

Genius Auto Finance Co., Ltd.

2023 Annual Information Disclosure Report

April 2024

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I. Basic Information of the Company

Name of the Company:	Genius Auto Finance Co., Ltd.
Unified Social Credit Code:	91310000351145324K
Legal Representative:	Han Xu
Register Capital:	RMB 4 billion
Type:	Limited Liability Company (Foreign Joint Venture)
Registered Address:	Floors 6 & 8, Building 2, No. 428 South Yanggao Road, China (Shanghai) Free Trade Pilot Zone
Date of Incorporation:	August 12, 2015
Business Scope:	The Company conducts the following domestic and foreign currency business: (I) Accepting time deposits or notice deposits from shareholders and their parent companies and controlling subsidiaries; (II) Accepting loan deposits from auto dealers and after-sales service providers as well as auto lease deposits from lessees; (III) Inter-bank lending business; (IV) Borrowing from financial institutions; (V) Issuing non-capital bonds; (VI) Auto and add-on loans and finance lease services; (VII) Auto dealer and auto after-sales service provider loans, including inventory procurement, showroom renovation, spare parts and maintenance equipment purchases loans; (VIII) Transferring or assigning auto and add-on product loans and finance lease assets; (IX) Auto residual value appraisal, resale and disposal services; (X) Auto finance related consulting, agency and services; (XI) Asset securitization business.
Customer Service Number and Complaint Number:	4008-377-088

II. Financial and Accounting Information

(I) Business Overview

The Company is an auto finance Company, primarily engaged in retail loan business, dealer loan business and finance lease (sale and leaseback) business. As of the end of 2023, the total disbursement of the Company for the year amounted to RMB 41.632 billion, with the balance of loans and finance lease (sale and leaseback) business totaling RMB 54.471 billion. Specifically, in the retail loan business, the Company classified products into individual retail loans and institutional loans. As of the end of 2023, the balance of retail loans was RMB 53.638 billion. In the dealer loan business, the Company classified products into dealer inventory financing loans, Demo Car financing loans, parts & accessories financing loans and showroom renovation loans. As of the end of 2023, the balance of dealer loans was RMB 782 million. In the finance lease (sale and leaseback) business, as of the end of 2023, the balance of finance lease (sale and leaseback) business was RMB 51 million.

(II) Financial Position

As of the end of 2023, the Company's cumulative operating income for the year was RMB 2.759 billion, of which net interest income was RMB 2.593 billion and net fee and commission income was RMB 165 million. Cumulative pre-tax profit for the year was RMB 1.706 billion and net profit realized was RMB 1.213 billion. As of the end of 2023, the Company's total assets amounted to RMB 59.391 billion, up 1.43% year-on-year, and total shareholders' equity was RMB 8.072 billion, up 11.20% year-on-year. In terms of assets, the balance of loans and finance lease (sale and leaseback) business totaled RMB 54.471 billion, up 4.35% year-on-year. For the retail loan business, the year-end loan balance was RMB 53.638 billion, up 3.93% year-on-year; for dealer loan business, the year-end loan balance was RMB 782 million, up 32.97% year-on-year; for finance lease (sale and leaseback) business, the year-end balance of finance lease (sale and leaseback) business was RMB 51 million.

III. Risk Management Situation

(I) Risk Assessment

The Company attached great importance to improving comprehensive risk

management mechanism, enhancing risk prevention and control capabilities, strengthening risk appetite and limit management, and overall risk was controllable.

1. Credit Risk

In terms of credit risk of corporate financing, there were no non-performing loans as of 2023. The overall risk status and the inherent risk level were low, and the risk management ability was acceptable. In terms of retail financing business, in 2023, due to fierce competition in the automobile market, the growth rate of new car sales by OEMs slowed down. The Company's business volume did not show significant growth compared with last year, but with the impact of the epidemic receding, loan risk continued to decrease, and the overall risk level was controllable.

2. Liquidity Risk

In 2023, all liquidity indicators of the Company have been met properly, managed well and will continue to be strictly followed and closely monitored. The liquidity risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

3. Market Risk (including interest rate risk)

The Company's market risks were mainly repricing risk and basis risk. Repricing risk is managed through interest rate mismatch limits. The Company's interest rate mismatch indicator was met properly in 2023. This indicator will continue to be strictly observed and closely monitored. The interest rate risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

4. Legal Risk Management

There was no obvious change in relevant laws and regulations of the auto finance industry, and most of the Company's main businesses were traditional businesses with low legal risks. In 2023, the Company had not received the on-site inspection of relevant regulatory authorities, and all the problems found in the on-site inspection of CBIRC Shanghai Office in 2020 had been rectified, and the Company had further strengthened employees' awareness of legal compliance risks and advocated the business philosophy of "compliance first". Through management messages, annual compliance themed training, and daily legal compliance promotion, this concept has now deeply rooted in the employee's hearts. The legal risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

5. Operational Risk Management

In 2023, there were no catastrophic operational risk events occurring in the Company, but 17 non-catastrophic operational risk events in total. Rectification plans for all non-catastrophic operational risk events had been determined and the rectifications were ongoing as scheduled. The second line of defense had completed the risk assessment and made proper records. The overall operational risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

6. Reputation Risk Management

Since the release of the *Reputation Risk Management Policy*, the Company had continuously strengthened its employees' awareness of reputation risk management through promotion and training to all employees. As of now, there has been no reputation risk events in the Company. The reputation risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

7. Strategic Risk Management

Since 2023, the Company had implemented its strategy in an orderly manner while also aligning with the newly issued Administrative Measures for Auto Financial Companies. In 2023, the Company revised its strategy to introduce new business lines such as sale and leaseback and standalone add-on loan to ensure strategic planning matches internal and external conditions. The sale and leaseback business successfully launched in November, demonstrating alignment with regulatory guidelines. The strategic risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

8. IT Risk Management

In 2023, there were no catastrophic IT risk events occurring in the Company. Rectification plans for all non-catastrophic IT risk events had been determined and the rectifications were ongoing as scheduled. The corresponding risk assessment had been properly recorded. Therefore, the overall IT Risk of the Company is assessed as follows: the risk level was low and the risk direction was stable.

(II) Risk Control

1. Risk Management Organizational System

The Company clarified the risk management responsibilities of the Board of Directors, the Board of Supervisors, senior management, the risk management department, compliance management department, internal audit department and various business-related departments. It formulated the "Comprehensive Risk Management

Policy” and improved the risk management structure. Under the comprehensive risk management system, it continuously improved various risk management mechanisms and enhances pre-event prevention, in-event control, post-event supervision and rectification of business risks.

2. Overall Risk Management Strategy and Implementation

In 2023, the Company adopted a prudent risk strategy as a whole. On the condition of meeting the regulatory requirements, the Company formulated stricter risk indicators while taking into account the necessity of business development, and adopted the risk concession strategy for incidents with low risk rating and controllable risks.

The Company evaluates the effectiveness and implementation of the previous year’s risk strategy at the end of each year and formulates the next year’s risk strategy. The evaluation and formulation of the risk strategy both require approval from the Board of Directors.

IV. Corporate Governance and Equity Information

(I) Equity Information

Name of Shareholders	Shareholding Ratio
BNP Paribas Personal Finance	20%
Geely Automobile Holdings Limited	75%
Cofiplan S.A.	5%
Total	100%

Geely Automobile Holdings Limited (hereinafter referred to as “Geely Automobile”, HKSE stock code: 175 (HKD counter) and 80175 (RMB counter)) holds 75% of the Company’s equity. The controlling shareholder of Geely Automobile is Zhejiang Geely Holding Group Co., Ltd.; the actual controller is Mr. Li Shufu. Mr. Li Shufu and his associates are the ultimate beneficiaries of the 75% equity of the Company, and there is no person acting in concert. The related parties of Geely Automobile refer to the definition of related parties in the Hong Kong Financial Reporting Standards and the Listing Rules of the Hong Kong Stock Exchange.

BNP Paribas Personal Finance (hereinafter referred to as “BNPP PF”) holds 20% of the Company’s equity. The controlling shareholder of BNPP PF is BNP Paribas, a

listed Company registered in France. BNPP PF is the beneficiary of the 20% equity of the Company, and another entity of the BNP Paribas Group is the person acting in concert regarding such holdings. The related parties of BNPP PF are companies controlled by BNPP PF.

Cofiplan S.A. (hereinafter referred to as “Cofiplan”) holds 5% of the Company’s equity. Cofiplan is a wholly owned subsidiary of BNPP PF. Cofiplan is the beneficiary of the 5% equity of the Company, and another entity of the BNP Paribas Group is the person acting in concert regarding such holdings. The related parties of Cofiplan are companies controlled by Cofiplan.

(II) Introduction to the Shareholders’ Meeting

The shareholders’ meeting, as the highest authority body of the Company, strictly follows relevant provisions of the Company Law, the Corporate Governance Guidelines for Banking and Insurance Institutions, and the Company’s articles of association to exercise its powers to decide the Company’s business strategy and investment plans, review and approve the board of directors’ report, the supervisory board’s report, the annual financial budget, final accounts proposal, profit distribution proposal, and the appointment of the accounting firm, etc. The Company treats all shareholders fairly and safeguarded shareholders’ rights to be informed of major matters, participate in decision-making, and exercise oversight.

(III) Introduction to the Board of Directors

The Board of Directors is accountable to the Shareholders’ Meeting and served as the decision-making body of the Company. The powers of the Board of Directors include deciding the Company’s business plans and investment proposals, determining the establishment of internal management organizations within the Company, hiring or dismissing senior management, deciding on the disposal plans of assets within its authority, determining development strategies and capital planning, bearing ultimate responsibility for comprehensive risk management, and undertaking shareholder affairs management.

The Company’s Board of Directors currently has 5 members, including 1 Chairman, 1 Vice Chairman, and 3 Directors.

During the reporting period, the Board of Directors conscientiously organized and implemented the resolutions of the Shareholders' Meeting to ensure that the wishes of the shareholders were fully reflected and played a strong role in leading and making scientific decisions. The Board reviewed major business management matters such as the Company's development strategy, business plans, risk management, internal control, corporate governance, and financial budgeting and final accounts, and made timely and effective decisions through key deliberations on their legality, compliance with the Company's development strategy, and comprehensive balance of risks and returns. The Board also oversaw senior management's efficient execution. During the intercessions of the Board of Directors, the Chairman actively fulfilled his duties and effectively oversaw and inspected the implementation of supervisory requirements and resolutions of the Company's Board of Directors. The Chairman also made effective research and decisions on matters within the authorization of the Board of Directors and other important matters related to the Company.

The list of Board members is as follows:

Name	Position
LI Donghui	Chairman
DESPLATS-REDIER Jean-Cedric, Laurent	Vice Chairman
LI Xia	Director
LIN Jie	Director
YUAN Xiaolin	Director

(IV) Introduction to the Supervisors

The supervisors constitute the Company's supervisory body and are accountable to the Shareholders' Meeting. The powers of the supervisors include supervising the acts of directors and senior management in performing their duties for the Company, examining the Company's finances, proposing the removal of directors or senior managers who violate laws, regulations, the Company's articles of association, or resolutions of the Shareholders' Meeting, requiring directors or senior managers to correct their acts that harmed the interests of the Company, proposing to convene interim Shareholders' Meeting, and putting forward proposals to the Shareholders'

Meeting.

At the end of the reporting period, the Company had 2 supervisors, including 2 supervisors recommended by shareholders.

The list of supervisors is as follows:

Name	Position
CHEUNG Chung Yan	Supervisor
MILCENT Paul	Supervisor

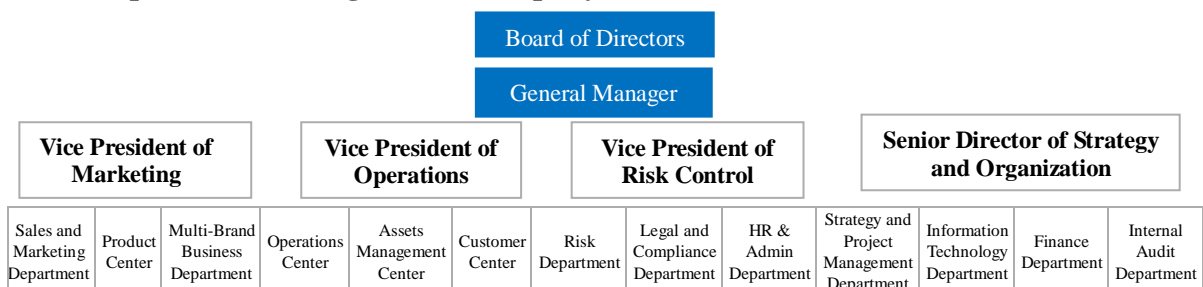
(V) Introduction to Senior Management

The senior management is the Company's executive body, responsible for operations, implementation, strong management, and accountable to the Board of Directors, reporting work to the Board of Directors. In accordance with the Company's articles of association and authorization by the Board of Directors, the senior management actively implemented resolutions of the Shareholders' Meeting and Board of Directors, accepted supervision and management by the Board of Directors and supervision by the Supervisors. By the end of the reporting period, the senior management included a General Manager, Vice President of Risk, and Financial Director, totaling three persons.

Senior Management Personnel Information is as follows:

Name	Position
HAN Xu	General Manager
ZHANG Xuefei	Vice President of Risk
SHEN Lihua	Financial Director

(VI) Department Settings of the Company



By the end of 2023, the Company had established a total of 13 departments, including: Sales and Marketing Department, Multi-brand Business Department, Product Center, Operations Center, Assets Management Center, Customer Center, Risk Department, Legal and Compliance Department, Information Technology Department, HR & Admin Department, Finance Department, Strategy and Project Management Department and Internal Audit Department. The Company has no branch organizations.

(VII) Overall Evaluation of Corporate Governance

During the reporting period, the Company adhered to the spirit of regulatory documents such as the Corporate Governance Guidelines for Banking and Insurance Institutions and the Three-Year Action Plan to Improve Corporate Governance in the Banking and Insurance Industries (2020-2022), clarified the authority and constraint relationships of the “Three Boards and One Management” and established a clear decision-making authorization system in accordance with national laws, regulations and financial regulatory requirements. The governance bodies performed their duties and responsibilities as prescribed by law in a transparent, well-coordinated and effectively restrained manner. The Company’s corporate governance system adapted to the Company’s development and effectively prevented risks in compliance with regulatory requirements.

V. Overall Information on RPTs

During the reporting period, the Company strictly followed regulatory requirements on RPTs and conducted ongoing standardization of related party transaction behaviors according to the principles of honesty, transparency, thorough identification and clear structure. The Company improved related party transaction-related systems, strengthened internal control, and continuously optimized related party transaction management procedures. The Company proactively identified and recognized related parties based on the principle of substance over form. The Company strengthened

day-to-day management of RPTs, regulated the conduct of related party transaction amount calculation, statistics and analysis, and fulfilled due diligence in related party transaction approval, reporting and filing obligations to effectively prevent related party transaction risks and ensure the Company's safe, independent and sound operation.

The Company's main types of RPTs included: RPTs based on funds, and RPTs based on intermediate services, etc. All of the Company's RPTs were within the normal business scope and did not have a significant impact on the Company's financial condition and operating results. The overall risks were controllable.

VI. Information on Consumer Consultation and Complaint Channels

During the reporting period, the Company paid close attention to protecting consumer rights and interests, and prominently publicized complaint channels and procedures on the Company's official website and WeChat public account.

The Company's official website homepage displayed a customer service hotline number 4008-377-088 in the upper right corner. Meanwhile, in the "Complaints & Suggestions" section of the official website, the complaint hotline 021-38932000 ext. 5 was explicitly stated. The customer service email was kefu@geniusafc.com. Customers could also click on online customer service for business consultations and complaints lodging.

The WeChat public account "Genius Auto Finance Customer Service" set up "Online Customer Service" and "Complaint Guidelines" menus under the "Genius Friends Services" section. Customers could click on online customer service for business consultations and complaints lodging. By clicking on "Complaint Guidelines", Genius Auto Finance's complaint channels and handling procedures would be displayed.