is hence a connected subsidiary of the Company. As such, the transactions contemplated under the Supplemental Automobile Components Procurement 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 of (i) the proposed annual caps for the Supplemental Services Agreement; and (ii) the proposed annual caps aggregated under the Supplemental Automobile Components Procurement Agreement and the Automobile Components Sales Agreement exceed 5% on an annual basis, the transactions contemplated under the Supplemental Services Agreement and the Supplemental Automobile Components Procurement Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules respectively.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Automobile Financing Arrangements – smart Finance Cooperation Agreement

As at the date of this announcement, smart Sales is a wholly owned subsidiary of smart, which is a joint venture established in the PRC and owned as to 50% each by Geely Holding Automobile and a third party, respectively. Geely Holding Automobile is wholly owned by Geely Holding, which in turn is beneficially wholly owned by Mr. Li and his associate. As such, smart Sales is an associate of Mr. Li and a connected person of the Company under the Listing Rules.

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

As the applicable percentage ratios in respect of the proposed annual caps for the smart Financing Cooperation Agreement on an annual basis are more than 0.1% but less than 5%, the entering into of the smart Financing Cooperation Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings when used in this announcement:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“As-Converted Basis” or “As-Converted”	assuming all Pre-A Preferred Shares are converted into ordinary shares of ZEEKR
“Automobile Components Procurement Agreement”	the agreement entered into between the Company and ZEEKR on 2 July 2021 pursuant to which the Group conditionally agreed to procure, and the ZEEKR Group conditionally agreed to supply, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) for a period from the effective date of the Automobile Components Procurement Agreement to 31 December 2023

“Automobile Components Sales Agreement”	the agreement entered into among the Company, Geely Holding and LYNK & CO on 2 July 2021 pursuant to which the Group conditionally agreed to sell, and the Geely Holding Group and LYNK & CO Group conditionally agreed to procure, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.) for a period from the effective date of the Automobile Components Sales Agreement to 31 December 2023
“Automobile Financing Arrangements”	the parcel of arrangements which includes (i) the cooperation arrangements as stipulated in the smart Finance Cooperation Agreement; and (ii) the smart Retail Financing Business
“Board”	the board of Directors
“BNPP PF”	BNP Paribas Personal Finance, a subsidiary of the BNP Paribas Group, which engages in consumer credit and mortgage lending activities
“Business Day(s)”	the day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong and the PRC
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBU(s)”	complete buildup unit(s) (整車), a complete vehicle after the final assembly
“CKD(s)”	complete knock down kit(s) (整車成套件), a complete kit needed to assemble a vehicle
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 175)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“COVID-19”	novel coronavirus, a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Non-exempt Continuing Connected Transactions

“EV”	electric vehicle
“Exempted Continuing Connected Transactions”	the Automobile Financing Arrangements and the transactions contemplated thereunder
“Existing Automobile Components Procurement Annual Caps”	the existing automobile components procurement annual cap amounts of the Automobile Components Procurement Agreement for the financial years ending 31 December 2022 and 2023, respectively as stated in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (B) Supplemental Automobile Components Procurement Agreement” in this announcement
“Existing Services Annual Caps”	the existing services annual cap amounts of the Services Agreement for the financial years ending 31 December 2022, 2023 and 2024, respectively as stated in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (A) Supplemental Services Agreement” in this announcement
“Fully Diluted Basis” or “Fully Diluted”	assuming all Pre-A Preferred Shares are converted into ordinary shares of ZEEKR and 150,000,000 ordinary shares of ZEEKR reserved under ZEEKR Share Award Scheme have been fully issued
“Geely-Branded”	an automobile brand of the Group
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited*), a private limited company incorporated in the PRC, and is ultimately wholly owned by Mr. Li and his associate as at the date of this announcement
“Geely Holding Automobile”	吉利汽車集團有限公司 (Geely Automobile Group Company Limited*), a private limited liability company incorporated in the PRC, and is wholly owned by Geely Holding as at the date of this announcement
“Geely Holding Group”	Geely Holding and its subsidiaries

“Genius AFC”	吉致汽車金融有限公司 (Genius Auto Finance Co., Ltd.*), a limited liability company incorporated in the PRC which is owned as to 80% by the Company and as to 20% by BNPP PF as at the 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICE”	internal combustion engine
“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 Shareholders”	Shareholder(s) other than Mr. Li, Mr. Li Dong Hui, Daniel, Mr. An Cong Hui and their respective associates
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LYNK & CO”	領克投資有限公司 (LYNK & CO Investment Co., Ltd.*), a Chinese-foreign equity joint venture of the Company established in the PRC and owned as to 50%, 20% and 30% by Zhejiang Jirun, Geely Holding and VCI as at the date of this announcement
“LYNK & CO Group”	LYNK & CO and its subsidiaries
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder holding approximately 42.15% interests in the total issued share capital of the Company as at the date of this announcement

“NEV” or “NEVs”	new energy vehicle(s)
“Ningbo Viridi”	威睿電動汽車技術(寧波)有限公司(Viridi E-Mobility Technology (Ningbo) Co., Ltd.*), a limited liability company established in the PRC and is a non-wholly owned subsidiary of the ZEEKR as at the date of this announcement
“Non-Exempt Continuing Connected Transactions”	transactions contemplated under the Supplemental Services Agreement and the Supplemental Automobile Components Procurement Agreement
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PBOC”	the People’s Bank of China(中國人民銀行)
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Pre-A Preferred Shares”	Pre-A preferred shares of ZEEKR
“Revised Automobile Components Procurement Annual Caps”	the revised automobile components procurement annual cap amounts of the Supplemental Automobile Components Procurement Agreement for the financial years ending 31 December 2022 and 2023, respectively as stated in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (B) Supplemental Automobile Components Procurement Agreement” in this announcement
“Revised Services Annual Caps”	the revised services annual cap amounts of the Supplemental Services Agreement for the financial years ending 31 December 2022, 2023 and 2024, respectively as stated in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – (A) Supplemental Services Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Services Agreement”	the master agreement dated 15 October 2021 entered into between the Company and Geely Holding (i) for the sale of CKDs by the Group to the Geely Holding Group; and (ii) for the purchase of CBUs by the Group from the Geely Holding Group
“Shareholder(s)”	holder(s) of the Share(s)

“smart”	智馬達汽車有限公司, a limited liability company established in the PRC and owned as to 50% each by Geely Holding Automobile and a third party, respectively as at the date of this announcement
“smart Brand”	a vehicle brand under the smart Group
“smart Brand Vehicle(s)”	smart-branded vehicle(s) under the joint venture formed by the Geely Holding Automobile and a third party
“smart Cooperation Partners”	the third parties (including independent and connected third parties) involved in the sales of smart Brand Vehicles and related business
“smart Finance Cooperation Agreement”	the cooperation agreement entered into between Genius AFC and smart Sales on 9 September 2022, pursuant to which Genius AFC will provide vehicle financing services to the smart Retail Customers to assist them to buy smart Brand Vehicles
“smart Financing Annual Caps”	the proposed annual caps (representing the annual financing amounts to be provided by Genius AFC to the smart Retail Customers) under the smart Retail Financing Business for each of the financial years ending 31 December 2022 and 2023 as set out under the paragraph headed “EXEMPTED CONTINUING CONNECTED TRANSACTIONS – smart Financing Annual Caps” in this announcement
“smart Group”	smart together with its subsidiaries
“smart Relevant Business Agreement”	the cooperation agreements to be entered into between Genius AFC and the smart Sales or smart Cooperation Partners, pursuant to which the smart Group or smart Cooperation Partners will cooperate with Genius AFC which provides auto finance services for smart Retail Customers to use vehicle loans to finance their purchase of smart Brand Vehicles
“smart Retail Customer(s)”	retail customers who purchase smart Brand Vehicles from the smart Group or smart Cooperation Partners
“smart Retail Financing Business”	the provision of vehicle loans and other financing by Genius AFC to the smart Retail Customer to assist them to buy smart Brand Vehicles from smart Group or smart Cooperation Partners
“smart Retail Loan Agreements”	financing agreements to be entered into between Genius AFC and the smart Retail Customers which set out the terms of the loans to be provided by Genius AFC to the smart Retail Customers for their purchase of smart Brand Vehicles

“smart Sales”	精靈汽車銷售(南寧)有限公司 (smart Automobile Sales (Nanning) Co., Limited*), a limited liability company established in the PRC and is a wholly owned subsidiary of smart as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the meaning ascribed to it in the Listing Rules
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Supplemental Automobile Components Procurement Agreement”	the supplemental automobile components procurement agreement dated 9 September 2022 entered into between Company and ZEEKR for the Revised Automobile Components Procurement Annual Caps
“Supplemental Services Agreement”	the supplemental services agreement dated 9 September 2022 entered into between Company and Geely Holding for the Revised Services Annual Caps
“ZEEKR”	ZEEKR Intelligent Technology Holding Limited, a limited liability company established in the Cayman Islands and is an indirect subsidiary of the Company as at the date of this announcement
“ZEEKR Brand”	a vehicle brand under the ZEEKR Group
“ZEEKR Group”	ZEEKR together with its subsidiaries
“ZEEKR Share Award Scheme”	the restricted share award scheme adopted on 20 August 2021 by ZEEKR and the Company, details of which are set out in the Company’s announcement dated 20 August 2021
“%”	per cent

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

Hong Kong, 9 September 2022

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.