

**POLICY AND PROCEDURES WITH RESPECT TO**  
**RELATED PERSON TRANSACTIONS OF**  
**LOTUS TECHNOLOGY INC.**  
**(THE “COMPANY”)**

**A. Policy Statement**

The Company recognizes that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interests of the Company and its shareholders. Accordingly, as a general matter, it is the Company’s preference to avoid Related Person Transactions. Nevertheless, the Company recognizes that there are situations where Related Person Transactions may be in the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or where the Company provides products or services to Related Persons (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval and ratification of Related Person Transactions.

The audit committee of the board of directors of the Company (the “**Committee**”) shall review this policy and the procedures set forth below (the “**Policy**”) at least annually and recommend any amendments that it deems necessary and appropriate to the board of directors of the Company (the “**Board**”) for consideration.

**B. Related Person Transactions**

For the purposes of this Policy, a “Related Person Transaction” is a transaction, arrangement, or relationship (or any series of similar transactions, arrangements or relationships) between the Company (including any of its subsidiaries and consolidated affiliated entities, if any) and any Related Person, which means:

1. any enterprise that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company;
2. any unconsolidated enterprise in which the Company has a significant influence or which has significant influence over the Company;
3. any individual owning, directly or indirectly, an interest in the voting power of the Company that gives such individual significant influence over the Company, and close members of any such individual’s family;
4. any key management personnel, that is, any person having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and senior management of the Company as disclosed by the Company in its most recent applicable filing with the Securities and Exchange Commission and close members of such individuals’ families; and

5. any enterprise in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4) above or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Company and enterprises that have a member of key management in common with the Company.

For purposes of this Policy, close members of an individual's family are those that may be expected to influence, or be influenced by, that person in their dealings with the Company. Significant influence over an enterprise is the power to participate in the financial and operating policy decisions of the enterprise but is less than control over those policies. Shareholders beneficially owning a 10% interest in the voting power of the Company are presumed to have a significant influence on the Company.

### **C. Related Person Master List**

The Company's Legal Department, under the supervision of the Committee and with the assistance of the Company's Finance Department, shall compile and maintain a master list of Related Persons. Directors and senior management members shall provide to the Legal Department such information as necessary for the preparation of the master list of Related Persons. Any person nominated to stand for election as a director or any person who is appointed as a director or a member of the senior management shall submit to the Legal Department the same information no later than the date of his or her nomination or appointment, as the case may be. Where practicable, the Legal Department shall request persons identified according to paragraph (3) of Section B of this Policy to provide the Legal Department such information as necessary for the preparation of the master list of Related Persons.

Directors and members of the senior management are expected to notify the Legal Department of any updates to the information provided by them.

The Legal Department shall distribute the master list to (a) business unit and function/department leaders responsible for purchasing products or services for the Company or selling the Company's products or services and (b) the Chief Financial Officer, financial controller, the director of accounts payable, the director of accounts receivable and other members of the finance, reporting and legal teams of the Company. The recipients of the master list shall utilize the information contained therein, in connection with their respective business units, departments and areas of responsibility, to effectuate this Policy.

### **D. Approval Procedures**

Related Person Transactions that are identified as such prior to the consummation thereof or amendment thereto shall be consummated or amended only if the following steps are taken:

1. Prior to entering into any transaction that can reasonably be deemed as a Related Person Transaction, the relevant officers or function/department leaders who have previously received the master list of Related Persons and are responsible for the proposed transaction shall report to the Legal Department of the facts and circumstances of the proposed transaction, including: (i) the potential Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed transaction, including the proposed aggregate

value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company and its shareholders of the proposed transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) if applicable, an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally. In the event the notice is provided to the Legal Department by someone other than the business unit or function/department leader responsible for the proposed transaction, a member of the Legal Department shall meet with the relevant business unit or function/department leader to confirm and supplement the information provided in the original notice. The Legal Department shall assess whether the proposed transaction is a Related Person Transaction for purposes of this Policy.

2. If the Legal Department determines that the proposed transaction is a Related Person Transaction, the proposed transaction, together with supporting and related materials, shall be submitted to members of the Committee for consideration.
3. Members of the Committee shall consider all of the relevant facts and circumstances available to the Committee, including (where applicable) but not limited to: the benefits to the Company; the interests of minority shareholders; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction (e.g., whether on normal terms consistent with the Company's usual business practices); and the arms-length nature of the transaction (e.g., whether the terms are available to unrelated third parties or to employees generally and that the terms are no less favorable to the Company than that of an unrelated third party). No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member, any of his or her immediate family members or any enterprise in which such director owns, directly or indirectly, a substantial interest in voting power or over which such director is able to exercise significant influence is the Related Person. The Committee shall approve only those Related Person Transactions that are in the best interests of the Company (including that the transactions are entered into on an arm's length basis) and its shareholders, as members of the Committee determine in good faith. The Committee shall convey the decision to the Legal Department, which shall convey the decision to the appropriate persons within the Company.

#### **E. Ratification Procedures**

The directors of accounts payable and accounts receivable, under the supervision of the Chief Financial Officer or any other comparable group/team leader, shall produce semi-annual reports of any amounts paid or payable to, or received or receivable from, any Related Person, and those reports shall be provided to the Legal Department to determine if there are any Related Person Transactions that were not previously approved or previously ratified under this Policy.

In the event the Company's Legal Department becomes aware, as a result of the accounts payable/accounts receivable reports described above or otherwise, of a Related Person Transaction that has not been previously approved or previously ratified under this policy:

1. If the transaction is pending or ongoing, it shall be submitted to the Committee promptly, and the Committee shall consider all applicable factors, including, but not limited to, those set forth in paragraph 3 of Section D hereof and evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and
2. If the transaction is completed, the Committee shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate.

The Committee shall request that the Company's Legal Department evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to the Committee for prior approval and whether any changes to these procedures are recommended.

#### **F. Disclosure**

The Legal Department and the securities law reporting team of the Company shall ensure that all Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this Policy may be disclosed in the Company's annual report on Form 20-F or other filings with the Securities and Exchange Commission, as required by applicable laws, rules and regulations.